



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

**Financial statements for the nine months
ended 30 September 2015**

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 STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	Note	Group		Bank	
		30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Assets					
Cash and short term funds		10,911,625	5,825,358	9,497,920	6,013,052
Deposits and placements with banks and other financial institutions		736,960	68,524	5,439,597	3,675,437
Securities purchased under resale agreements		176,092	551,077	176,092	551,077
Financial assets held for trading	10	615,195	3,534,095	615,195	3,534,095
Investment securities available-for-sale	11	2,571,969	5,366,299	2,368,322	5,266,339
Loans, advances and financing	12	30,968,024	33,802,679	24,210,801	26,706,380
Derivative financial assets		6,181,711	2,867,619	6,185,704	2,869,041
Other assets	14	865,329	703,907	1,485,947	1,083,501
Current tax assets		89,332	30,884	78,497	17,218
Statutory deposits with Bank Negara Malaysia	15	924,428	1,152,691	738,526	901,241
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		61,429	71,302	60,820	69,425
Deferred tax assets		70,998	61,106	69,712	54,287
Total assets		54,173,092	54,035,541	51,338,655	51,152,615
Liabilities					
Deposits from customers	16	35,663,585	36,524,580	31,594,847	33,056,211
Deposits and placements of banks and other financial institutions	17	5,077,119	7,340,284	4,960,231	7,183,376
Obligations on securities sold under repurchase agreements		-	497,384	-	497,384
Derivative financial liabilities		6,046,097	2,715,041	6,047,550	2,712,792
Other liabilities	18	2,025,105	1,736,783	3,572,252	2,654,147
Current tax liabilities		-	1,968	-	-
Provision for credit commitments and contingencies	19	113,917	-	113,917	-
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
Total liabilities		49,925,823	49,816,040	47,288,797	47,103,910
Equity					
Share capital		163,000	163,000	163,000	163,000
Reserves		4,084,269	4,053,617	3,886,858	3,885,705
Total equity attributable to owner of the Bank		4,247,269	4,216,617	4,049,858	4,048,705
Non-controlling interest		-	2,884	-	-
Total liabilities and equity		54,173,092	54,035,541	51,338,655	51,152,615
Commitments and contingencies	26	181,233,156	176,587,251	180,464,951	176,088,705

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 2014.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

	Note	Group			
		3rd Quarter ended		Nine months ended	
		30 September 2015	30 September 2014	30 September 2015	30 September 2014
		RM'000	RM'000	RM'000	RM'000
Interest income	20	404,901	450,937	1,263,512	1,328,937
Interest expense	21	(190,838)	(171,184)	(580,018)	(553,797)
Net interest income		214,063	279,753	683,494	775,140
Net income from Islamic Banking operations	22	87,899	73,547	246,961	227,072
		301,962	353,300	930,455	1,002,212
Other operating income	23	174,535	128,548	466,916	430,310
Total net income		476,497	481,848	1,397,371	1,432,522
Other operating expenses	24	(246,011)	(227,755)	(753,971)	(705,476)
Operating profit		230,486	254,093	643,400	727,046
Provisions for loans, advances and financing	25	(305,576)	(111,315)	(455,732)	(237,220)
Provisions related to credit commitments and contingencies		(113,917)	-	(113,917)	-
(Loss)/profit before taxation		(189,007)	142,778	73,751	489,826
Tax expense		50,549	(37,922)	(17,722)	(122,285)
(Loss)/profit for the period		(138,458)	104,856	56,029	367,541
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		(5,678)	2,196	14,118	3,145
Net amount transferred to profit or loss		3,084	141	(4,084)	(2,511)
Cash flow hedges:-					
Effective portion of changes in fair value		(1,862)	160	1,842	297
Net amount transferred to profit or loss		(22)	(105)	(147)	(985)
Item that will not be reclassified subsequently to profit or loss					
Actuarial gains from defined benefit plan		-	-	19	-
Other comprehensive (expense)/income for the period, net of income tax		(4,478)	2,392	11,748	(54)
Total comprehensive (expense)/income for the period		(142,936)	107,248	67,777	367,487
(Loss)/profit attributable to:					
Owner of the Bank		(138,458)	104,880	56,029	365,518
Non-controlling interest		-	(24)	-	2,023
		(138,458)	104,856	56,029	367,541
Total comprehensive (expense)/income attributable to:					
Owner of the Bank		(142,936)	107,272	67,777	365,464
Non-controlling interest		-	(24)	-	2,023
		(142,936)	107,248	67,777	367,487

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 2014.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

	Note	Bank			
		3rd Quarter ended		Nine months ended	
		30 September 2015	30 September 2014	30 September 2015	30 September 2014
		RM'000	RM'000	RM'000	RM'000
Interest income	20	445,610	469,623	1,364,677	1,375,551
Interest expense	21	(190,838)	(171,184)	(580,018)	(553,674)
Net interest income		254,772	298,439	784,659	821,877
Net income from Islamic Banking operations	22	-	-	-	-
		254,772	298,439	784,659	821,877
Other operating income	23	195,003	150,156	533,563	497,338
Total net income		449,775	448,595	1,318,222	1,319,215
Other operating expenses	24	(233,680)	(222,977)	(727,833)	(679,506)
Operating profit		216,095	225,618	590,389	639,709
Provisions for loans, advances and financing Provisions related to credit commitments and contingencies	25	(295,114)	(95,812)	(444,151)	(198,110)
		(113,917)	-	(113,917)	-
(Loss)/profit before taxation		(192,936)	129,806	32,321	441,599
Tax expense		51,569	(34,325)	(5,745)	(108,670)
(Loss)/profit for the period		(141,367)	95,481	26,576	332,929
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		(5,674)	2,243	14,072	3,148
Net amount transferred to profit or loss		3,084	141	(4,084)	(2,511)
Cash flow hedges:-					
Effective portion of changes in fair value		(1,862)	160	1,842	297
Net amount transferred to profit or loss		(22)	(105)	(147)	(985)
Item that will not be reclassified subsequently to profit or loss					
Actuarial gains from defined benefit plan		-	-	19	-
Other comprehensive (expense)/income for the period, net of income tax		(4,474)	2,439	11,702	(51)
Total comprehensive (expense)/income for the period		(145,841)	97,920	38,278	332,878

