



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

**Financial statements for the financial period ended
ended 30 June 2019**

Domiciled in Malaysia
Registered office/Principal place of business
Level 26, Equatorial Plaza
Jalan Sultan Ismail
50250 Kuala Lumpur

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Group		Bank	
		30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Assets					
Cash and short term funds		3,126,357	4,462,089	1,731,763	2,654,540
Deposits and placements with banks and other financial institutions	11	-	-	3,903	152,593
Investment account placements	12	-	-	2,628,379	3,004,937
Securities purchased under resale agreements		509,090	1,084,860	509,090	1,084,860
Investment securities	13	10,740,157	6,547,652	10,078,844	6,447,277
Loans, advances and financing	14	28,243,145	28,452,270	23,279,685	23,143,526
Derivative financial assets		1,297,502	1,626,691	1,298,549	1,630,924
Other assets	16	2,981,117	1,098,376	3,083,943	1,180,076
Current tax assets		41,124	12,926	32,353	5,330
Statutory deposits with Bank Negara Malaysia	17	635,228	628,812	572,916	580,832
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		167,895	56,648	165,864	56,540
Deferred tax assets		103,151	104,382	97,498	98,332
Total assets		47,844,766	44,074,706	43,894,309	40,451,289
Liabilities					
Deposits from customers	18	30,235,738	30,043,213	27,135,233	27,442,990
Structured deposits		209,117	252,729	205,475	249,087
Investment account of customers		608,978	726,594	-	-
Deposits and placements of banks and other financial institutions	19	4,742,091	3,328,023	4,693,688	3,097,471
Obligations on securities sold under repurchase agreements		1,495,626	-	1,495,626	-
Derivative financial liabilities		1,293,384	1,493,559	1,293,226	1,493,029
Other liabilities	20	3,178,083	2,113,685	3,276,448	2,316,803
Current tax liabilities		-	4	-	-
Provision for credit commitments and contingencies	21	16,193	23,426	15,576	18,367
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
Total liabilities		42,779,210	38,981,233	39,115,272	35,617,747
Equity					
Share capital		880,190	880,190	880,190	880,190
Reserves		4,185,366	4,213,283	3,898,847	3,953,352
Total equity attributable to owner of the Bank		5,065,556	5,093,473	4,779,037	4,833,542
Total liabilities and equity		47,844,766	44,074,706	43,894,309	40,451,289
Commitments and contingencies	29	169,344,378	176,419,726	172,678,664	179,564,204

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 2018.

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 2ND QUARTER AND SIX MONTHS ENDED 30 JUNE 2019

	Note	Group			
		2nd Quarter ended 30 June 2019 RM'000	30 June 2018 RM'000	Six months ended 30 June 2019 RM'000	30 June 2018 RM'000
Interest income	22	412,067	401,197	826,956	794,057
Interest expense	23	(194,540)	(182,116)	(385,724)	(354,502)
Net interest income		217,527	219,081	441,232	439,555
Net income from Islamic Banking operations	24	61,970	66,406	126,201	130,379
		279,497	285,487	567,433	569,934
Other operating income	25	128,301	116,347	268,509	299,510
Total net income		407,798	401,834	835,942	869,444
Other operating expenses	26	(263,530)	(270,658)	(512,511)	(517,511)
Operating profit		144,268	131,176	323,431	351,933
Net release/(charge) of credit losses allowance	27	11,012	(59,597)	(11,290)	(67,911)
Profit before taxation		155,280	71,579	312,141	284,022
Tax expense		(41,754)	(18,623)	(81,237)	(74,177)
Profit for the period		113,526	52,956	230,904	209,845
Other comprehensive income/(expense), net of income tax					
Items that will not be reclassified to profit or loss					
Equity securities designated at fair value through other comprehensive income ("FVOCI")					
Net changes in fair value		151	(255)	2,183	(286)
Items that may be reclassified subsequently to profit or loss					
Debt instruments at FVOCI:					
Net changes in fair value		10,322	(13,197)	26,708	(14,859)
Net amount transferred to profit or loss		(2,392)	339	(2,392)	(890)
Impairment transferred to profit or loss		193	38	594	117
Own credit reserve:					
Net changes in fair value		(296)	-	(296)	-
Cash flow hedges:					
Effective portion of changes in fair value		-	1,939	-	2,167
Other comprehensive income/(expense) for the period, net of income tax		7,978	(11,136)	26,797	(13,751)
Total comprehensive income for the period		121,504	41,820	257,701	196,094
Profit attributable to:					
Owner of the Bank		113,526	52,956	230,904	209,845
Total comprehensive income attributable to:					
Owner of the Bank		121,504	41,820	257,701	196,094

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 2018.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 2ND QUARTER AND SIX MONTHS ENDED 30 JUNE 2019

	Note	Bank			
		2nd Quarter ended		Six months ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Interest income	22	436,138	433,073	877,199	853,791
Interest expense	23	(194,540)	(182,116)	(385,724)	(354,502)
Net interest income		241,598	250,957	491,475	499,289
Other operating income	25	144,000	130,195	303,654	328,438
Total net income		385,598	381,152	795,129	827,727
Other operating expenses	26	(256,788)	(261,310)	(499,911)	(501,384)
Operating profit		128,810	119,842	295,218	326,343
Net release/(charge) of credit losses	27	11,310	(60,916)	(14,061)	(77,421)
Profit before taxation		140,120	58,926	281,157	248,922
Tax expense		(37,966)	(15,203)	(73,594)	(65,484)
Profit for the period		102,154	43,723	207,563	183,438
Other comprehensive income/(expense), net of income tax					
Items that will not be reclassified to profit or loss					
Equity securities designated at FVOCI					
Net changes in fair value		151	(255)	2,183	(286)
Items that may be reclassified subsequently to profit or loss					
Debt instruments at FVOCI:					
Net changes in fair value		8,476	(13,066)	23,570	(14,644)
Net amount transferred to profit or loss		(2,392)	339	(2,392)	(890)
Impairment transferred to profit or loss		115	38	485	117
Own credit reserve:					
Net changes in fair value		(296)	-	(296)	-
Cash flow hedges:					
Effective portion of changes in fair value		-	1,939	-	2,167
Other comprehensive income/(expense) for the period, net of income tax		6,054	(11,005)	23,550	(13,536)
Total comprehensive income for the period		108,208	32,718	231,113	169,902

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 2018.

