



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

**Financial statements for the nine months
ended 30 September 2017**

Domiciled in Malaysia
Registered office/Principal place of business
Level 16, Menara Standard Chartered
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	Group		Bank	
		30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Assets					
Cash and short term funds		6,989,472	6,500,523	5,823,659	5,345,827
Deposits and placements with banks and other financial institutions		-	1,278,509	3,264,554	5,507,040
Securities purchased under resale agreements		539,359	109,778	539,359	109,778
Financial assets held for trading	10	1,660,940	1,582,445	1,660,940	1,582,445
Investment securities available-for-sale	11	4,620,416	2,813,353	4,519,891	2,713,777
Loans, advances and financing	12	27,612,155	29,027,623	22,134,143	22,427,136
Derivative financial assets		2,564,207	4,437,138	2,567,308	4,485,347
Other assets	14	964,347	404,157	1,247,888	874,590
Current tax assets		2	72,381	-	67,674
Statutory deposits with Bank Negara Malaysia	15	655,555	750,302	519,124	607,152
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		48,554	60,327	48,454	60,176
Deferred tax assets		72,907	57,319	66,627	51,432
Total assets		45,727,914	47,093,855	42,803,469	44,243,896
Liabilities					
Deposits from customers	16	31,352,818	31,530,426	28,707,563	29,136,849
Investment account of customers		731,576	668,677	-	-
Deposits and placements of banks and other financial institutions	17	2,923,699	3,810,994	2,842,467	3,749,974
Derivative financial liabilities		2,753,222	4,056,364	2,754,416	4,091,140
Other liabilities	18	2,224,154	1,509,139	2,970,091	1,937,328
Current tax liabilities		26,172	-	25,509	-
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
Total liabilities		41,011,641	42,575,600	38,300,046	39,915,291
Equity					
Share capital		163,000	163,000	163,000	163,000
Reserves		4,553,273	4,355,255	4,340,423	4,165,605
Total equity attributable to owner of the Bank		4,716,273	4,518,255	4,503,423	4,328,605
Total liabilities and equity		45,727,914	47,093,855	42,803,469	44,243,896
Commitments and contingencies	26	183,125,279	178,001,105	185,557,982	179,724,304

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	Note	Group			
		3rd Quarter ended 30 September		Nine months ended 30 September	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income	20	372,950	355,082	1,108,119	1,091,436
Interest expense	21	(154,785)	(152,030)	(466,747)	(486,377)
Net interest income		218,165	203,052	641,372	605,059
Net income from Islamic Banking operations	22	60,230	91,640	202,121	266,389
Other operating income	23	278,395	294,692	843,493	871,448
		160,068	150,944	405,645	465,286
Total net income		438,463	445,636	1,249,138	1,336,734
Other operating expenses	24	(256,805)	(250,659)	(782,652)	(737,948)
Operating profit		181,658	194,977	466,486	598,786
Provisions for loans, advances and financing	25	(9,958)	(66,077)	(41,818)	(154,952)
Profit before taxation		171,700	128,900	424,668	443,834
Tax expense		(44,397)	(25,949)	(109,313)	(111,563)
Profit for the period		127,303	102,951	315,355	332,271
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		4,246	6,626	11,734	17,916
Net amount transferred to profit or loss		6	(757)	(4,043)	(8,514)
Cash flow hedges:-					
Effective portion of changes in fair value		-	5,046	194	6,216
Net amount transferred to profit or loss		-	(1)	3	3
Other comprehensive income for the period, net of income tax		4,252	10,914	7,888	15,621
Total comprehensive income for the period		131,555	113,865	323,243	347,892
Profit attributable to:					
Owner of the Bank		127,303	102,951	315,355	332,271
Total comprehensive income attributable to:		131,555	113,865	323,243	347,892
Owner of the Bank		131,555	113,865	323,243	347,892

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
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FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	Note	Bank			
		3rd Quarter ended		Nine months ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
		RM'000	RM'000	RM'000	RM'000
Interest income	20	400,962	400,390	1,195,206	1,212,315
Interest expense	21	(154,785)	(152,030)	(466,747)	(486,377)
Net interest income		246,177	248,360	728,459	725,938
Other operating income	23	176,783	176,155	462,347	560,499
Total net income		422,960	424,515	1,190,806	1,286,437
Other operating expenses	24	(250,224)	(239,383)	(760,633)	(702,358)
Operating profit		172,736	185,132	430,173	584,079
Provisions for loans, advances and financing	25	(8,010)	(59,664)	(34,929)	(135,963)
Profit before taxation		164,726	125,468	395,244	448,116
Tax expense		(42,757)	(25,308)	(102,270)	(105,637)
Profit for the period		121,969	100,160	292,974	342,479
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		4,000	5,892	10,915	18,938
Net amount transferred to profit or loss		6	(757)	(4,043)	(8,514)
Cash flow hedges:-					
Effective portion of changes in fair value		-	5,046	194	6,216
Net amount transferred to profit or loss		-	(1)	3	3
Other comprehensive income for the period, net of income tax		4,006	10,180	7,069	16,643
Total comprehensive income for the period		125,975	110,340	300,043	359,122