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 2014.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

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 gain 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											
Dividend (preference shares)											
- 2014 final	-	-	-	-	-	-	-	(12,825)	(12,825)	-	(12,825)
Dividend (ordinary shares)											
- 2014 final	-	-	-	-	-	-	-	(24,300)	(24,300)	-	(24,300)
	-	-	-	-	-	-	-	-	-	-	-
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(37,125)	(37,125)	-	(37,125)
Changes 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 2014.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

GROUP	← Attributable to owner of the Bank →										
	← Non-Distributable Reserves →					Distributable Reserves					
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2014	163,000	717,000	265,750	219,000	190	(3,115)	(7,594)	2,577,740	3,931,971	9,252	3,941,223
Fair value reserve (investment securities available-for-sale):-											
Net changes in fair value	-	-	-	-	-	3,145	-	-	3,145	-	3,145
Net amount transferred to profit or loss	-	-	-	-	-	(2,511)	-	-	(2,511)	-	(2,511)
Cash flow hedges:-											
Effective portion of changes in fair value	-	-	-	-	-	-	297	-	297	-	297
Net amount transferred to profit or loss	-	-	-	-	-	-	(985)	-	(985)	-	(985)
Total other comprehensive income / (expense) for the period	-	-	-	-	-	634	(688)	-	(54)	-	(54)
Profit for the period	-	-	-	-	-	-	-	365,518	365,518	2,023	367,541
Total comprehensive income / (expense) for the period	-	-	-	-	-	634	(688)	365,518	365,464	2,023	367,487
Distribution to Owner of the Bank											
Dividends:-											
- 2014 interim	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Total transaction with owner of the Bank								(100,000)	(100,000)	-	(100,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)
At 30 September 2014	163,000	717,000	265,750	219,000	190	(2,481)	(8,282)	2,843,258	4,197,435	5,275	4,202,710

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 2014.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

BANK	← Attributable to owner of the Bank →						Distributable Reserves		Total equity RM'000
	← Non-Distributable Reserves →			Cash flow hedge reserves			Retained profits 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 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 gain 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 2014.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

BANK	← Attributable to owner of the Bank →							Distributable Reserves	Total equity RM'000
	← Non-Distributable Reserves →								
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	
At 1 January 2014	163,000	717,000	163,000	219,000	190	(3,105)	(7,594)	2,527,338	3,778,829
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	3,148	-	-	3,148
Net amount transferred to profit or loss	-	-	-	-	-	(2,511)	-	-	(2,511)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	297	-	297
Net amount transferred to profit or loss	-	-	-	-	-	-	(985)	-	(985)
Total other comprehensive income / (expense) for the period	-	-	-	-	-	637	(688)	-	(51)
Profit for the period	-	-	-	-	-	-	-	332,929	332,929
Total comprehensive income / (expense) for the period	-	-	-	-	-	637	(688)	332,929	332,878
Distribution to Owner of the Bank									
Dividends:-									
- 2014 Interim	-	-	-	-	-	-	-	(100,000)	(100,000)
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(100,000)	(100,000)
At 30 September 2014	163,000	717,000	163,000	219,000	190	(2,468)	(8,282)	2,760,267	4,011,707

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 2014.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

	Group		Bank	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Profit before taxation	73,751	489,826	32,321	441,599
Adjustment for non-cash items	(18,780)	16,160	(17,951)	(3,471)
Operating profit before working capital changes	54,971	505,986	14,370	438,128
Changes in working capital:-				
Net changes in operating assets	5,540,112	(1,103,659)	3,805,929	239,912
Net changes in operating liabilities	(3,205,969)	(3,060,775)	(3,149,846)	(3,406,163)
Income taxes paid	(93,823)	(96,143)	(86,349)	(85,819)
Net cash generated from / (used in) operating activities	2,295,291	(3,754,591)	584,104	(2,813,942)
Net cash generated from / (used in) investing activities	2,828,101	(143,208)	2,937,889	(143,509)
Net cash used in financing activities	(37,125)	(6,000)	(37,125)	-
Net increase / (decrease) in cash and cash equivalents	5,086,267	(3,903,799)	3,484,868	(2,957,451)
Cash and cash equivalent at beginning of the period	5,825,358	8,143,220	6,013,052	6,794,448
Cash and cash equivalent at end of the period	<u>10,911,625</u>	<u>4,239,421</u>	<u>9,497,920</u>	<u>3,836,997</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 2014.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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REVIEW OF PERFORMANCE

The economic environment remained subdued, with the Malaysian Ringgit experiencing sharp depreciation over the last three quarters and commodity prices remaining depressed. Against this challenging backdrop, the Group registered a year to date profit before taxation of RM 73.75 million, 84.94% lower as compared to the corresponding period last year mainly due to one-off large impairment provisions for a few corporate customers. This has resulted in higher impairment provisions and provision for credit commitments and contingencies amounting to RM 569.65 million from RM 237.22 million for the same period last year. Although net interest income declined by 11.82% to RM 683.49 million, other operating income increased by 8.51% to RM 466.92 million due to stronger trading income growth of 20.95%. Islamic Banking income also increased by 8.76% to RM 246.96 million. Meanwhile, other operating expenses increased 6.87% to RM 753.97 million against the corresponding period.