STANDARD CHARTERED BANK MALAYSIA BERHAD
(Incorporated in Malaysia)
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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019

GROUP	← Attributable to owner of the Bank →							Distributable Reserves	Total equity
	← Non-Distributable Reserves →								
	Share capital RM'000	Share premium RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	Fair value reserves RM'000	Own credit reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	RM'000
At 1 January 2019	880,190	-	311,531	-	4,624	211	-	3,896,917	5,093,473
Fair value reserve (debt securities):									
Net changes in fair value	-	-	-	-	26,708	-	-	-	26,708
Net amount transferred to profit or loss	-	-	-	-	(1,798)	-	-	-	(1,798)
Fair value reserve (equity securities):									
Net changes in fair value	-	-	-	-	2,183	-	-	-	2,183
Own credit reserve:									
Net changes in fair value	-	-	-	-	-	(296)	-	-	(296)
Total other comprehensive income/(expense) for the period	-	-	-	-	27,093	(296)	-	-	26,797
Profit for the period	-	-	-	-	-	-	-	230,904	230,904
Total comprehensive income/(expense) for the period	-	-	-	-	27,093	(296)	-	230,904	257,701
Distribution to Owner of the Bank									
Dividend (preference shares)									
- 2018 final	-	-	-	-	-	-	-	(12,825)	(12,825)
Dividend (ordinary shares)									
- 2018 final	-	-	-	-	-	-	-	(272,793)	(272,793)
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(285,618)	(285,618)
At 30 June 2019	880,190	-	311,531	-	31,717	(85)	-	3,842,203	5,065,556

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STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019

GROUP	← Attributable to owner of the Bank →							Distributable Reserves	Total equity RM'000
	← Non-Distributable Reserves →								
	Share capital RM'000	Share premium RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	Fair value reserves RM'000	Own credit reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	
At 31 December 2017	163,000	717,000	260,000	190	6,889	-	(2,167)	3,623,777	4,768,689
Impact of adopting MFRS 9 as at 1 January 2018									
Adjustment related to measurement, net of income taxes	-	-	-	-	4,600	-	-	-	4,600
Adjustment related to impairment, net of income taxes	-	-	-	-	492	-	-	(51,609)	(51,117)
Transfer between reserves	-	-	1,531	-	-	-	-	(1,531)	-
At 1 January 2018	163,000	717,000	261,531	190	11,981	-	(2,167)	3,570,637	4,722,172
Fair value reserve (debt securities):									
Net changes in fair value	-	-	-	-	(14,859)	-	-	-	(14,859)
Net amount transferred to profit or loss	-	-	-	-	(773)	-	-	-	(773)
Fair value reserve (equity securities):									
Net changes in fair value	-	-	-	-	(286)	-	-	-	(286)
Cash flow hedges:									
Effective portion of changes in fair value	-	-	-	-	-	-	2,167	-	2,167
Own credit reserve:									
Net changes in fair value	-	-	-	-	-	-	-	-	-
Total other comprehensive (expense)/income for the period	-	-	-	-	(15,918)	-	2,167	-	(13,751)
Profit for the period	-	-	-	-	-	-	-	209,845	209,845
Total comprehensive (expense)/income for the period	-	-	-	-	(15,918)	-	2,167	209,845	196,094
Distribution to Owner of the Bank									
Dividends (preference shares)									
- 2017 final	-	-	-	-	-	-	-	(12,825)	(12,825)
Dividends (ordinary shares)									
- 2017 final	-	-	-	-	-	-	-	(94,400)	(94,400)
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(107,225)	(107,225)
At 30 June 2018	163,000	717,000	261,531	190	(3,937)	-	-	3,673,257	4,811,041

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STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019

BANK	← Attributable to owner of the Bank →							Distributable Reserves	Total equity
	← Non-Distributable Reserves →								
	Share capital RM'000	Share premium RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	Fair value reserves RM'000	Own credit reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	RM'000
At 1 January 2019	880,190	-	297,909	-	4,547	211	-	3,650,685	4,833,542
Fair value reserve (debt securities):									
Net changes in fair value	-	-	-	-	23,570	-	-	-	23,570
Net amount transferred to profit or loss	-	-	-	-	(1,907)	-	-	-	(1,907)
Fair value reserve (equity securities):									
Net changes in fair value	-	-	-	-	2,183	-	-	-	2,183
Own credit reserve:									
Net changes in fair value	-	-	-	-	-	(296)	-	-	(296)
Total other comprehensive income/(expense) for the period	-	-	-	-	23,846	(296)	-	-	23,550
Profit for the period	-	-	-	-	-	-	-	207,563	207,563
Total comprehensive income/(expense) for the period	-	-	-	-	23,846	(296)	-	207,563	231,113
Distribution to Owner of the Bank									
Dividend (preference shares)									
- 2018 final	-	-	-	-	-	-	-	(12,825)	(12,825)
Dividend (ordinary shares)									
- 2018 final	-	-	-	-	-	-	-	(272,793)	(272,793)
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(285,618)	(285,618)
At 30 June 2019	880,190	-	297,909	-	28,393	(85)	-	3,572,630	4,779,037

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 2018.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019

BANK	← Attributable to owner of the Bank →							Distributable Reserves	Total equity RM'000
	← Non-Distributable Reserves →								
	Share capital RM'000	Share premium RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	Fair value reserves RM'000	Own credit reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	
At 31 December 2017	163,000	717,000	260,000	190	6,850	-	(2,167)	3,406,304	4,551,177
Impact of adopting MFRS 9 as at 1 January 2018									
Adjustment related to measurement, net of income taxes	-	-	-	-	4,582	-	-	-	4,582
Adjustment related to impairment, net of income taxes	-	-	-	-	492	-	-	(46,808)	(46,316)
Transfer between reserves	-	-	(12,091)	-	-	-	-	12,091	-
At 1 January 2018	163,000	717,000	247,909	190	11,924	-	(2,167)	3,371,587	4,509,443
Fair value reserve (debt securities):									
Net changes in fair value	-	-	-	-	(14,644)	-	-	-	(14,644)
Net amount transferred to profit or loss	-	-	-	-	(773)	-	-	-	(773)
Fair value reserve (equity securities):									
Net changes in fair value	-	-	-	-	(286)	-	-	-	(286)
Cash flow hedges:									
Effective portion of changes in fair value	-	-	-	-	-	-	2,167	-	2,167
Total other comprehensive (expense)/income for the period	-	-	-	-	(15,703)	-	2,167	-	(13,536)
Profit for the period	-	-	-	-	-	-	-	183,438	183,438
Total comprehensive (expense)/income for the period	-	-	-	-	(15,703)	-	2,167	183,438	169,902
Distribution to Owner of the Bank									
Dividend (preference shares)									
- 2017 final	-	-	-	-	-	-	-	(12,825)	(12,825)
Dividend (ordinary shares)									
- 2017 final	-	-	-	-	-	-	-	(94,400)	(94,400)
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(107,225)	(107,225)
At 30 June 2018	163,000	717,000	247,909	190	(3,779)	-	-	3,447,800	4,572,120

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 2018.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Group		Bank	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Profit before taxation	312,141	284,022	281,157	248,922
Adjustment for non-cash items	36,873	77,113	38,794	87,075
Operating profit before working capital changes	349,014	361,135	319,951	335,997
Changes in working capital:				
Net changes in operating assets	(2,611,326)	(2,773,631)	(2,434,226)	(4,259,390)
Net changes in operating liabilities	3,950,855	646,980	3,648,439	729,102
Income taxes paid	(116,389)	(68,127)	(106,980)	(62,248)
Net cash generated from / (used in) operating activities	1,572,154	(1,833,643)	1,427,184	(3,256,539)
Net cash (used in) / generated from investing activities	(2,622,268)	815,835	(2,064,343)	815,011
Net cash used in financing activities	(285,618)	(107,225)	(285,618)	(107,225)
Net decrease in cash and cash equivalents	(1,335,732)	(1,125,033)	(922,777)	(2,548,753)
Cash and cash equivalent at beginning of the period	4,462,089	6,157,757	2,654,540	4,956,090
Cash and cash equivalent at end of the period	3,126,357	5,032,724	1,731,763	2,407,337

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 2018.