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

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

GROUP	← Attributable to owner of the Bank →							▼ Distributable Reserves	Total equity RM'000
	← Non-Distributable Reserves →								
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	
At 1 January 2017	163,000	717,000	265,750	260,000	190	(4,419)	(3,051)	3,119,785	4,518,255
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	11,734	-	-	11,734
Net amount transferred to profit or loss	-	-	-	-	-	(4,043)	-	-	(4,043)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	194	-	194
Net amount transferred to profit or loss	-	-	-	-	-	-	3	-	3
Total other comprehensive income for the period	-	-	-	-	-	7,691	197	-	7,888
Profit for the period	-	-	-	-	-	-	-	315,355	315,355
Total comprehensive income for the period	-	-	-	-	-	7,691	197	315,355	323,243
Distribution to Owner of the Bank									
Dividend (preference shares)									
- 2017 interim	-	-	-	-	-	-	-	(12,825)	(12,825)
- 2016 final	-	-	-	-	-	-	-	(25,650)	(25,650)
Dividend (ordinary shares)									
- 2016 final	-	-	-	-	-	-	-	(86,750)	(86,750)
Transfer between reserves	-	-	(265,750)	-	-	-	-	265,750	-
Total transaction with owner of the Bank	-	-	(265,750)	-	-	-	-	140,525	(125,225)
At 30 September 2017	163,000	717,000	-	260,000	190	3,272	(2,854)	3,575,665	4,716,273

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

GROUP	← 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	Retained profits RM'000	
At 1 January 2016	163,000	717,000	265,750	260,000	190	8,828	(5,789)	2,817,933	4,226,912
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	17,916	-	-	17,916
Net amount transferred to profit or loss	-	-	-	-	-	(8,514)	-	-	(8,514)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	6,216	-	6,216
Net amount transferred to profit or loss	-	-	-	-	-	-	3	-	3
Actuarial gains from defined benefit plan	-	-	-	-	-	-	-	-	-
Total other comprehensive income for the period	-	-	-	-	-	9,402	6,219	-	15,621
Profit for the period	-	-	-	-	-	-	-	332,271	332,271
Total comprehensive income for the period	-	-	-	-	-	9,402	6,219	332,271	347,892
At 30 September 2016	163,000	717,000	265,750	260,000	190	18,230	430	3,150,204	4,574,804

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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 2017

BANK	← Attributable to owner of the Bank →							▼ Distributable Reserves	Total equity
	← Non-Distributable Reserves →								
	Share capital	Share premium	Statutory reserves	Regulatory reserves	Capital redemption reserves	AFS reserves	Cash flow hedge reserves	Retained profits	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	163,000	717,000	163,000	260,000	190	(3,613)	(3,051)	3,032,079	4,328,605
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	10,915	-	-	10,915
Net amount transferred to profit or loss	-	-	-	-	-	(4,043)	-	-	(4,043)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	194	-	194
Net amount transferred to profit or loss	-	-	-	-	-	-	3	-	3
Total other comprehensive income for the period	-	-	-	-	-	6,872	197	-	7,069
Profit for the period	-	-	-	-	-	-	-	292,974	292,974
Total comprehensive income for the period	-	-	-	-	-	6,872	197	292,974	300,043
Distribution to Owner of the Bank									
Dividend (preference shares)									
- 2017 interim	-	-	-	-	-	-	-	(12,825)	(12,825)
- 2016 final	-	-	-	-	-	-	-	(25,650)	(25,650)
Dividend (ordinary shares)									
- 2016 final	-	-	-	-	-	-	-	(86,750)	(86,750)
Transfer between reserves	-	-	(163,000)	-	-	-	-	163,000	-
Total transaction with owner of the Bank	-	-	(163,000)	-	-	-	-	37,775	(125,225)
At 30 September 2017	163,000	717,000	-	260,000	190	3,259	(2,854)	3,362,828	4,503,423

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

BANK	← Attributable to owner of the Bank →						→ Distributable Reserves		
	← Non-Distributable Reserves →			Capital redemption reserves			Cash flow hedge reserves	Retained profits	Total equity
	Share capital	Share premium	Statutory reserves	Regulatory reserves	Capital redemption reserves	AFS reserves	Cash flow hedge reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	163,000	717,000	163,000	260,000	190	6,966	(5,789)	2,735,572	4,039,939
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	18,938	-	-	18,938
Net amount transferred to profit or loss	-	-	-	-	-	(8,514)	-	-	(8,514)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	6,216	-	6,216
Net amount transferred to profit or loss	-	-	-	-	-	-	3	-	3
Total other comprehensive income for the period	-	-	-	-	-	10,424	6,219	-	16,643
Profit for the period	-	-	-	-	-	-	-	342,479	342,479
Total comprehensive income for the period	-	-	-	-	-	10,424	6,219	342,479	359,122
At 30 September 2016	163,000	717,000	163,000	260,000	190	17,390	430	3,078,051	4,399,061

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

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 2017

	Group		Bank	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit before taxation	424,668	443,834	395,244	448,116
Adjustment for non-cash items	38,892	15,134	31,842	15,588
Operating profit before working capital changes	463,560	458,968	427,086	463,704
Changes in working capital:-				
Net changes in operating assets	2,258,655	(164,681)	2,298,730	1,216,339
Net changes in operating liabilities	(286,989)	(829,124)	(304,030)	(1,811,356)
Income taxes paid	(28,838)	(58,854)	(26,514)	(57,128)
Net cash generated from / (used in) operating activities	2,406,388	(593,691)	2,395,272	(188,441)
Net cash (used in) / generated from investing activities	(1,792,214)	955,348	(1,792,215)	451,367
Net cash used in financing activities	(125,225)	-	(125,225)	-
Net increase in cash and cash equivalents	488,949	361,657	477,832	262,926
Cash and cash equivalent at beginning of the period	6,500,523	6,889,236	5,345,827	5,907,593
Cash and cash equivalent for asset classified as held for sale	-	-	-	-
Cash and cash equivalent at end of the period	<u>6,989,472</u>	<u>7,250,893</u>	<u>5,823,659</u>	<u>6,170,519</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016.