The Group's total assets increased by 0.25% to RM 54.17 billion as loan growth continued to moderate and reduced by large one-off provisions made during the period. Meanwhile, customer deposits decreased by 2.36% to RM 35.66 billion. However, the Group remains well capitalised with Common Equity Tier 1 capital ratio and Total Capital Ratio of 10.91% and 15.44%, respectively.

PROSPECTS

In line with the Standard Chartered PLC Group's refreshed and sharpened strategy, the Group will continue to focus on sustainable and profitable growth. The Group's Retail Banking business will focus on growing the high value segment while Commercial Clients segment will focus on increasing the depth of its customer relationships through introduction of more sophisticated product suites and strategic solutions. Meanwhile, the Corporate & Institutional Clients segment key priorities will include focusing on building up flow income across most product lines, while continuing to emphasise on client segment cross-selling.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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Notes to the financial statements for the nine months ended 30 September 2015

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 2015 have been prepared in accordance with MFRS 134, *Interim Financial Reporting in Malaysia*.

The financial statements incorporate those activities relating to Islamic Banking which have been undertaken by the Group. Islamic Banking refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

The accounting policies and methods of computation in the unaudited condensed interim financial statements are consistent with those adopted in the last audited financial statements.

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective:

MFRSs and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2016

- | | | |
|-------|------------------------|--|
| i) | Amendments to MFRS 5 | <i>Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)</i> |
| ii) | Amendments to MFRS 7 | <i>Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)</i> |
| iii) | Amendments to MFRS 10 | <i>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</i> |
| iv) | Amendments to MFRS 11 | <i>Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations</i> |
| iv) | MFRS 14 | <i>Regulatory Deferral Accounts</i> |
| vi) | Amendments to MFRS 116 | <i>Property, Plant and Equipment</i> |
| vii) | MFRS 138 | <i>Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation</i> |
| viii) | MFRS 141 | <i>Agriculture – Agriculture: Bearer Plants</i> |
| ix) | Amendments to MFRS 119 | <i>Employee Benefits (Annual Improvements 2012-2014 Cycle)</i> |
| x) | Amendments to MFRS 127 | <i>Separate Financial Statements – Equity Method in Separate Financial Statements</i> |
| xi) | Amendments to MFRS 134 | <i>Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)</i> |
| xii) | Amendments to MFRS 101 | <i>Presentation of Financial Statements - Disclosure Initiative</i> |
| xiii) | Amendments to MFRS 10 | <i>Consolidated Financial Statements, MFRS 12, Disclosure of Interest in Other Entities; and MFRS 128, Investment in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception</i> |

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

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

- i) MFRS 15 *Revenue from Contracts with Customers*

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

- i) MFRS 9 *Financial Instruments (2014)*

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.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. 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 2014.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2014 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 2015.

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 2015.

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 2015.

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7. Proposed Dividend

During the financial half year ended 30 June 2015, a semi-annual net cash dividend of 6.75% (on issue price) amounting to RM 12,825,000 to the Irredeemable Convertible Preference shareholder and a final single tier dividend of 19.44 sen per ordinary share totaling RM 24,300,000 to the ordinary shareholder in respect of the financial year ended 31 December 2014 was paid on 8 June 2015 and 22 June 2015, respectively.

No dividend has been proposed for the third quarter and the nine months ended 30 September 2015.

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 composition of the Group

Golden Maestro Sdn Bhd ("GMSB"), a wholly-owned subsidiary of Standard Chartered Bank Malaysia Berhad ("SCBMB"), had on 22 April 2015 entered into a Share Sale Agreement with a third party and disposed of 70 preference shares of RM1.00 each, representing 70% of the irredeemable preference share capital in Resolution Alliance Sdn Bhd ("RASB") for a total consideration of RM 9,428,820.15. In addition, the Restated Master Shareholders' Agreements which the shareholders of RASB had previously entered into, had been restated and which GMSB has lost its rights over all the profits or losses of RASB. As a result, the Group has ceased to consolidate RASB after the sale.

10. Financial assets held for trading

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	10	9,657	10	9,657
Malaysian Government bonds/securities	545,267	2,560,224	545,267	2,560,224
Government Islamic bonds	2,771	28,359	2,771	28,359
Bank Negara Malaysia bills	80	801,732	80	801,732
Private debt securities	67,067	134,123	67,067	134,123
	<u>615,195</u>	<u>3,534,095</u>	<u>615,195</u>	<u>3,534,095</u>

11. Investment securities available-for-sale

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	173,417	-	99,617	-
Malaysian Government bonds/ securities	703,893	3,018,396	703,893	3,018,396
Bank Negara Malaysia bills	49,417	98,556	-	-
Bankers' acceptances and Islamic acceptance bills	204,945	533,502	204,945	533,502
Negotiable instruments of deposit	1,200,147	1,555,023	1,200,147	1,555,023
Government Islamic bonds	80,430	-	-	-
Private debt securities	150,379	149,452	150,379	149,452
	<u>2,562,628</u>	<u>5,354,929</u>	<u>2,358,981</u>	<u>5,256,373</u>
Unquoted securities:-				
Equity shares, at cost	9,098	9,723	9,098	9,723
Private debt securities, at fair value	243	1,647	243	243
	<u>2,571,969</u>	<u>5,366,299</u>	<u>2,368,322</u>	<u>5,266,339</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
<u>At amortised cost</u>				
Overdrafts	495,057	617,491	495,057	617,491
Term loans/financing				
- Housing loans/financing	13,481,831	13,916,126	10,245,927	10,929,722
- Syndicated term loan/financing	325,182	188,715	325,182	188,715
- Hire purchase receivables	167,193	237,512	-	-
- Lease receivables	255,207	337,940	-	-
- Other term loans/financing	8,849,692	10,673,176	6,358,102	7,555,481
Bills receivable	3,338,383	3,171,528	3,057,184	2,938,763
Trust receipts	1,348,021	1,181,800	785,483	897,792
Staff loans/financing	40,745	48,100	38,419	46,552
Loans/financing to banks and other financial institutions	445,357	459,298	445,357	459,298
Credit card receivables	2,186,574	2,221,093	2,186,574	2,221,093
Revolving credit	1,740,424	2,323,703	1,154,927	1,473,997
	<u>32,673,666</u>	<u>35,376,482</u>	<u>25,092,212</u>	<u>27,328,904</u>
Less: Unearned interest and income	(702,296)	(812,643)	(3,837)	(4,191)
Gross loans, advances and financing	31,971,370	34,563,839	25,088,375	27,324,713
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(647,723)	(406,631)	(617,910)	(382,841)
- Collective impairment provisions	(355,623)	(354,529)	(259,664)	(235,492)
Total net loans, advances and financing	<u>30,968,024</u>	<u>33,802,679</u>	<u>24,210,801</u>	<u>26,706,380</u>