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

REVIEW OF PERFORMANCE

The Group registered profit before taxation of RM312.14 million for the financial period ended 30 June 2019, a 10% increase as compared to the same period last year.

While net income declined slightly by 3.9%, operating expenses were kept under control. Provision for credit losses improved by 84% due to continuous recovery efforts and improved asset quality.

Loans, advances and financing decreased marginally by 0.7% to RM28.24 billion, while deposits from customers increased by 0.6% to RM30.24 billion.

The Group remains well capitalised with Common Equity Tier 1 capital ratio and Total Capital Ratio of 12.808% and 17.611%, respectively, after proposed dividend.

PROSPECTS

The global economy has continued to soften this quarter. Growth in emerging markets and developing economies are expected to slow down, alongside subdued investment and export growth, reflecting the escalation of trade tensions between major economics.

On the domestic front, Malaysia recorded GDP growth of 4.5% for the first quarter of 2019, with projections for 2019 remaining at 4.3% to 4.8% amid softer private and government consumption growth. Trade growth, however, continues to be positive, with exports growing by 2.5 % year on year.

The overnight policy rate ("OPR") was cut from 3.25% to 3.0% in May 2019, with market consensus for one further cut in 2019. The Ringgit weakened to above 4.13 against the USD during the quarter before rebounding back slightly to 4.11 in early July following expectations of further rate cuts by the US Federal Reserve.

Amidst this challenging economic backdrop, the Group will continue to drive its strategic agenda to deliver sustainable returns across all client segments. Standard Chartered Bank continues to be active in the key sectors of the economy and will keep the focus and momentum in domestic and international businesses leveraging the global network of the Bank. Export oriented, import substitution manufacturing sectors, supporting the SMEs of the country and providing innovative solutions to Malaysians to grow and protect their wealth are a few of the key focus area of Standard Chartered Bank Malaysia for taking the business forward in the country.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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Notes to the financial statements for the financial period year ended 30 June 2019

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the second quarter and the financial period ended 30 June 2019 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 MFRSs and Amendments to MFRSs during the current financial period:

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

i)	MFRS 16	<i>Leases</i>
ii)	IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
iii)	Amendments to MFRS 3	<i>Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
iv)	Amendments to MFRS 9	<i>Financial Instruments – Prepayment Features with Negative Compensation</i>
v)	Amendments to MFRS 11	<i>Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
vi)	Amendments to MFRS 112	<i>Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
vii)	Amendments to MFRS 119	<i>Employee Benefits - Plan Amendment, Curtailment or Settlement</i>
viii)	Amendments to MFRS 123	<i>Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
ix)	Amendments to MFRS 128	<i>Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures</i>

The initial application of the abovementioned accounting standards, interpretation and amendments do not have any material impact to the financial statements of the Group and the Bank except as mentioned below:

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The impact of MFRS 16 on the Group and the Bank are primarily where the Group and the Bank are a lessee in property lease contracts. The Group and the Bank have elected to adopt the simplified approach of transition and will not restate comparative information.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

i)	Amendments to MFRS 3	<i>Business Combinations - Definition of a Business</i>
ii)	Amendments to MFRS 101 and Amendments to MFRS 108	<i>Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material</i>

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

i)	MFRS 17	<i>Insurance Contracts</i>
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MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed.

i)	Amendments to MFRS 10 and MFRS 128	<i>Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
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1. Basis of preparation of the financial statements (continued)

The Group and the Bank plan to apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning on 1 January 2020 for the amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Bank do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021, as it is not applicable to the Group and the Bank.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. 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 2018.

2. Accounting policy changes

The below-described accounting policies have been applied since 1 January 2019 following the adoption of MFRS 16.

Lease Accounting:

At inception of a contract, the Group and the Bank assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Summary of accounting policy changes

The Group and the Bank recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Bank's incremental borrowing rate. Generally, the Group and the Bank use their incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Bank change their assessment of whether they will exercise a purchase, extension or termination option.

The Group and the Bank present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other liabilities' in the statements of financial position.

Short-term leases and leases of low-value assets

The Group and the Bank have elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group and the Bank recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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3. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2018 was not qualified.

4. Seasonal or cyclical factors

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the second quarter and financial period ended 30 June 2019.

6. Changes in accounting estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the second quarter and financial period ended 30 June 2019.

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

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the second quarter and financial period year ended 30 June 2019.

8. Dividend

The final single tier dividend of 218.23 sen per share totalling RM272,793,000 on the issued and fully paid-up ordinary shares and single-tier dividend of 3.38 sen per share totalling RM12,825,000 on the Irredeemable Convertible Preference shares of the Bank in respect of financial year ended 31 December 2018, which was approved by the Board of Directors on 4 April 2019 was paid on 7 May 2019 and 6 May 2019 respectively.

The Directors have proposed an interim single tier dividend of 72.77 sen per share totalling RM90,957,000 on the issued and fully paid-up ordinary shares and semi-annual single-tier dividend of 3.38 sen per share totalling RM12,825,000 on the Irredeemable Convertible Preference shares of the Bank in respect of the financial period ended 30 June 2019.

The proposed dividend has not been accounted for the financial statements of the Group and the Bank as at 30 June 2019.

9. Subsequent events

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

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 2019.

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11. Deposits and placements with banks and other financial institutions

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
	Deposits and placements with banks and other financial institutions	-	-	3,903

12. Investment account placements

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
	Investment account placements	-	-	2,628,379

Investment account placements are placements under the Profit Sharing Investment Account ("PSIA") concept to the Bank's subsidiary.

13. Investment securities

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
	i) Investment securities measured at fair value through profit or loss ("FVTPL")	4,542,853	2,907,057	4,542,853
ii) Debt securities measured at FVOCI	6,044,087	3,470,743	5,382,774	3,370,368
iii) Equity securities designated at FVOCI	20,461	18,144	20,461	18,144
iv) Debt securities at amortised cost	132,756	151,708	132,756	151,708
	<u>10,740,157</u>	<u>6,547,652</u>	<u>10,078,844</u>	<u>6,447,277</u>

Included in investment securities above are financial assets sold under repurchase agreements amounting to RM1,505,961,000 (2018: Nil).

i) Investment securities measured at FVTPL

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
	Malaysian Government treasury bills	3,952	24,959	3,952
Malaysian Government securities	4,397,919	2,329,322	4,397,919	2,329,322
Malaysian Government Investment Issues	99,420	477,890	99,420	477,890
Corporate bonds	41,562	74,886	41,562	74,886
	<u>4,542,853</u>	<u>2,907,057</u>	<u>4,542,853</u>	<u>2,907,057</u>

ii) Debt securities measured at FVOCI

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
	Malaysian Government securities	3,953,132	2,444,480	3,953,132
Bank Negara Malaysia bills	206,068	-	206,068	-
Bankers' acceptances	77,138	350,797	77,138	350,797
Negotiable instruments of deposit	400,035	-	400,035	-
Malaysian Government Investment Issues	1,407,714	675,466	746,401	575,091
	<u>6,044,087</u>	<u>3,470,743</u>	<u>5,382,774</u>	<u>3,370,368</u>

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13. Investment securities (continued)**ii) Debt securities measured at FVOCI (continued)**

The carrying amount of a debt securities measured at FVOCI is its fair value. Accordingly, the recognition of an impairment loss does not affect the carrying amount of those assets, but it reflected as a debit to profit or loss or retained profit and a credit to other comprehensive income.