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

REVIEW OF PERFORMANCE

The Group recorded a profit before taxation of RM424.67 million for the financial period ended 30 September 2017, as compared to RM443.83 million in the same period last year.

Net interest income improved by 6.00% to RM641.37 million. Other operating income, however, reduced by 12.82% to RM405.65 million. Included in other operating income is a Credit Valuation Adjustment ("CVA") charge of RM3.08 million in 2017 (2016: release of RM 54.00 million). Meanwhile, other operating expenses increased by 6.06% to RM782.65 million as the Group continues to invest in technology and create platform for growth.

Loans, advances and financing declined 4.88% to RM27.61 billion during the nine month period as loan growth continued to moderate since last year in a challenging macro economic environment. Meanwhile, deposits from customers decreased slightly by 0.56% to RM 31.35 billion. The Group remains well capitalised with Common Equity Tier 1 capital ratio and Total Capital Ratio of 13.17% and 17.99%, respectively.

PROSPECTS

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

STANDARD CHARTERED BANK MALAYSIA BERHAD
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Notes to the financial statements for the nine months ended 30 September 2017

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 2017 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, *Interim Financial Reporting in Malaysia*.

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

The accounting policies and methods of computation in the unaudited condensed interim financial statements are consistent with those adopted in the last audited financial statements, except for the adoption of the following MFRS and Amendments to MFRSs during the current financial period:

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

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

The adoption of the above MFRS and Amendments to MFRSs do not have any material impacts on the financial statements of the Group and the Bank.

The following MFRSs and Amendments to MFRSs have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective:

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

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

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

- i) MFRS 16 *Leases*

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

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

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

MFRS 15, Revenue from Contracts with Customers

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

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

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Bank are currently assessing the financial impact of adopting MFRS 9.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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Notes to the financial statements for the nine months ended 30 September 2017 (continued)

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

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2016.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2016 was not qualified.

3. Seasonal or cyclical factors

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the third quarter and nine months ended 30 September 2017.

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the third quarter and nine months ended 30 September 2017.

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

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the third quarter and nine months ended 30 September 2017.

7. Dividend

During the nine months ended 30 September 2017 a semi-annual net cash dividend of 6.75% (on issue price) amounting to RM 12,825,000 to the Irredeemable Convertible Preference shareholder was paid on 25 September 2017.

No dividend has been proposed for the third quarter ended 30 September 2017.

8. Subsequent events

There were no material events subsequent to the statement of financial position date that requires disclosure or adjustments to the unaudited condensed interim financial statements.

9. Changes in the composition of the Group

There were no changes in the composition of the Group during the nine months ended 30 September 2017.

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	167,067	69,439	167,067	69,439
Malaysian Government bonds/securities	1,357,993	1,278,102	1,357,993	1,278,102
Government Islamic bonds	23,762	163,017	23,762	163,017
Bank Negara Malaysia bills	-	57,006	-	57,006
Sukuk	112,118	14,881	112,118	14,881
	<u>1,660,940</u>	<u>1,582,445</u>	<u>1,660,940</u>	<u>1,582,445</u>

11. Investment securities available-for-sale

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	-	3,364	-	3,364
Malaysian Government bonds/ securities	2,029,846	1,900,798	2,029,846	1,900,798
Bank Negara Malaysia bills	-	-	-	-
Bankers' acceptances and Islamic acceptance bills	82,819	54,597	82,819	54,597
Negotiable instruments of deposit	1,950,513	400,116	1,950,513	400,116
Government Islamic bonds	396,415	293,436	295,890	193,860
Corporate bonds	151,482	151,701	151,482	151,701
	<u>4,611,075</u>	<u>2,804,012</u>	<u>4,510,550</u>	<u>2,704,436</u>
Unquoted securities :-				
Equity shares, at cost	9,098	9,098	9,098	9,098
Private debt securities, at fair value	243	243	243	243
	<u>4,620,416</u>	<u>2,813,353</u>	<u>4,519,891</u>	<u>2,713,777</u>

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
<u>At amortised cost</u>				
Overdrafts	794,434	331,972	794,434	331,972
Term loans/financing				
- Housing loans/financing	12,073,723	12,464,983	9,170,467	9,396,817
- Syndicated term loan/financing	334,679	223,932	334,679	223,932
- Hire purchase receivables	63,568	101,619	-	-
- Lease receivables	105,836	256,026	-	-
- Other term loans/financing	7,766,517	8,282,077	5,784,267	6,151,476
Bills receivable	3,202,523	3,416,766	2,823,916	2,782,340
Trust receipts	651,387	826,250	459,882	530,700
Staff loans/financing	35,119	32,633	23,875	28,072
Loans/financing to banks and other financial institutions	23,145	56,964	23,145	56,964
Credit card receivables	1,996,368	2,099,819	1,996,368	2,099,819
Revolving credit	2,070,115	2,624,462	1,709,750	1,899,107
	<u>29,117,414</u>	<u>30,717,503</u>	<u>23,120,783</u>	<u>23,501,199</u>
Less: Unearned interest and income	(437,246)	(520,128)	(10,411)	(11,139)
Gross loans, advances and financing	<u>28,680,168</u>	<u>30,197,375</u>	<u>23,110,372</u>	<u>23,490,060</u>
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(741,732)	(768,121)	(711,479)	(741,959)
- Collective impairment provisions	(326,281)	(401,631)	(264,750)	(320,965)
Total net loans, advances and financing	<u><u>27,612,155</u></u>	<u><u>29,027,623</u></u>	<u><u>22,134,143</u></u>	<u><u>22,427,136</u></u>