(ii) By type of customer

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Domestic banking institutions	299,824	200,985	299,824	200,985
Domestic non-bank financial institutions	345,882	1,141,563	114,929	181,828
Domestic business enterprises	12,310,401	12,906,558	9,537,028	10,175,643
<i>Small medium enterprises</i>	4,184,101	4,544,730	3,057,572	3,458,664
<i>Others</i>	8,126,300	8,361,828	6,479,456	6,716,979
Individuals	16,296,028	17,294,426	13,109,854	14,165,864
Other domestic entities	246	413	246	413
Foreign entities	2,718,989	3,019,894	2,026,494	2,599,980
	<u>31,971,370</u>	<u>34,563,839</u>	<u>25,088,375</u>	<u>27,324,713</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Fixed rate				
Housing loans/financing	21,381	23,804	19,403	21,659
Other fixed rate loan/financing	4,373,210	5,254,517	2,932,707	3,116,970
Variable rate				
BLR plus	16,694,153	17,186,635	13,465,909	14,565,793
Cost plus	8,796,457	9,861,411	8,210,959	9,072,313
Other variable rates	2,086,169	2,237,472	459,397	547,978
	<u>31,971,370</u>	<u>34,563,839</u>	<u>25,088,375</u>	<u>27,324,713</u>

(iv) By sector

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Agriculture	56,230	209,338	53,213	86,553
Mining and quarrying	290,332	175,049	123,700	53,001
Manufacturing	5,392,588	5,414,204	4,496,781	4,620,471
Electricity, gas and water	42,618	120,149	40,250	119,390
Construction	516,845	477,453	356,640	353,964
Real estate	1,371,356	1,489,664	1,041,756	1,232,453
Wholesale & retail trade and restaurants & hotels	2,873,503	2,837,380	2,256,556	2,229,403
Transportation, storage and communication	370,630	384,489	268,528	270,656
Finance, insurance and business services	2,142,128	3,272,988	1,554,654	1,860,341
Household	18,391,654	19,208,176	14,699,665	15,659,700
Others	523,486	974,949	196,632	838,781
	<u>31,971,370</u>	<u>34,563,839</u>	<u>25,088,375</u>	<u>27,324,713</u>

(v) By purpose

	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
	Purchase of landed property	16,870,922	17,459,697	13,019,484
- Residential	<u>13,327,879</u>	<u>13,740,694</u>	<u>10,403,793</u>	<u>11,098,673</u>
- Non-residential	<u>3,543,043</u>	<u>3,719,003</u>	<u>2,615,691</u>	<u>2,792,607</u>
Fixed assets excluding land & building	157,828	195,775	-	-
Personal use	1,564,927	1,827,189	1,037,754	1,156,979
Credit cards	2,186,574	2,221,093	2,186,574	2,221,093
Working capital	10,745,762	11,751,508	8,399,206	9,599,582
Others	445,357	1,108,577	445,357	455,779
	<u>31,971,370</u>	<u>34,563,839</u>	<u>25,088,375</u>	<u>27,324,713</u>

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

	Group		Bank	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	10,331,045	12,157,584	9,042,368	10,278,687
One year to three years	2,109,066	2,509,295	1,511,893	1,717,223
Three years to five years	2,161,819	1,731,070	1,206,766	1,041,413
Over five years	17,369,440	18,165,890	13,327,348	14,287,390
	<u>31,971,370</u>	<u>34,563,839</u>	<u>25,088,375</u>	<u>27,324,713</u>

(vii) By geographical distribution

	Group		Bank	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Within Malaysia	31,562,182	34,091,317	24,679,187	26,852,191
Outside Malaysia	409,188	472,522	409,188	472,522
	<u>31,971,370</u>	<u>34,563,839</u>	<u>25,088,375</u>	<u>27,324,713</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
USD	4,544,660	3,676,469	3,684,709	3,019,096
GBP	32,198	1,313,026	32,198	660,228
Other foreign currencies	30,573	27,246	30,573	26,845
	<u>4,607,431</u>	<u>5,016,741</u>	<u>3,747,480</u>	<u>3,706,169</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
At 1 January	1,124,432	1,088,877	1,086,311	1,048,268
Classified as impaired during the financial period/year	914,807	784,166	857,242	701,082
Reclassified as performing during the financial period/year	(143,980)	(176,530)	(134,592)	(168,473)
Amount recovered during the financial period/year	(320,855)	(272,318)	(310,958)	(259,104)
Amount written off during the financial period/year	(298,963)	(299,763)	(264,839)	(235,462)
At end of reporting period/year	<u>1,275,441</u>	<u>1,124,432</u>	<u>1,233,164</u>	<u>1,086,311</u>
Individual impairment provisions	(647,722)	(406,631)	(617,909)	(382,841)
Net impaired loans, advances and financing	<u>627,719</u>	<u>717,801</u>	<u>615,255</u>	<u>703,470</u>

Included in the impaired loans, advances and financing balances are loans, advances and financing which have been rescheduled or restructured by *Agensi Kaunseling dan Pengurusan Kredit*.