Movement of allowance for credit losses

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Balance as at 1 January	(775)	(510)	(750)	(492)
Net remeasurement of loss allowance	(408)	(265)	(305)	(258)
At end of reporting period/year	<u>(1,183)</u>	<u>(775)</u>	<u>(1,055)</u>	<u>(750)</u>

iii) Equity securities designated at FVOCI

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Unquoted investments held for strategic purposes	20,461	18,144	20,461	18,144

iv) Debt securities at amortised cost

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Corporate bonds	145,243	150,243	145,243	150,243
Fair value changes arising from fair value hedge	3,017	2,257	3,017	2,257
Allowance for credit losses	(15,504)	(792)	(15,504)	(792)
	<u>132,756</u>	<u>151,708</u>	<u>132,756</u>	<u>151,708</u>

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
<u>At amortised cost</u>				
Overdrafts	1,157,277	1,343,830	1,157,277	1,343,830
Term loans/financing				
- Housing loans/financing	11,427,808	11,512,855	8,948,900	8,889,637
- Syndicated term loan/financing	428,103	191,759	428,103	191,759
- Hire purchase receivables	11,868	20,204	-	-
- Lease receivables	14,925	28,983	-	-
- Other term loans/financing	7,123,072	8,036,941	5,028,223	5,896,433
Bills receivable	4,208,734	3,520,228	3,795,666	3,057,272
Trust receipts	185,183	380,689	178,593	182,727
Staff loans/financing	28,463	32,022	19,851	20,879
Loans/financing to banks and other financial institutions	106,969	14,294	106,969	14,294
Credit card receivables	2,111,999	2,135,048	2,111,999	2,135,048
Revolving credit	2,528,517	2,388,922	2,095,851	2,046,022
	<u>29,332,918</u>	<u>29,605,775</u>	<u>23,871,432</u>	<u>23,777,901</u>
Less: Unearned interest and income	(444,652)	(458,844)	(10,283)	(9,665)
Gross loans, advances and financing	<u>28,888,266</u>	<u>29,146,931</u>	<u>23,861,149</u>	<u>23,768,236</u>
Less: Allowances for credit losses financing and advances:				
- 12-month ECL (Stage 1)	(59,370)	(64,198)	(55,994)	(60,834)
- Lifetime ECL not credit-impaired (Stage 2)	(61,785)	(90,270)	(50,578)	(77,895)
- Lifetime ECL credit-impaired (Stage 3)	(523,966)	(540,193)	(474,892)	(485,981)
Total net loans, advances and financing	<u>28,243,145</u>	<u>28,452,270</u>	<u>23,279,685</u>	<u>23,143,526</u>

(ii) By type of customer

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Domestic banking institutions	35,717	10,977	35,717	10,977
Domestic non-bank financial institutions	256,141	331,523	155,873	251,219
Domestic business enterprises	10,717,741	11,464,091	8,960,456	9,440,468
<i>Small medium enterprises</i>	2,843,875	2,990,453	2,008,982	2,195,331
<i>Others</i>	7,873,866	8,473,638	6,951,474	7,245,137
Individuals	13,897,955	14,312,302	11,713,514	11,981,756
Other domestic entities	-	361	-	361
Foreign entities	3,980,712	3,027,677	2,995,589	2,083,455
	<u>28,888,266</u>	<u>29,146,931</u>	<u>23,861,149</u>	<u>23,768,236</u>

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Fixed rate				
Housing loans/financing	9,285	11,753	9,013	10,797
Other fixed rate loan/financing	3,335,244	3,387,173	2,813,136	2,832,322
Variable rate				
Base lending rate ("BLR") plus/ Base rate plus	13,841,758	14,336,002	11,542,438	11,580,838
Cost plus	9,863,924	9,617,603	9,432,516	9,274,703
Other variable rates	1,838,055	1,794,400	64,046	69,576
	<u>28,888,266</u>	<u>29,146,931</u>	<u>23,861,149</u>	<u>23,768,236</u>

(iv) By sector

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Agriculture	436,815	206,639	254,728	13,274
Mining and quarrying	18,951	45,607	10,513	36,926
Manufacturing	3,476,971	4,075,509	3,206,167	3,510,369
Electricity, gas and water	70,543	76,423	69,727	75,585
Construction	948,439	929,980	806,581	804,929
Real estate	1,559,088	1,799,834	1,267,090	1,536,160
Wholesale & retail trade and restaurants & hotels	2,547,923	2,695,755	2,082,001	2,192,308
Transportation, storage and communication	275,365	308,995	236,597	269,751
Finance, insurance and business services	1,477,326	1,464,682	1,124,161	1,160,653
Household	16,001,666	16,357,119	13,424,439	13,610,779
Others	2,075,179	1,186,388	1,379,145	557,502
	<u>28,888,266</u>	<u>29,146,931</u>	<u>23,861,149</u>	<u>23,768,236</u>

(v) By purpose

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Purchase of landed property	13,889,212	14,099,372	10,887,203	10,933,038
- Residential	<u>11,320,714</u>	<u>11,403,165</u>	<u>9,021,129</u>	<u>8,971,698</u>
- Non-residential	<u>2,568,498</u>	<u>2,696,207</u>	<u>1,866,074</u>	<u>1,961,340</u>
Purchase of securities	635,302	806,978	635,302	806,978
Fixed assets excluding land & building	9,183	16,980	-	-
Personal use	1,087,899	1,114,545	992,599	989,268
Credit cards	2,111,999	2,135,048	2,111,999	2,135,048
Working capital	11,047,561	10,897,552	9,126,936	8,827,448
Others	107,110	76,456	107,110	76,456
	<u>28,888,266</u>	<u>29,146,931</u>	<u>23,861,149</u>	<u>23,768,236</u>

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Maturing within one year	10,669,362	10,441,983	9,765,075	9,349,012
One year to three years	1,002,288	1,074,007	767,380	754,075
Three years to five years	2,606,173	2,792,924	1,868,155	2,098,977
Over five years	14,610,443	14,838,017	11,460,539	11,566,172
	<u>28,888,266</u>	<u>29,146,931</u>	<u>23,861,149</u>	<u>23,768,236</u>