(ii) By type of customer

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Domestic banking institutions	13,300	280,915	13,300	280,915
Domestic non-bank financial institutions	278,228	593,846	211,875	295,221
Domestic business enterprises	11,350,667	12,225,884	9,010,505	9,268,203
<i>Small medium enterprises</i>	<u>3,357,370</u>	<u>3,602,842</u>	<u>2,489,068</u>	<u>2,601,474</u>
<i>Others</i>	<u>7,993,297</u>	<u>8,623,042</u>	<u>6,521,437</u>	<u>6,666,729</u>
Individuals	14,353,270	14,726,991	11,726,680	11,884,963
Other domestic entities	405	98	405	98
Foreign entities	2,684,298	2,369,641	2,147,607	1,760,660
	<u><u>28,680,168</u></u>	<u><u>30,197,375</u></u>	<u><u>23,110,372</u></u>	<u><u>23,490,060</u></u>

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Fixed rate				
Housing loans/financing	14,971	18,224	13,753	16,861
Other fixed rate loan/financing	3,657,140	4,546,758	2,969,980	3,353,485
Variable rate				
BLR plus/ Base rate plus	15,046,476	15,441,067	12,144,440	12,374,272
Cost plus	9,167,632	9,361,732	7,889,673	7,638,644
Other variable rates	793,949	829,594	92,526	106,798
	<u>28,680,168</u>	<u>30,197,375</u>	<u>23,110,372</u>	<u>23,490,060</u>

(iv) By sector

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Agriculture	223,754	188,613	30,499	58,373
Mining and quarrying	248,513	280,017	33,053	40,168
Manufacturing	3,998,705	4,303,284	3,496,961	3,618,096
Electricity, gas and water	57,611	46,022	56,638	44,328
Construction	702,397	640,761	522,739	471,977
Real estate	2,083,439	1,691,471	1,725,159	1,351,849
Wholesale & retail trade and restaurants & hotels	2,362,863	3,018,359	1,957,702	2,202,584
Transportation, storage and communication	285,553	695,474	230,906	621,720
Finance, insurance and business services	1,422,514	1,979,674	1,034,992	1,314,262
Household	16,517,023	16,835,624	13,405,879	13,491,067
Others	777,796	518,076	615,844	275,636
	<u>28,680,168</u>	<u>30,197,375</u>	<u>23,110,372</u>	<u>23,490,060</u>

(v) By purpose

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Purchase of landed property	14,968,887	15,511,969	11,460,282	11,815,880
- Residential	11,948,447	12,329,533	9,276,361	9,508,447
- Non-residential	3,020,440	3,182,436	2,183,921	2,307,433
Fixed assets excluding land & building	59,080	95,725	-	-
Personal use	1,158,327	1,176,407	936,586	868,027
Credit cards	1,996,368	2,099,819	1,996,368	2,099,819
Securities	352,791	96,274	352,791	96,274
Working capital	10,121,568	11,160,217	8,341,198	8,553,096
Others	23,147	56,964	23,147	56,964
	<u>28,680,168</u>	<u>30,197,375</u>	<u>23,110,372</u>	<u>23,490,060</u>

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

	Group		Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	9,565,967	10,624,843	8,574,438	8,916,301
One year to three years	1,169,007	1,302,063	691,828	835,582
Three years to five years	2,177,318	2,068,483	1,613,957	1,478,567
Over five years	15,767,876	16,201,986	12,230,149	12,259,610
	<u>28,680,168</u>	<u>30,197,375</u>	<u>23,110,372</u>	<u>23,490,060</u>

(vii) By geographical distribution

	Group		Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Within Malaysia	28,487,398	30,052,975	22,969,739	23,452,112
Outside Malaysia	192,770	144,400	140,633	37,948
	<u>28,680,168</u>	<u>30,197,375</u>	<u>23,110,372</u>	<u>23,490,060</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
USD	3,934,342	4,618,011	2,848,229	3,566,151
GBP	121,484	90,393	121,484	90,393
Other foreign currencies	286,587	36,431	286,587	26,455
	<u>4,342,413</u>	<u>4,744,835</u>	<u>3,256,300</u>	<u>3,683,000</u>

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
At 1 January	1,379,042	1,287,013	1,322,159	1,250,196
Currency translation differences	(30,991)	6,913	(30,991)	6,913
Classified as impaired during the financial period/year	689,937	927,329	619,146	807,245
Reclassified as performing during the financial period/year	(236,728)	(294,854)	(183,000)	(240,231)
Amount recovered during the financial period/year	(89,712)	(136,878)	(86,320)	(133,470)
Amount written off during the financial period/year	(217,233)	(410,481)	(193,017)	(368,494)
At end of reporting period/year	1,494,315	1,379,042	1,447,977	1,322,159
Individual impairment provisions	(741,732)	(768,121)	(711,479)	(741,959)
Net impaired loans, advances and financing	<u>752,583</u>	<u>610,921</u>	<u>736,498</u>	<u>580,200</u>

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Collective impairment provisions				
At 1 January	401,631	381,614	320,965	288,265
Impairment made during the financial period/year	19,491	114,209	13,012	93,750
Amount written back	(94,841)	(94,192)	(69,227)	(61,050)
At end of reporting period/year	<u>326,281</u>	<u>401,631</u>	<u>264,750</u>	<u>320,965</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>1.17%</u>	<u>1.36%</u>	<u>1.18%</u>	<u>1.41%</u>
Individual impairment provisions				
At 1 January	768,121	702,759	741,959	674,137
Currency translation differences	(14,747)	6,913	(14,747)	6,913
Impairment made during the financial period/year	180,167	340,783	135,237	266,578
Transferred from provision for commitments and contingencies	-	102,388	-	102,388
Amount written back	(98,096)	(81,446)	(89,133)	(67,498)
Amount written off	(93,713)	(303,276)	(61,837)	(240,559)
At end of reporting period/year	<u>741,732</u>	<u>768,121</u>	<u>711,479</u>	<u>741,959</u>