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Collective impairment provisions				
At 1 January	354,529	347,931	235,492	243,995
Impairment made during the financial period/year	58,832	79,076	49,746	43,454
Amount written back	(57,738)	(72,478)	(25,574)	(51,957)
At end of reporting period/year	<u>355,623</u>	<u>354,529</u>	<u>259,664</u>	<u>235,492</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>1.14%</u>	<u>1.04%</u>	<u>1.06%</u>	<u>0.87%</u>
Individual impairment provisions				
At 1 January	406,631	263,135	382,841	247,352
Impairment made during the financial period/year	484,867	351,278	431,645	272,192
Amount written back	(59,387)	(66,561)	(50,721)	(59,592)
Amount written off	(184,389)	(141,221)	(145,856)	(77,111)
At end of reporting period/year	<u>647,722</u>	<u>406,631</u>	<u>617,909</u>	<u>382,841</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Agriculture	34,211	15,834	34,179	15,834
Mining and quarrying	1,607	-	1,607	-
Manufacturing	779,116	644,464	777,390	642,845
Construction	5,773	68,374	5,636	68,271
Real estate	6,914	35,309	6,914	35,309
Wholesale & retail trade and restaurants & hotels	160,376	104,610	159,679	104,097
Transportation, storage and communication	9,943	2,239	7,498	1,124
Finance, insurance and business services	1,698	2,061	1,698	2,061
Household	274,537	249,546	237,516	214,964
Others	1,266	1,995	1,047	1,806
	<u>1,275,441</u>	<u>1,124,432</u>	<u>1,233,164</u>	<u>1,086,311</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Purchase of landed property	163,667	137,328	153,682	131,917
- Residential	155,337	130,731	146,841	126,362
- Non-residential	8,330	6,597	6,841	5,555
Fixed assets excluding land & building	1,120	735	-	-
Personal use	118,817	109,511	91,381	80,340
Credit cards	18,014	22,550	18,014	22,550
Working capital	973,823	854,308	970,087	851,504
	<u>1,275,441</u>	<u>1,124,432</u>	<u>1,233,164</u>	<u>1,086,311</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Within Malaysia	1,275,096	1,123,925	1,232,819	1,085,804
Outside Malaysia	345	507	345	507
	<u>1,275,441</u>	<u>1,124,432</u>	<u>1,233,164</u>	<u>1,086,311</u>

14. Other assets

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Interest/Income receivables	23,528	95,991	29,188	104,747
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	841,801	607,916	1,356,759	878,754
	<u>865,329</u>	<u>703,907</u>	<u>1,485,947</u>	<u>1,083,501</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 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Demand deposits	15,758,270	13,948,840	14,456,101	12,631,138
Savings deposits	3,783,410	3,569,196	3,621,145	3,357,096
Fixed/Investment deposits	15,694,995	18,572,862	13,200,132	16,748,483
Negotiable instruments of deposits	426,910	433,682	317,469	319,494
	<u>35,663,585</u>	<u>36,524,580</u>	<u>31,594,847</u>	<u>33,056,211</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Due within six months	11,929,584	14,450,471	10,216,475	12,877,689
Six months to one year	3,705,546	2,991,370	2,943,018	2,784,380
One year to three years	120,108	721,058	120,492	676,451
Three years to five years	344,192	787,304	215,141	673,116
Over five years	22,475	56,341	22,475	56,341
	<u>16,122,905</u>	<u>18,006,544</u>	<u>13,517,591</u>	<u>17,067,977</u>

(ii) By type of customers

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Government and statutory bodies	882,402	825,898	90,181	76,936
Business enterprises	13,215,175	14,892,893	12,314,215	14,299,627
Individuals	16,767,763	16,439,579	14,892,370	14,770,317
Others	4,798,245	4,366,210	4,298,081	3,909,331
	<u>35,663,585</u>	<u>36,524,580</u>	<u>31,594,847</u>	<u>33,056,211</u>

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17. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Licensed banks	1,450,840	3,041,055	1,336,035	2,936,823
Bank Negara Malaysia	398,264	259,333	398,264	259,333
Other financial institutions	3,228,015	4,039,896	3,225,932	3,987,220
	<u>5,077,119</u>	<u>7,340,284</u>	<u>4,960,231</u>	<u>7,183,376</u>

18. Other liabilities

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Interest/Income payable	239,509	213,069	230,820	202,089
Amount owing to subsidiaries	-	-	22	22
Other payables and accruals	1,785,596	1,523,714	3,341,410	2,452,036
	<u>2,025,105</u>	<u>1,736,783</u>	<u>3,572,252</u>	<u>2,654,147</u>

19. Provision for credit commitments and contingencies

	Group and Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
As at 1 January 2015	-	-
Provision made during the financial period/year	113,917	-
As at 30 September 2015	<u>113,917</u>	<u>-</u>

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

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21. Interest expense

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	14,390	13,473	50,395	55,909
Deposits from customers	163,640	144,480	491,085	461,440
Subordinated debts	12,808	13,231	38,538	36,448
	<u>190,838</u>	<u>171,184</u>	<u>580,018</u>	<u>553,797</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	14,390	13,473	50,395	55,786
Deposits from customers	163,640	144,480	491,085	461,440
Subordinated debts	12,808	13,231	38,538	36,448
	<u>190,838</u>	<u>171,184</u>	<u>580,018</u>	<u>553,674</u>