(vii) By geographical distribution

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Within Malaysia	27,242,964	28,450,525	22,756,952	23,578,710
Outside Malaysia	1,645,302	696,406	1,104,197	189,526
	<u>28,888,266</u>	<u>29,146,931</u>	<u>23,861,149</u>	<u>23,768,236</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
USD	4,663,893	4,263,649	4,326,794	3,686,054
GBP	356,590	246,678	352,095	246,678
Other foreign currencies	488,291	752,430	488,291	752,430

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
At 1 January	789,438	1,324,562	726,428	1,281,381
Currency translation differences	(25)	8,543	(25)	8,543
Classified as non-performing during the financial period/year	280,267	872,739	240,998	770,765
Reclassified as performing during the financial period/year	(159,176)	(702,670)	(126,258)	(639,629)
Amount recovered during the financial period/year	(165,886)	(133,466)	(163,531)	(131,086)
Amount written off during the financial period/year	(81,504)	(580,270)	(68,484)	(563,546)
At end of reporting period/year	663,114	789,438	609,128	726,428
Impairment provisions	(391,083)	(431,485)	(357,466)	(393,819)
Net impaired loans, advances and financing	<u>272,031</u>	<u>357,953</u>	<u>251,662</u>	<u>332,609</u>

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15. Impaired loans, advances and financing (continued)

(ii) Movements in allowances for credit losses for loans, advances and financing

Group	← 30 June 2019 →				← 31 December 2018 →			
	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
Loans, advances and financing at amortised cost								
Balance as at 1 January	64,198	90,270	540,193	694,661	105,487	84,913	876,888	1,067,288
Transfer to 12-month ECL	64,429	(64,429)	-	-	149,294	(141,106)	(8,188)	-
Transfer to lifetime ECL not credit-impaired	(10,908)	16,274	(5,366)	-	(25,958)	187,433	(161,475)	-
Transfer to lifetime ECL credit-impaired	(1,392)	(22,189)	23,581	-	(4,321)	(46,188)	50,509	-
Net remeasurement of loss allowance	(56,957)	41,859	27,866	12,768	(160,221)	5,218	155,123	120
Write-offs	-	-	(47,785)	(47,785)	-	-	(348,598)	(348,598)
Unwinding of discount	-	-	(13,836)	(13,836)	-	-	(28,870)	(28,870)
Foreign exchange and other movements	-	-	(687)	(687)	(83)	-	4,804	4,721
At end of reporting period/year	<u>59,370</u>	<u>61,785</u>	<u>523,966</u>	<u>645,121</u>	<u>64,198</u>	<u>90,270</u>	<u>540,193</u>	<u>694,661</u>

The Group is required to maintain, in aggregate, loss allowance for not credit-impaired exposures and regulatory reserves of no less than 1.0% of total credit exposures, net of loss allowance for credit-impaired exposures. As of 30 June 2019, the loss allowance for not credit-impaired exposures, as a percentage of total credit exposure less loss allowance for credit-impaired exposures after including regulatory reserve is above 1.0%.

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15. Impaired loans, advances and financing (continued)

(ii) Movements in allowances for credit losses for loans, advances and financing (continued)

	← 30 June 2019 →				← 31 December 2018 →			
	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
Bank								
Loans, advances and financing at amortised cost								
Balance as at 1 January	60,834	77,895	485,981	624,710	92,550	52,116	819,660	964,326
Transfer to 12-month ECL	58,737	(58,737)	-	-	121,841	(114,137)	(7,704)	-
Transfer to lifetime ECL not credit-impaired	(9,611)	13,709	(4,098)	-	(20,981)	180,904	(159,923)	-
Transfer to lifetime ECL credit-impaired	(1,388)	(19,350)	20,738	-	(4,290)	(35,872)	40,162	-
Net remeasurement of loss allowance	(52,578)	37,061	20,729	5,212	(128,174)	(5,116)	138,387	5,097
Write-offs	-	-	(35,607)	(35,607)	-	-	(324,191)	(324,191)
Unwinding of discount	-	-	(12,164)	(12,164)	-	-	(25,214)	(25,214)
Foreign exchange and other movements	-	-	(687)	(687)	(112)	-	4,804	4,692
At end of reporting period/year *	<u>55,994</u>	<u>50,578</u>	<u>474,892</u>	<u>581,464</u>	<u>60,834</u>	<u>77,895</u>	<u>485,981</u>	<u>624,710</u>

The Bank is required to maintain, in aggregate, loss allowance for not credit-impaired exposures and regulatory reserves of no less than 1.0% of total credit exposures, net of loss allowance for credit-impaired exposures. As of 30 June 2019, the loss allowance for not credit-impaired exposures, as a percentage of total credit exposures less loss allowance for credit-impaired exposures after including regulatory reserve is above 1.0%.

* Included in the total allowance for credit loans, advances and financing are ECL allowance for exposure funded under PSIA arrangement with Standard Chartered Saadiq Berhad amounting to RM7.45 million (2018: RM10.95 million).

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Agriculture	3,215	3,954	3,215	3,290
Mining and quarrying	3,678	3,672	3,678	3,627
Manufacturing	299,557	454,931	297,785	453,434
Electricity, gas and water	210	210	210	210
Construction	5,752	6,282	4,451	4,639
Real estate	24,256	20,002	19,979	15,271
Wholesale & retail trade and restaurants & hotels	90,442	71,757	79,974	65,550
Transportation, storage and communication	7,170	8,088	5,927	5,912
Finance, insurance and business services	5,455	7,831	4,360	4,050
Household	218,944	208,359	186,439	166,340
Others	4,435	4,352	3,110	4,105
	<u>663,114</u>	<u>789,438</u>	<u>609,128</u>	<u>726,428</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Purchase of landed property	153,919	157,138	116,734	114,667
- Residential	113,372	119,348	92,683	90,085
- Non-residential	40,547	37,790	24,051	24,582
Fixed assets excluding land & building	377	2,541	-	-
Personal use	87,157	78,839	82,447	71,923
Credit cards	10,458	8,948	10,458	8,948
Working capital	411,203	541,972	399,489	530,890
	<u>663,114</u>	<u>789,438</u>	<u>609,128</u>	<u>726,428</u>

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Within Malaysia	663,114	789,438	609,128	726,428

16. Other assets

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Interest/Income receivables	104,186	79,632	108,073	97,997
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	2,876,931	1,018,744	2,875,870	982,079
	<u>2,981,117</u>	<u>1,098,376</u>	<u>3,083,943</u>	<u>1,180,076</u>

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17. 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"); which is determined at a set percentages of total eligible liabilities.