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Agriculture	19,113	19,938	19,001	19,938
Mining and quarrying	4,951	28,386	4,951	28,386
Manufacturing	1,104,182	899,069	1,103,446	898,230
Construction	4,803	2,876	3,528	2,421
Real estate	51,955	77,798	51,955	77,798
Wholesale & retail trade and restaurants & hotels	86,840	109,073	77,098	102,801
Transportation, storage and communication	6,439	6,990	4,192	3,453
Finance, insurance and business services	4,896	2,097	4,248	1,011
Household	203,339	224,946	174,015	183,734
Others	7,797	7,869	5,543	4,387
	<u>1,494,315</u>	<u>1,379,042</u>	<u>1,447,977</u>	<u>1,322,159</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Purchase of landed property	126,052	174,127	104,277	143,700
- Residential	105,500	134,614	92,858	109,352
- Non-residential	20,552	39,513	11,419	34,348
Fixed assets excluding land & building	2,279	2,743	-	-
Personal use	94,998	88,804	81,093	73,254
Credit cards	11,127	15,328	11,127	15,328
Working capital	1,259,859	1,098,040	1,251,480	1,089,877
	<u>1,494,315</u>	<u>1,379,042</u>	<u>1,447,977</u>	<u>1,322,159</u>

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Within Malaysia	1,493,936	1,378,962	1,447,598	1,322,079
Outside Malaysia	379	80	379	80
	<u>1,494,315</u>	<u>1,379,042</u>	<u>1,447,977</u>	<u>1,322,159</u>

14. Other assets

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Interest/Income receivables	49,938	53,949	64,859	72,269
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	914,409	350,208	1,083,029	702,321
	<u>964,347</u>	<u>404,157</u>	<u>1,247,888</u>	<u>874,590</u>

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15. Statutory deposits with Bank Negara Malaysia

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

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Demand deposits	15,329,719	13,730,530	14,483,254	12,973,291
Savings deposits	3,327,096	3,363,025	3,251,571	3,276,238
Fixed/Investment deposits	11,530,295	12,680,721	9,933,765	11,254,465
Negotiable instruments of deposits	1,165,708	1,756,150	1,038,973	1,632,855
	<u>31,352,818</u>	<u>31,530,426</u>	<u>28,707,563</u>	<u>29,136,849</u>

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Due within six months	9,374,262	10,841,975	7,947,412	9,570,813
Six months to one year	2,152,933	2,513,855	2,013,999	2,357,965
One year to three years	635,406	561,334	601,713	556,844
Three years to five years	60,338	181,303	60,337	63,294
Over five years	473,064	338,404	349,277	338,404
	<u>473,064</u>	<u>338,404</u>	<u>349,277</u>	<u>338,404</u>

(ii) By type of customers

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Government and statutory bodies	1,021,108	713,030	79,049	45,800
Business enterprises	14,413,447	13,066,289	13,581,618	12,444,490
Individuals	11,118,737	12,014,405	10,639,355	11,370,312
Others	4,799,526	5,736,702	4,407,541	5,276,247
	<u>31,352,818</u>	<u>31,530,426</u>	<u>28,707,563</u>	<u>29,136,849</u>

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17. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Licensed banks	681,150	1,842,393	681,150	1,842,393
Bank Negara Malaysia	-	30,000	-	30,000
Other financial institutions	2,242,549	1,938,601	2,161,317	1,877,581
	<u>2,923,699</u>	<u>3,810,994</u>	<u>2,842,467</u>	<u>3,749,974</u>

18. Other liabilities

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Interest/Income payable	244,654	139,940	241,518	137,232
Amount owing to subsidiaries	-	-	22	22
Other payables and accruals	1,979,500	1,369,199	2,728,551	1,800,074
	<u>2,224,154</u>	<u>1,509,139</u>	<u>2,970,091</u>	<u>1,937,328</u>

19. Provision for credit commitments and contingencies

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

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

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20. Interest income

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries				
from impaired loans	275,155	289,930	827,905	883,248
- Recoveries from impaired loans	7,217	5,289	20,460	20,562
Money at call and deposit placements				
with banks and other financial institutions	30,030	15,739	84,965	57,011
Financial assets held for trading	23,706	16,239	66,426	52,311
Investment securities available-for-sale	36,842	27,885	108,363	78,304
	<u>372,950</u>	<u>355,082</u>	<u>1,108,119</u>	<u>1,091,436</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries				
from impaired loans	275,155	289,930	827,905	883,248
- Recoveries from impaired loans	7,217	5,289	20,460	20,562
Money at call and deposit placements				
with banks and other financial institutions	58,042	61,047	172,052	177,890
Financial assets held for trading	23,706	16,239	66,426	52,311
Investment securities available-for-sale	36,842	27,885	108,363	78,304
	<u>400,962</u>	<u>400,390</u>	<u>1,195,206</u>	<u>1,212,315</u>

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21. Interest expense

	Group and Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	9,333	17,537	27,660	57,750
Deposits from customers	133,109	121,572	402,506	389,862
Subordinated debts	12,343	12,921	36,581	38,765
	<u>154,785</u>	<u>152,030</u>	<u>466,747</u>	<u>486,377</u>