22. Net income from Islamic Banking operations

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	86,024	66,863	238,338	189,183
Income attributable to depositors	<u>(30,504)</u>	<u>(31,807)</u>	<u>(92,550)</u>	<u>(83,045)</u>
Income attributable to the Bank	55,520	35,056	145,788	106,138
Income derived from investment of Islamic banking capital funds and shareholder's funds	32,379	38,491	101,173	120,934
	<u>87,899</u>	<u>73,547</u>	<u>246,961</u>	<u>227,072</u>

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23. Other operating income

	Group			
	3rd Quarter ended 30 September 2015 RM'000	30 September 2014 RM'000	Nine months ended 30 September 2015 RM'000	30 September 2014 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	88,239	84,397	239,955	246,672
- <i>Commission income</i>	40,718	46,969	132,968	142,796
- <i>Service fees</i>	33,016	26,684	68,247	71,299
- <i>Guarantee fees</i>	14,505	10,744	38,740	32,577
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(16,943)	(22,014)	(43,524)	(50,751)
- <i>Commission charges</i>	(4,730)	(1,818)	(11,021)	(6,180)
- <i>Service charges</i>	(12,213)	(20,196)	(32,503)	(44,571)
	<u>71,296</u>	<u>62,383</u>	<u>196,431</u>	<u>195,921</u>
Net trading income				
Gains from sale of financial assets held for trading and derivative financial instruments	144,457	70,573	328,505	51,920
Unrealised (losses)/gains on revaluation of financial assets held for trading and other financial instruments	(22,949)	(9,646)	(95,228)	51,416
Foreign exchange currency				
- (Losses)/gains from dealing in foreign currency	(5,122)	87,419	137,326	212,173
- Unrealised losses from foreign exchange translation	(15,547)	(82,375)	(114,345)	(103,634)
	<u>100,839</u>	<u>65,971</u>	<u>256,258</u>	<u>211,875</u>
Other income				
Gains from sale of investment securities available-for-sale	2,087	3	10,782	235
Gross dividends from unquoted investments	210	175	2,844	19,779
Rental income	9	8	24	23
Gain on disposal of property, plant and equipment	183	-	190	2,461
Others	(89)	8	387	16
	<u>2,400</u>	<u>194</u>	<u>14,227</u>	<u>22,514</u>
Total other operating income	<u>174,535</u>	<u>128,548</u>	<u>466,916</u>	<u>430,310</u>

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23. Other operating income (continued)

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	88,239	84,397	239,955	246,672
- <i>Commission income</i>	40,718	46,969	132,968	142,796
- <i>Service fees</i>	33,016	26,684	68,247	71,299
- <i>Guarantee fees</i>	14,505	10,744	38,740	32,577
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(16,943)	(19,965)	(43,524)	(44,177)
- <i>Commission charges</i>	(4,730)	(1,818)	(11,021)	(6,180)
- <i>Service charges</i>	(12,213)	(18,147)	(32,503)	(37,997)
	<u>71,296</u>	<u>64,432</u>	<u>196,431</u>	<u>202,495</u>
Net trading income				
Gains from sale of financial assets held for trading and derivative financial instruments	144,457	57,051	328,505	51,920
Unrealised (losses)/gains on revaluation of financial assets held for trading and other financial instruments	(22,949)	(9,646)	(95,228)	51,416
Foreign exchange currency				
- Losses/gains from dealing in foreign currency	(5,122)	100,941	137,326	212,173
- Unrealised losses from foreign exchange translation	(15,547)	(82,375)	(114,345)	(103,634)
	<u>100,839</u>	<u>65,971</u>	<u>256,258</u>	<u>211,875</u>
Other income				
Gains from sale of investment securities available-for-sale	2,087	3	10,782	235
Gross dividends from unquoted investments	210	175	2,844	19,779
Rental income	9	8	24	23
Gain on disposal of property, plant and equipment	183	-	190	2,461
Others	20,379	19,567	67,034	60,470
	<u>22,868</u>	<u>19,753</u>	<u>80,874</u>	<u>82,968</u>
Total other operating income	<u>195,003</u>	<u>150,156</u>	<u>533,563</u>	<u>497,338</u>

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24. Other operating expenses

	Group			
	3rd Quarter ended 30 September 2015 RM'000	30 September 2014 RM'000	Nine months ended 30 September 2015 RM'000	30 September 2014 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	88,392	86,571	260,092	254,832
- Pension fund contributions	10,064	9,098	29,979	27,047
- Other staff related cost	8,574	11,958	31,238	33,019
	<u>107,030</u>	<u>107,627</u>	<u>321,309</u>	<u>314,898</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,618	4,707	21,307	20,891
- Rental	6,824	6,972	20,249	20,918
- Information technology and project expenses	28,523	21,717	91,519	76,875
- Others	15,728	12,615	42,864	34,883
	<u>57,693</u>	<u>46,011</u>	<u>175,939</u>	<u>153,567</u>
Marketing expenses				
- Advertisement and publicity	1,656	3,761	6,637	12,913
- Others	3,003	3,354	12,241	9,316
	<u>4,659</u>	<u>7,115</u>	<u>18,878</u>	<u>22,229</u>
Administration and general expenses				
- Communication expenses	3,370	4,683	10,552	11,953
- Group administration and business support expenses	28,529	24,240	91,263	67,785
- Outsourcing expenses	24,947	24,311	74,476	74,013
- Others	19,783	13,768	61,554	61,031
	<u>76,629</u>	<u>67,002</u>	<u>237,845</u>	<u>214,782</u>
Total other operating expenses	<u><u>246,011</u></u>	<u><u>227,755</u></u>	<u><u>753,971</u></u>	<u><u>705,476</u></u>

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24. Other operating expenses (continued)