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Demand deposits	14,467,385	13,688,886	12,754,267	12,861,219
Savings deposits	3,853,260	3,424,767	3,637,907	3,180,992
Fixed/Investment deposits	11,375,093	12,291,491	10,203,059	10,760,779
Negotiable instruments of deposits	540,000	638,069	540,000	640,000
	<u>30,235,738</u>	<u>30,043,213</u>	<u>27,135,233</u>	<u>27,442,990</u>

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Due within six months	9,246,284	6,962,457	8,219,766	5,864,621
Six months to one year	2,361,453	5,923,349	2,355,395	5,495,941
One year to three years	307,323	43,537	167,865	40,000
Three years to five years	33	217	33	217
	<u>11,915,093</u>	<u>12,929,560</u>	<u>10,743,059</u>	<u>11,400,779</u>

(ii) By type of customers

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Government and statutory bodies	324,341	679,484	98,704	27,566
Business enterprises	14,290,022	14,702,462	13,345,369	13,888,004
Individuals	12,302,621	12,256,717	11,215,530	11,337,768
Others	3,318,754	2,404,550	2,475,630	2,189,652
	<u>30,235,738</u>	<u>30,043,213</u>	<u>27,135,233</u>	<u>27,442,990</u>

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19. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Licensed banks	1,424,853	182,558	1,424,852	182,558
Other financial institutions	3,317,238	3,145,465	3,268,836	2,914,913
	<u>4,742,091</u>	<u>3,328,023</u>	<u>4,693,688</u>	<u>3,097,471</u>

20. Other liabilities

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Interest/Income payable	168,681	250,184	165,849	247,221
Other payables and accruals	2,956,258	1,863,501	3,059,440	2,069,582
Lease liabilities	53,144	-	51,159	-
	<u>3,178,083</u>	<u>2,113,685</u>	<u>3,276,448</u>	<u>2,316,803</u>

21. Provision for credit commitments and contingencies

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Loan commitments and financial guarantee contracts				
Balance as at 1 January	23,426	22,622	18,367	21,613
Net remeasurement of loss allowance	(7,241)	795	(2,800)	(3,252)
Foreign exchange and other movements	8	9	9	6
At end of reporting period/year	<u>16,193</u>	<u>23,426</u>	<u>15,576</u>	<u>18,367</u>

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22. Interest income

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	288,962	304,604	586,266	599,597
- Recoveries from impaired loans	7,776	7,470	15,055	15,169
Money at call and deposit and placements with banks and other financial institutions	23,947	21,660	51,468	47,435
Investment securities at FVTPL	40,563	24,322	71,923	43,715
Investment securities at FVOCI	49,080	41,346	98,771	84,571
Investment securities at amortised cost	1,739	1,795	3,473	3,570
	<u>412,067</u>	<u>401,197</u>	<u>826,956</u>	<u>794,057</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	288,962	304,604	586,266	599,597
- Recoveries from impaired loans	7,776	7,470	15,055	15,169
Money at call and deposit and placements with banks and other financial institutions	48,018	53,536	101,711	107,169
Investment securities at FVTPL	40,563	24,322	71,923	43,715
Investment securities at FVOCI	49,080	41,346	98,771	84,571
Investment securities at amortised cost	1,739	1,795	3,473	3,570
	<u>436,138</u>	<u>433,073</u>	<u>877,199</u>	<u>853,791</u>

23. Interest expense

	Group and Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	21,884	18,356	45,954	32,655
Deposits from customers	159,966	150,942	314,529	296,825
Subordinated debts	12,690	12,818	25,241	25,022
	<u>194,540</u>	<u>182,116</u>	<u>385,724</u>	<u>354,502</u>

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24. Net income from Islamic Banking operations

	Group			
	2nd Quarter ended 30 June 2019 RM'000	30 June 2018 RM'000	Six months ended 30 June 2019 RM'000	30 June 2018 RM'000
Income derived from investment of depositors' funds	46,801	32,001	85,275	68,239
Income derived from investment account funds	36,610	48,719	79,915	87,707
Income attributable to depositors	(25,437)	(16,834)	(45,553)	(31,825)
Income attributable to investment account holders	(5,430)	(6,281)	(11,324)	(12,418)
Income attributable to the shareholder	52,544	57,605	108,313	111,703
Income derived from investment of shareholder's funds	9,426	8,801	17,888	18,676
	<u>61,970</u>	<u>66,406</u>	<u>126,201</u>	<u>130,379</u>

25. Other operating income

	Group			
	2nd Quarter ended 30 June 2019 RM'000	30 June 2018 RM'000	Six months ended 30 June 2019 RM'000	30 June 2018 RM'000
Fee and commission				
Fee and commission income:	56,822	62,468	111,919	135,896
- <i>Commission income</i>	37,693	37,369	69,458	83,664
- <i>Service fees</i>	6,970	13,222	20,145	28,615
- <i>Guarantee fees</i>	12,159	11,877	22,316	23,617
Fee and commission expense:	(21,402)	(20,253)	(37,937)	(41,330)
- <i>Commission charges</i>	(7,143)	(7,680)	(10,294)	(15,229)
- <i>Service charges</i>	(14,259)	(12,573)	(27,643)	(26,101)
	<u>35,420</u>	<u>42,215</u>	<u>73,982</u>	<u>94,566</u>
Net trading income				
Gains/(losses) from sale of financial assets at FVTPL	29,824	1,853	51,209	(74,132)
Unrealised gains on revaluation of financial assets at FVTPL	11,403	14,745	28,055	205,907
Foreign exchange currency				
- Gains from dealing in foreign currency	140,491	39,587	150,761	188,078
- Unrealised (losses)/gains from foreign exchange transactions	(92,548)	16,156	(39,612)	(119,200)
	<u>89,170</u>	<u>72,341</u>	<u>190,413</u>	<u>200,653</u>
Other income				
Gains from sale of investment securities at FVOCI	3,148	(224)	3,148	1,275
Gross dividends from unquoted investments	331	1,046	331	1,046
Rental income	10	10	19	19
Others	222	959	616	1,951
	<u>3,711</u>	<u>1,791</u>	<u>4,114</u>	<u>4,291</u>
Total other operating income	<u>128,301</u>	<u>116,347</u>	<u>268,509</u>	<u>299,510</u>

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25. Other operating income (continued)

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fee and commission				
Fee and commission income:	56,502	62,219	111,314	135,423
- <i>Commission income</i>	37,373	37,120	68,853	83,191
- <i>Service fees</i>	6,970	13,222	20,145	28,615
- <i>Guarantee fees</i>	12,159	11,877	22,316	23,617
Fee and commission expense:	(21,341)	(20,177)	(37,825)	(41,181)
- <i>Commission charges</i>	(7,143)	(7,680)	(10,294)	(15,229)
- <i>Service charges</i>	(14,198)	(12,497)	(27,531)	(25,952)
	<u>35,161</u>	<u>42,042</u>	<u>73,489</u>	<u>94,242</u>
Net trading income				
Gains/(losses) from sale of financial assets at FVTPL	29,824	1,853	51,209	(74,132)
Unrealised gains on revaluation of financial assets at FVTPL	11,403	13,833	28,055	203,976
Foreign exchange currency				
- Gains from dealing in foreign currency	140,491	39,587	150,761	188,078
- Unrealised (losses)/gains from foreign exchange transactions	(92,548)	16,156	(39,612)	(119,200)
	<u>89,170</u>	<u>71,429</u>	<u>190,413</u>	<u>198,722</u>
Other income				
Gains from sale of investment securities at FVOCI	3,148	(224)	3,148	1,275
Gross dividends from unquoted investments	331	1,046	331	1,046
Rental income	10	10	19	19
Others	16,180	15,892	36,254	33,134
	<u>19,669</u>	<u>16,724</u>	<u>39,752</u>	<u>35,474</u>
Total other operating income	<u>144,000</u>	<u>130,195</u>	<u>303,654</u>	<u>328,438</u>