22. Net income from Islamic Banking operations

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	71,553	80,134	211,728	232,708
Income derived from investment account funds	23,321	23,432	68,986	77,292
Income attributable to depositors	(27,242)	(34,438)	(90,936)	(110,277)
Income attributable to investment account holders	<u>(19,590)</u>	<u>(5,512)</u>	<u>(42,215)</u>	<u>(17,302)</u>
Income attributable to the equity holder of the Bank	48,042	63,616	147,563	182,421
Income derived from investment of Islamic banking capital funds and shareholder's funds	12,188	28,024	54,558	83,968
	<u>60,230</u>	<u>91,640</u>	<u>202,121</u>	<u>266,389</u>

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23. Other operating income

	Group			
	3rd Quarter ended 30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	67,744	63,746	190,755	192,241
- <i>Commission income</i>	43,512	39,114	122,511	108,698
- <i>Service fees</i>	13,258	13,903	36,702	47,643
- <i>Guarantee fees</i>	10,974	10,729	31,542	35,900
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(12,406)	(13,575)	(48,195)	(42,338)
- <i>Commission charges</i>	(1,066)	(4,190)	(12,644)	(13,829)
- <i>Service charges</i>	(11,340)	(9,385)	(35,551)	(28,509)
	<u>55,338</u>	<u>50,171</u>	<u>142,560</u>	<u>149,903</u>
Net trading income				
Gains from sale of financial assets held for trading and derivative financial instruments	119,215	140,501	219,002	59,476
Unrealised (losses)/gains on revaluation of financial assets held for trading and other financial instruments	(17,618)	(163,608)	93,983	196,979
Foreign exchange currency				
- Losses from dealing in foreign currency	(209,031)	(16,789)	(54,156)	(63,157)
- Unrealised gains/(losses) from foreign exchange translation	210,295	140,390	(3,713)	116,155
	<u>102,861</u>	<u>100,494</u>	<u>255,116</u>	<u>309,453</u>
Other income				
Gains from sale of investment securities available-for-sale	107	-	5,213	4,834
Gross dividends from unquoted investments	122	210	811	898
Rental income	9	8	26	25
Gain on disposal of property, plant and equipment	374	-	484	-
Others	1,257	61	1,435	173
	<u>1,869</u>	<u>279</u>	<u>7,969</u>	<u>5,930</u>
Total other operating income	<u><u>160,068</u></u>	<u><u>150,944</u></u>	<u><u>405,645</u></u>	<u><u>465,286</u></u>

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23. Other operating income (continued)

	Bank			
	3rd Quarter ended 30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	67,744	63,746	190,755	192,241
- <i>Commission income</i>	43,512	39,114	122,511	108,698
- <i>Service fees</i>	13,258	13,903	36,702	47,643
- <i>Guarantee fees</i>	10,974	10,729	31,542	35,900
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(12,406)	(13,575)	(48,195)	(42,338)
- <i>Commission charges</i>	(1,066)	(4,190)	(12,644)	(13,829)
- <i>Service charges</i>	(11,340)	(9,385)	(35,551)	(28,509)
	<u>55,338</u>	<u>50,171</u>	<u>142,560</u>	<u>149,903</u>
Net trading income				
Gains from sale of financial assets held for trading and derivative financial instruments	119,215	140,501	219,002	59,476
Unrealised (losses)/Gains on revaluation of financial assets held for trading and other financial instruments	(18,490)	(159,456)	91,644	208,022
Foreign exchange currency				
- Losses from dealing in foreign currency	(209,031)	(16,789)	(54,156)	(63,157)
- Unrealised gains/(losses)/ from foreign exchange translation	210,295	140,390	(3,713)	116,155
	<u>101,989</u>	<u>104,646</u>	<u>252,777</u>	<u>320,496</u>
Other income				
Gains from sale of investment securities available-for-sale	107	-	5,213	4,834
Gross dividends from unquoted investments	122	210	811	898
Gross dividend from a subsidiary	-	-	-	21,544
Rental income	9	8	26	25
Gain on disposal of property, plant and equipment	374	-	484	-
Others	18,844	21,120	60,476	62,799
	<u>19,456</u>	<u>21,338</u>	<u>67,010</u>	<u>90,100</u>
Total other operating income	<u>176,783</u>	<u>176,155</u>	<u>462,347</u>	<u>560,499</u>

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24. Other operating expenses

	Group			
	3rd Quarter ended 30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	85,360	85,257	263,957	258,108
- Pension fund contributions	15,107	9,744	34,678	28,568
- Other staff related cost	9,137	12,474	29,388	27,816
	<u>109,604</u>	<u>107,475</u>	<u>328,023</u>	<u>314,492</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,197	7,973	19,081	22,026
- Rental	6,249	6,520	18,726	19,269
- Information technology and project expenses	59,777	31,660	174,040	106,371
- Utilities and maintenance	11,989	7,975	32,221	31,593
	<u>84,212</u>	<u>54,128</u>	<u>244,068</u>	<u>179,259</u>
Marketing expenses				
- Advertisement and publicity	5,579	4,295	14,228	10,468
- Others	4,484	4,227	14,649	11,359
	<u>10,063</u>	<u>8,522</u>	<u>28,877</u>	<u>21,827</u>
Administration and general expenses				
- Communication expenses	3,134	3,391	8,686	8,502
- Group administration and business support expenses	2,203	29,123	42,548	82,764
- Outsourcing expenses	28,650	26,521	81,648	73,635
- Others	18,939	21,499	48,802	57,469
	<u>52,926</u>	<u>80,534</u>	<u>181,684</u>	<u>222,370</u>
Total other operating expenses	<u>256,805</u>	<u>250,659</u>	<u>782,652</u>	<u>737,948</u>