	Bank			
	3rd Quarter ended 30 September 2015 RM'000	30 September 2014 RM'000	Nine months ended 30 September 2015 RM'000	30 September 2014 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	86,073	84,434	254,667	246,268
- Pension fund contributions	10,064	9,098	29,979	27,047
- Other staff related cost	7,920	11,342	29,551	31,206
	<u>104,057</u>	<u>104,874</u>	<u>314,197</u>	<u>304,521</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,262	4,104	20,039	19,004
- Rental	6,312	6,415	18,718	19,219
- Information technology and project expenses	28,519	21,567	91,479	76,618
- Others	15,118	12,184	41,046	33,494
	<u>56,211</u>	<u>44,270</u>	<u>171,282</u>	<u>148,335</u>
Marketing expenses				
- Advertisement and publicity	1,410	3,758	6,309	12,856
- Others	2,937	3,066	11,970	8,637
	<u>4,347</u>	<u>6,824</u>	<u>18,279</u>	<u>21,493</u>
Administration and general expenses				
- Communication expenses	3,313	4,598	10,369	11,697
- Group administration and business support expenses	22,784	22,906	82,130	62,912
- Outsourcing expenses	24,947	24,311	74,476	74,013
- Others	18,021	15,194	57,100	56,535
	<u>69,065</u>	<u>67,009</u>	<u>224,075</u>	<u>205,157</u>
Total other operating expenses	<u>233,680</u>	<u>222,977</u>	<u>727,833</u>	<u>679,506</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
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	290,314	70,786	436,165	195,849
- Made in the financial period	287,161	66,974	437,640	171,801
- Discounting of expected cashflows	13,019	16,674	47,227	66,806
- Written back	(9,866)	(12,862)	(48,702)	(42,758)
Collective impairment provisions				
- Made in the financial period	24,165	32,859	58,832	42,330
- Written back	(12,739)	(10,048)	(57,738)	(63,200)
Bad and doubtful debts on loans, advances and financing:-				
Written off	32,259	37,362	101,177	118,207
Recovered	(28,423)	(19,644)	(82,704)	(55,966)
	<u>305,576</u>	<u>111,315</u>	<u>455,732</u>	<u>237,220</u>
	Bank			
	3rd Quarter ended		Nine months ended	
	September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	273,229	54,910	391,609	140,658
- Made in the financial period	266,772	48,996	384,418	111,794
- Discounting of expected cashflows	13,019	16,674	47,227	66,806
- Written back	(6,562)	(10,760)	(40,036)	(37,942)
Collective impairment provisions				
- Made in the financial period	20,272	24,762	49,746	30,425
- Written back	(5,496)	(5,147)	(25,574)	(44,996)
Bad and doubtful debts on loans, advances and financing:-				
Written off	32,259	37,362	101,177	118,207
Recovered	(25,150)	(16,075)	(72,807)	(46,184)
	<u>295,114</u>	<u>95,812</u>	<u>444,151</u>	<u>198,110</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 2015			31 December 2014		
	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	2,687,231	2,687,231	1,300,931	2,281,091	2,281,091	930,621
Transaction-related contingent items	4,294,266	4,294,266	1,134,186	4,005,690	4,003,743	900,744
Short-term self liquidating trade-related contingencies	335,381	334,890	97,753	240,583	240,583	82,806
Other commitments to extend credit:-						
- maturity not exceeding one year	36,956,381	4,469,840	1,716,547	31,555,761	3,594,190	1,631,779
- maturity exceeding one year	3,117,648	1,054,145	762,582	3,357,107	1,505,513	618,257
Foreign exchange related contracts:-						
- less than one year	41,626,290	3,034,343	762,623	37,129,354	1,509,394	333,085
- one year to less than five years	18,779,845	3,614,328	918,184	19,665,694	2,305,369	706,890
- five years and above	3,025,904	955,547	273,049	2,511,834	531,725	153,919
Interest rate related contracts:-						
- less than one year	14,455,011	54,829	20,482	18,030,555	41,402	5,295
- one year to less than five years	43,224,844	1,321,600	215,357	45,520,539	1,345,882	265,803
- five years and above	8,917,911	703,755	130,279	6,494,791	621,456	153,226
Miscellaneous commitments and contingencies	3,812,444	259,317	143,357	5,794,252	873,636	152,653
	<u>181,233,156</u>	<u>22,784,091</u>	<u>7,475,330</u>	<u>176,587,251</u>	<u>18,853,984</u>	<u>5,935,078</u>

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26. Commitments and contingencies (continued)

	30 September 2015			31 December 2014		
	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	2,677,985	2,677,985	1,297,155	2,253,094	2,253,094	906,297
Transaction-related contingent items	4,098,547	4,098,547	1,095,964	3,851,546	3,849,599	842,562
Short-term self liquidating trade-related contingencies	260,574	260,083	71,294	137,547	137,547	54,985
Other commitments to extend credit:-						
- maturity not exceeding one year	36,372,285	4,091,553	1,577,111	32,175,141	3,857,311	1,587,293
- maturity exceeding one year	2,265,118	728,306	560,090	2,283,245	843,162	337,531
Foreign exchange related contracts:-						
- less than one year	41,893,123	3,042,054	768,047	37,358,841	1,515,505	333,507
- one year to less than five years	17,884,436	3,863,828	875,243	19,665,694	2,305,369	646,254
- five years and above	3,025,904	955,547	273,049	2,511,834	531,725	153,919
Interest rate related contracts:-						
- less than one year	14,455,011	54,829	20,482	18,030,555	41,402	5,295
- one year to less than five years	44,782,000	1,340,131	219,850	45,498,840	1,333,854	264,258
- five years and above	8,917,911	703,754	132,696	6,494,791	621,456	153,219
Miscellaneous commitments and contingencies	3,832,057	260,828	144,350	5,827,577	875,205	153,176
	<u>180,464,951</u>	<u>22,077,445</u>	<u>7,035,331</u>	<u>176,088,705</u>	<u>18,165,229</u>	<u>5,438,296</u>

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

* The comparative figures have been restated to conform with current year presentation which reflected the results of revision to the Group's and Bank's Corporate Exposure At Default model during the year.