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26. Other operating expenses

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	93,575	96,721	187,673	183,596
- Pension fund contributions	13,045	14,127	26,233	26,632
- Other staff related cost	9,624	8,909	17,913	17,634
	<u>116,244</u>	<u>119,757</u>	<u>231,819</u>	<u>227,862</u>
Establishment costs				
- Depreciation of property, plant and equipment	14,816	7,227	20,074	13,403
- Depreciation of right-of-use assets	3,481	-	5,695	-
- Rental	4,923	6,206	9,506	12,181
- Information technology and project expenses	47,860	36,475	94,295	81,400
- Others	8,666	9,447	17,940	18,246
	<u>79,746</u>	<u>59,355</u>	<u>147,510</u>	<u>125,230</u>
Marketing expenses				
- Advertisement and publicity	3,098	4,777	7,313	9,613
- Others	3,427	4,349	5,945	9,690
	<u>6,525</u>	<u>9,126</u>	<u>13,258</u>	<u>19,303</u>
Administration and general expenses				
- Communication expenses	2,827	2,541	5,015	4,775
- Group administration and business support expenses	15,915	21,647	32,170	34,818
- Outsourcing expenses	28,089	37,800	53,174	64,361
- Others	14,184	20,432	29,565	41,162
	<u>61,015</u>	<u>82,420</u>	<u>119,924</u>	<u>145,116</u>
Total other operating expenses	<u>263,530</u>	<u>270,658</u>	<u>512,511</u>	<u>517,511</u>
	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	90,914	93,862	183,225	178,892
- Pension fund contributions	12,682	13,373	25,510	25,878
- Other staff related cost	9,224	9,079	17,323	16,867
	<u>112,820</u>	<u>116,314</u>	<u>226,058</u>	<u>221,637</u>
Establishment costs				
- Depreciation of property, plant and equipment	14,798	7,212	20,038	13,371
- Depreciation of right-of-use assets	3,260	-	5,239	-
- Rental	4,889	5,977	9,441	11,677
- Information technology and project expenses	47,835	36,292	94,081	81,115
- Others	8,369	9,156	17,349	17,593
	<u>79,151</u>	<u>58,637</u>	<u>146,148</u>	<u>123,756</u>
Marketing expenses				
- Advertisement and publicity	3,012	4,742	7,215	9,578
- Others	3,403	4,290	5,866	9,560
	<u>6,415</u>	<u>9,032</u>	<u>13,081</u>	<u>19,138</u>
Administration and general expenses				
- Communication expenses	2,789	2,462	4,944	4,643
- Group administration and business support expenses	15,230	18,431	29,514	29,971
- Outsourcing expenses	28,089	37,800	53,174	64,361
- Others	12,294	18,634	26,992	37,878
	<u>58,402</u>	<u>77,327</u>	<u>114,624</u>	<u>136,853</u>
Total other operating expenses	<u>256,788</u>	<u>261,310</u>	<u>499,911</u>	<u>501,384</u>

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27. Net (release)/charge if credit loss allowance

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(Release)/charge of credit losses allowance for financial assets:				
Loan, advances and financing	(10,436)	45,209	12,768	71,971
Other financial assets	6,727	646	11,857	(1,942)
Financial assets held at FVOCI - Debt instruments	193	38	408	117
Credit commitments and contingencies	(6,748)	14,816	(7,241)	(1,696)
Bad and doubtful debts on loans, advances and financing:				
Written off	19,130	16,191	34,766	36,485
Recovered	(19,878)	(17,303)	(41,268)	(37,024)
	<u>(11,012)</u>	<u>59,597</u>	<u>11,290</u>	<u>67,911</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(Release)/charge of credit losses allowance for financial assets:				
Loan, advances and financing	(13,895)	43,483	5,212	75,246
Other financial assets	6,727	71	11,857	(2,517)
Financial assets held at FVOCI - Debt instruments	115	38	305	117
Credit commitments and contingencies	(6,783)	15,225	(2,800)	(1,055)
Bad and doubtful debts on loans, advances and financing:				
Written off	19,130	16,191	34,766	36,485
Recovered	(16,604)	(14,092)	(35,279)	(30,855)
	<u>(11,310)</u>	<u>60,916</u>	<u>14,061</u>	<u>77,421</u>

28. Credit exposure to connected parties

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

	Group		Bank	
	RM'000	RM'000	RM'000	RM'000
	2019	2018	2019	2018
Aggregate value of outstanding credit exposures to connected parties	726,735	1,085,130	778,198	1,092,730
As a percentage of total credit exposures	1.6%	2.4%	1.9%	2.7%

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29. Commitments and contingencies

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

The commitments and contingencies are as follows:

Group	30 June 2019			31 December 2018		
	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	1,340,473	1,340,473	927,423	1,376,372	1,376,372	364,405
Transaction-related contingent items	3,931,785	3,931,785	986,595	3,825,431	3,825,431	972,145
Short-term self liquidating trade-related contingencies	406,536	406,212	114,474	235,120	234,530	41,985
Sell and buy back agreements	1,561,313	1,561,313	8,624	-	-	-
Other commitments to extend credit:						
- maturity not exceeding one year	36,879,797	7,265,401	2,265,557	35,569,306	7,068,764	2,109,708
- maturity exceeding one year	2,884,228	760,195	463,071	3,338,181	476,113	267,856
Foreign exchange related contracts:						
- less than one year	54,811,051	1,001,605	363,152	68,204,696	1,604,180	515,435
- one year to less than five years	12,516,554	1,453,394	496,649	13,097,204	1,458,060	581,815
- five years and above	952,224	110,963	39,792	982,890	169,354	58,643
Interest rate related contracts:						
- less than one year	14,518,939	44,941	8,914	10,196,835	42,977	6,364
- one year to less than five years	32,213,168	944,465	418,242	31,141,637	876,409	367,572
- five years and above	2,632,506	242,836	72,811	4,509,926	341,952	195,433
Miscellaneous commitments and contingencies	4,695,804	347,188	163,386	3,942,128	299,433	184,386
	<u>169,344,378</u>	<u>19,410,771</u>	<u>6,328,690</u>	<u>176,419,726</u>	<u>17,773,575</u>	<u>5,665,747</u>

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29. Commitments and contingencies (continued)