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24. Other operating expenses (continued)

	Bank			
	3rd Quarter ended 30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	83,530	82,845	256,160	251,295
- Pension fund contributions	15,107	9,744	34,678	28,568
- Other staff related cost	8,577	11,849	27,605	26,414
	<u>107,214</u>	<u>104,438</u>	<u>318,443</u>	<u>306,277</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,188	7,927	19,052	21,794
- Rental	6,033	6,114	17,984	18,085
- Information technology and project expenses	59,669	36,379	173,077	106,361
- Utilities and maintenance	11,408	8,764	31,403	31,559
	<u>83,298</u>	<u>59,184</u>	<u>241,516</u>	<u>177,799</u>
Marketing expenses				
- Advertisement and publicity	5,579	4,295	14,228	10,466
- Others	4,429	4,147	14,529	11,188
	<u>10,008</u>	<u>8,442</u>	<u>28,757</u>	<u>21,654</u>
Administration and general expenses				
- Communication expenses	3,084	3,358	8,587	8,376
- Group administration and business support expenses	1,561	24,989	37,463	63,791
- Outsourcing expenses	28,650	26,521	81,648	73,635
- Others	16,409	12,451	44,219	50,826
	<u>49,704</u>	<u>67,319</u>	<u>171,917</u>	<u>196,628</u>
Total other operating expenses	<u>250,224</u>	<u>239,383</u>	<u>760,633</u>	<u>702,358</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
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	36,982	38,943	100,125	134,532
- Made in the financial period	37,798	108,401	122,906	212,996
- Discounting of expected cashflows	12,954	12,090	57,264	37,546
- Transfer from provision related to credit commitments and contingencies	-	(65,355)	-	(65,355)
- Written back	(13,770)	(16,193)	(80,045)	(50,655)
Collective impairment provisions				
- Made in the financial period	4,846	23,053	19,491	71,298
- Written back	(35,506)	(7,408)	(94,841)	(83,792)
Bad and doubtful debts on loans, advances and financing:-				
Written off	22,246	32,066	73,493	96,032
Recovered	(18,610)	(20,577)	(56,450)	(63,118)
	<u>9,958</u>	<u>66,077</u>	<u>41,818</u>	<u>154,952</u>
	Bank			
	3rd Quarter ended		Nine months ended	
	September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	28,388	26,323	64,158	90,640
- Made in the financial period	27,906	90,919	77,976	155,326
- Discounting of expected cashflows	12,954	12,090	57,264	37,546
- Transfer from provision related to credit commitments and contingencies	-	(65,355)	-	(65,355)
- Written back	(12,472)	(11,331)	(71,082)	(36,877)
Collective impairment provisions				
- Made in the financial period	2,725	18,766	13,012	61,565
- Written back	(29,947)	(298)	(69,227)	(58,777)
Bad and doubtful debts on loans, advances and financing:-				
Written off	22,246	32,066	73,493	96,032
Recovered	(15,402)	(17,193)	(46,507)	(53,497)
	<u>8,010</u>	<u>59,664</u>	<u>34,929</u>	<u>135,963</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 2017			31 December 2016		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	1,755,134	1,755,134	1,030,492	2,141,367	2,141,367	1,284,151
Transaction-related contingent items	3,680,947	3,680,947	1,293,251	3,776,779	3,776,779	1,175,690
Short-term self liquidating trade-related contingencies	499,035	497,991	117,708	184,446	183,862	37,893
Other commitments to extend credit:-						
- maturity not exceeding one year	35,472,462	4,508,572	2,304,761	36,257,881	4,172,955	1,740,395
- maturity exceeding one year	2,539,539	646,052	652,303	2,429,059	694,304	587,007
Foreign exchange related contracts:-						
- less than one year	68,067,159	2,179,454	624,063	49,581,064	3,009,224	689,570
- one year to less than five years	10,245,014	1,556,040	535,944	12,551,181	1,961,981	772,759
- five years and above	1,356,763	232,214	96,197	2,641,904	870,460	136,908
Interest rate related contracts:-						
- less than one year	18,797,144	150,083	20,473	21,155,218	53,426	7,569
- one year to less than five years	30,099,154	814,026	229,501	32,199,345	890,570	188,180
- five years and above	6,857,552	547,419	154,847	7,761,427	618,786	120,372
Miscellaneous commitments and contingencies	3,755,376	364,788	189,310	7,321,434	646,066	261,846
	<u>183,125,279</u>	<u>16,932,720</u>	<u>7,248,850</u>	<u>178,001,105</u>	<u>19,019,780</u>	<u>7,002,340</u>

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26. Commitments and contingencies (continued)

	30 September 2017			31 December 2016		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Bank						
Direct credit substitutes	1,745,980	1,747,334	1,028,099	2,138,550	2,139,904	1,283,614
Transaction-related contingent items	3,413,906	3,517,270	1,263,098	3,564,104	3,619,175	1,153,576
Short-term self liquidating trade-related contingencies	338,578	394,178	84,539	143,256	146,281	28,906
Other commitments to extend credit:-						
- maturity not exceeding one year	38,857,057	4,178,064	2,087,443	38,692,777	3,833,121	1,573,827
- maturity exceeding one year	2,028,229	590,433	574,404	2,024,073	601,746	509,514
Foreign exchange related contracts:-						
- less than one year	68,066,951	2,179,453	622,444	49,536,213	3,007,750	686,077
- one year to less than five years	10,245,014	1,785,294	617,058	12,551,180	2,249,466	868,321
- five years and above	1,356,763	232,214	96,197	2,641,904	870,460	136,908
Interest rate related contracts:-						
- less than one year	18,797,144	150,083	20,473	21,155,218	53,426	7,569
- one year to less than five years	30,075,821	813,637	242,259	32,174,557	889,910	206,389
- five years and above	6,857,552	547,419	154,847	7,761,427	618,786	120,372
Miscellaneous commitments and contingencies	3,774,987	366,357	189,810	7,341,045	648,386	262,731
	<u>185,557,982</u>	<u>16,501,736</u>	<u>6,980,671</u>	<u>179,724,304</u>	<u>18,678,411</u>	<u>6,837,804</u>