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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 2015	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	90	-	90
Debt securities	-	615,105	-	615,105
Derivative financial instruments	5,558	6,176,153	-	6,181,711
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	222,834	-	222,834
Debt securities	-	2,340,037	-	2,340,037
At 30 September 2015	<u>5,558</u>	<u>9,354,219</u>	<u>-</u>	<u>9,359,777</u>
Liabilities				
Deposits from customers	-	107,833	-	107,833
Deposits and placements of banks and other financial institutions	-	480,899	-	480,899
Derivative financial instruments	8,946	6,037,151	-	6,046,097
At 30 September 2015	<u>8,946</u>	<u>6,625,883</u>	<u>-</u>	<u>6,634,829</u>

Group	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
31 December 2014	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	811,389	-	-	811,389
Debt securities	2,588,577	134,129	-	2,722,706
Derivative financial instruments	1,225	2,866,394	-	2,867,619
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	98,556	-	-	98,556
Debt securities	3,018,396	2,238,220	1,404	5,258,020
At 31 December 2014	<u>6,518,143</u>	<u>5,238,743</u>	<u>1,404</u>	<u>11,758,290</u>
Liabilities				
Deposits from customers	-	102,812	-	102,812
Deposits and placements of banks and other financial institutions	-	509,512	-	509,512
Derivative financial instruments	1,416	2,713,625	-	2,715,041
At 31 December 2014	<u>1,416</u>	<u>3,325,949</u>	<u>-</u>	<u>3,327,365</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 2015	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	90	-	90
Debt securities	-	615,105	-	615,105
Derivative financial instruments	5,558	6,180,146	-	6,185,704
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	99,617	-	99,617
Debt securities	-	2,259,607	-	2,259,607
At 30 September 2015	<u>5,558</u>	<u>9,154,565</u>	<u>-</u>	<u>9,160,123</u>
Liabilities				
Deposits from customers	-	91,423	-	91,423
Deposits and placements of banks and other financial institutions	-	477,304	-	477,304
Derivative financial instruments	8,946	6,038,604	-	6,047,550
At 30 September 2015	<u>8,946</u>	<u>6,607,331</u>	<u>-</u>	<u>6,616,277</u>

Bank	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
31 December 2014	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	811,389	-	-	811,389
Debt securities	2,588,577	134,129	-	2,722,706
Derivative financial instruments	1,225	2,867,816	-	2,869,041
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	-	-	-
Debt securities	3,018,397	2,238,219	-	5,256,616
At 31 December 2014	<u>6,419,588</u>	<u>5,240,164</u>	<u>-</u>	<u>11,659,752</u>
Liabilities				
Deposits from customers	-	84,470	-	84,470
Deposits and placements of banks and other financial institutions	-	505,907	-	505,907
Derivative financial instruments	1,416	2,711,376	-	2,712,792
At 31 December 2014	<u>1,416</u>	<u>3,301,753</u>	<u>-</u>	<u>3,303,169</u>

There were no transfers between Level 1 and Level 2 during the period ended 30 September 2015.

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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 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 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	3,093,641	3,071,192	2,896,255	2,908,631
Less: Deferred tax assets	(68,825)	(54,936)	(67,535)	(48,124)
Unrealised gains and losses on 'available-for-sale' financial instruments	99	(9,816)	87	(9,795)
Investment in subsidiaries deducted from CET 1 capital	-	-	(164,609)	(82,304)
CET 1 capital	<u>3,524,915</u>	<u>3,506,440</u>	<u>3,164,198</u>	<u>3,268,408</u>
Irredeemable Convertible Preference Shares	380,000	380,000	380,000	380,000
Non-controlling interest	-	1,279	-	-
Eligible Tier 1 capital	<u>3,904,915</u>	<u>3,887,719</u>	<u>3,544,198</u>	<u>3,648,408</u>
Tier 2 Capital				
Subordinated debts	1,000,000	1,000,000	1,000,000	1,000,000
Collective impairment provisions under standardised approach	15,269	15,377	6,265	7,842
Surplus of total eligible provisions over total expected loss under AIRB approach	68,860	12,344	76,552	26,358
Non-controlling interest	-	301	-	-
	<u>1,084,129</u>	<u>1,028,022</u>	<u>1,082,817</u>	<u>1,034,200</u>
Less: Investment in subsidiaries	-	-	(346,913)	(429,218)
Eligible Tier 2 capital	<u>1,084,129</u>	<u>1,028,022</u>	<u>735,904</u>	<u>604,982</u>
Total capital base	<u>4,989,044</u>	<u>4,915,741</u>	<u>4,280,102</u>	<u>4,253,390</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Total risk-weighted assets:-				
Credit risk	26,646,792	27,292,271	23,778,952	23,680,318
Market risk	2,108,799	1,386,759	2,108,799	1,386,759
Operational risk	3,554,760	3,625,249	3,333,384	3,379,532
Large exposure for equity holdings	-	626	-	626
	<u>32,310,351</u>	<u>32,304,905</u>	<u>29,221,135</u>	<u>28,447,235</u>

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

	Group		Bank	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
CET 1 capital ratio	10.910%	10.854%	10.828%	11.489%
Tier 1 capital ratio	12.086%	12.034%	12.129%	12.825%
Total capital ratio	15.441%	15.217%	14.647%	14.952%

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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 2015	31 December 2014
CET 1 capital ratio	13.187%	11.441%
Tier 1 capital ratio	13.187%	11.441%
Total capital ratio	15.720%	13.757%