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

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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 30 September 2017	Fair value of financial instruments carried at fair value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	167,067	-	167,067
Debt securities	-	1,493,873	-	1,493,873
Derivative financial instruments	1,088	2,563,119	-	2,564,207
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	-	-	-
Debt securities	-	4,611,318	-	4,611,318
At 30 September 2017	<u>1,088</u>	<u>8,835,377</u>	<u>-</u>	<u>8,836,465</u>
Liabilities				
Deposits from customers	-	31,896	-	31,896
Deposits and placements of banks and other financial institutions	-	43,773	-	43,773
Derivative financial instruments	778	2,752,444	-	2,753,222
At 30 September 2017	<u>778</u>	<u>2,828,113</u>	<u>-</u>	<u>2,828,891</u>

Group 31 December 2016	Fair value of financial instruments carried at fair value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	126,445	-	126,445
Debt securities	-	1,456,000	-	1,456,000
Derivative financial instruments	495	4,436,643	-	4,437,138
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	3,364	-	3,364
Debt securities	-	2,800,891	-	2,800,891
At 31 December 2016	<u>495</u>	<u>8,823,343</u>	<u>-</u>	<u>8,823,838</u>
Liabilities				
Deposits from customers	-	72,173	-	72,173
Deposits and placements of banks and other financial institutions	-	44,073	-	44,073
Derivative financial instruments	267	4,056,097	-	4,056,364
At 31 December 2016	<u>267</u>	<u>4,172,343</u>	<u>-</u>	<u>4,172,610</u>

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

Fair value hierarchy (continued)

Bank	Fair value of financial instruments carried at fair value			
	Level 1	Level 2	Level 3	Total
30 September 2017	RM'000	RM'000	RM'000	RM'000
Assets				
Financial assets held for trading				
Malaysian Government / Bank Negara Bills	-	167,067	-	167,067
Debt securities	-	1,493,873	-	1,493,873
Derivative financial instruments	1,088	2,566,220	-	2,567,308
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	-	-	-
Debt securities	-	4,510,793	-	4,510,793
At 30 September 2017	<u>1,088</u>	<u>8,737,953</u>	<u>-</u>	<u>8,739,041</u>
Liabilities				
Deposits from customers	-	11,116	-	11,116
Deposits and placements of banks and other financial institutions	-	40,147	-	40,147
Derivative financial instruments	778	2,753,638	-	2,754,416
At 30 September 2017	<u>778</u>	<u>2,804,901</u>	<u>-</u>	<u>2,805,679</u>

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

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

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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 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Tier 1 Capital				
Paid-up ordinary share capital	125,000	125,000	125,000	125,000
Share premium	375,000	375,000	375,000	375,000
Other reserves	3,575,673	3,384,655	3,362,836	3,194,199
Less: Deferred tax assets	(72,574)	(55,589)	(66,292)	(49,841)
Unrealised gains and losses on 'available-for-sale' financial instruments	1,473	(4,417)	1,467	(3,613)
Investment in subsidiaries deducted from CET 1 capital	-	-	(329,218)	(246,913)
CET 1 capital	<u>4,004,572</u>	<u>3,824,649</u>	<u>3,468,793</u>	<u>3,393,832</u>
Irredeemable Convertible Preference Shares	380,000	380,000	380,000	380,000
Eligible Tier 1 capital	<u>4,384,572</u>	<u>4,204,649</u>	<u>3,848,793</u>	<u>3,773,832</u>
Tier 2 Capital				
Subordinated debts	1,000,000	1,000,000	1,000,000	1,000,000
Collective impairment provisions under standardised approach	14,938	13,558	11,027	6,339
Surplus of total eligible provisions over total expected loss under AIRB approach	69,861	73,115	61,728	61,683
	<u>1,084,799</u>	<u>1,086,673</u>	<u>1,072,755</u>	<u>1,068,022</u>
Less: Investment in subsidiaries	-	-	(182,304)	(264,609)
Eligible Tier 2 capital	<u>1,084,799</u>	<u>1,086,673</u>	<u>890,451</u>	<u>803,413</u>
Total capital base	<u><u>5,469,371</u></u>	<u><u>5,291,322</u></u>	<u><u>4,739,244</u></u>	<u><u>4,577,245</u></u>

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Total risk-weighted assets:-				
Credit risk	26,381,755	26,688,495	24,094,276	24,229,571
Market risk	776,632	898,151	776,632	898,151
Operational risk	3,250,082	3,344,050	3,130,690	3,195,375
	<u>30,408,469</u>	<u>30,930,696</u>	<u>28,001,598</u>	<u>28,323,097</u>

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

	Group		Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
CET 1 capital ratio	13.169%	12.365%	12.388%	11.983%
Tier 1 capital ratio	14.419%	13.594%	13.745%	13.324%
Total capital ratio	17.986%	17.107%	16.925%	16.161%

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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 2017	31 December 2016
CET 1 capital ratio	17.939%	15.806%
Tier 1 capital ratio	17.939%	15.806%
Total capital ratio	21.076%	18.739%