	30 June 2019			31 December 2018		
	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	1,308,782	1,308,782	883,694	1,352,250	1,352,250	354,348
Transaction-related contingent items	3,801,824	3,819,024	957,544	3,705,816	3,711,526	955,735
Short-term self liquidating trade-related contingencies	315,056	349,764	96,438	212,628	212,038	33,622
Sell and buy back agreements	1,561,313	1,561,313	8,624	-	-	-
Other commitments to extend credit:						
- maturity not exceeding one year	41,015,586	7,053,594	2,106,817	39,408,854	6,874,904	1,950,611
- maturity exceeding one year	2,514,023	746,919	447,572	2,814,463	450,710	224,408
Foreign exchange related contracts:						
- less than one year	54,632,885	1,048,869	378,789	68,199,573	1,713,106	546,945
- one year to less than five years	12,516,554	1,453,394	510,470	13,097,204	1,458,060	570,204
- five years and above	952,224	110,963	39,792	982,890	169,354	58,643
Interest rate related contracts:						
- less than one year	14,518,939	44,941	8,914	10,196,835	42,977	6,364
- one year to less than five years	32,213,168	944,465	420,655	31,141,637	876,409	370,145
- five years and above	2,632,506	242,836	72,811	4,509,926	341,952	195,433
Miscellaneous commitments and contingencies	4,695,804	347,188	163,386	3,942,128	299,433	184,386
	<u>172,678,664</u>	<u>19,032,052</u>	<u>6,095,506</u>	<u>179,564,204</u>	<u>17,502,719</u>	<u>5,450,844</u>

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

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30. Fair values of financial assets and liabilities

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation methods. 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 securities Over-the-counter ("OTC") derivatives Securities purchased under resale agreements	Unquoted equity investments held for strategic purposes
Type of financial liabilities		OTC derivatives Structured deposits Obligations on securities sold under repurchase agreements	

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

Fair value hierarchy (continued)

Group 30 June 2019	Fair value of financial instruments carried at			
	fair value			
Assets	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Investment securities measured at FVTPL				
Malaysian Government Treasury Bills /				
Malaysian Government securities	-	4,401,871	-	4,401,871
Malaysian Government Investment Issues	-	99,420	-	99,420
Debt securities	-	41,562	-	41,562
Investment securities at FVOCI				
Malaysian Government securities/				
Bankers' acceptances	-	4,030,270	-	4,030,270
Bank Negara Malaysia bills	-	206,068	-	206,068
Negotiable instruments of deposits	-	400,035	-	400,035
Malaysian Government Investment Issues	-	1,407,714	-	1,407,714
Equity securities designated at FVOCI				
Unquoted investments held for				
strategic purposes	-	-	20,461	20,461
Derivative financial assets	-	1,297,502	-	1,297,502
At 30 June 2019	-	11,884,442	20,461	11,904,903
Liabilities				
Structured deposits	-	209,117	-	209,117
Obligations on securities sold under				
repurchase agreements	-	1,495,626	-	1,495,626
Derivative financial liabilities	-	1,293,384	-	1,293,384
At 30 June 2019	-	2,998,127	-	2,998,127

Group 31 December 2018	Fair value of financial instruments carried at			
	fair value			
Assets	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Investment securities measured at FVTPL				
Malaysian Government Treasury Bills /				
Malaysian Government securities	-	2,354,281	-	2,354,281
Malaysian Government Investment Issues	-	477,890	-	477,890
Debt securities	-	74,886	-	74,886
Investment securities measured at FVOCI				
Malaysian Government securities/				
Bankers' acceptances	-	2,795,277	-	2,795,277
Malaysian Government Investment Issues	-	675,466	-	675,466
Equity securities designated at FVOCI				
Unquoted investments held for				
strategic purposes	-	-	18,144	18,144
Derivative financial assets	-	1,626,691	-	1,626,691
At 31 December 2018	-	8,004,491	18,144	8,022,635
Liabilities				
Structured deposits	-	252,729	-	252,729
Derivative financial liabilities	-	1,493,559	-	1,493,559
At 31 December 2018	-	1,746,288	-	1,746,288

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

Fair value hierarchy (continued)

Bank 30 June 2019	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				
Investment securities measured at FVTPL				
Malaysian Government Treasury Bills /				
Malaysian Government securities	-	4,401,871	-	4,401,871
Malaysian Government Investment Issues	-	99,420	-	99,420
Debt securities	-	41,562	-	41,562
Investment securities measured at FVOCI				
Malaysian Government securities/				
Bankers' acceptances	-	4,030,270	-	4,030,270
Bank Negara Malaysia bills	-	206,068	-	206,068
Negotiable instruments of deposit	-	400,035	-	400,035
Malaysian Government Investment Issues	-	746,401	-	746,401
Equity securities designated at FVOCI				
Unquoted investments held for				
strategic purposes	-	-	20,461	20,461
Derivative financial assets	-	1,298,549	-	1,298,549
At 30 June 2019	-	11,224,176	20,461	11,244,637
Liabilities				
Structured deposits	-	205,475	-	205,475
Obligations on securities sold under				
repurchase agreements	-	1,495,626	-	1,495,626
Derivative financial liabilities	-	1,293,226	-	1,293,226
At 30 June 2019	-	2,994,327	-	2,994,327

Bank 31 December 2018	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				
Investment securities measured at FVTPL				
Malaysian Government Treasury Bills /				
Malaysian Government securities	-	2,354,281	-	2,354,281
Malaysian Government Investment Issues	-	477,890	-	477,890
Debt securities	-	74,886	-	74,886
Investment securities measured at FVOCI				
Malaysian Government securities/				
Bankers' acceptances	-	2,795,277	-	2,795,277
Malaysian Government Investment Issues	-	575,091	-	575,091
Equity securities designated at FVOCI				
Unquoted investments held for				
strategic purposes	-	-	18,144	18,144
Derivative financial assets	-	1,630,924	-	1,630,924
At 31 December 2018	-	7,908,349	18,144	7,926,493
Liabilities				
Structured deposits	-	249,087	-	249,087
Derivative financial liabilities	-	1,493,029	-	1,493,029
At 31 December 2018	-	1,742,116	-	1,742,116

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

	Group and Bank RM'000
Reconciliation of fair value for equity securities designated at FVOCI	
At 1 January 2019	18,144
Derecognised during the period	(554)
Recognised in other comprehensive income	2,871
At 30 June 2019	20,461

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31. Capital adequacy

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Tier 1 Capital				
Paid-up ordinary share capital	500,190	500,190	500,190	500,190
Other reserves	3,818,862	3,896,917	3,572,630	3,650,685
Less: Deferred tax assets	(108,660)	(105,185)	(102,429)	(99,122)
Unrealised gains on FVOCI financial instruments	14,273	2,081	12,777	2,046
Investment in subsidiaries deducted from CET 1 capital	-	-	(411,522)	(411,522)
CET 1 capital	<u>4,224,665</u>	<u>4,294,003</u>	<u>3,571,646</u>	<u>3,642,277</u>
Irredeemable Convertible Preference Shares	380,000	380,000	380,000	380,000
Eligible Tier 1 capital	<u>4,604,665</u>	<u>4,674,003</u>	<u>3,951,646</u>	<u>4,022,277</u>
Tier 2 Capital				
Subordinated debts	1,000,000	1,000,000	1,000,000	1,000,000
General provisions under standardised approach *	23,345	22,204	22,876	21,284
Surplus of total eligible provisions over total expected loss under AIRB approach	141,940	143,198	127,716	130,366
	<u>1,165,285</u>	<u>1,165,402</u>	<u>1,150,592</u>	<u>1,151,650</u>
Less: Investment in subsidiaries	-	-	(100,000)	(100,000)
Eligible Tier 2 capital	<u>1,165,285</u>	<u>1,165,402</u>	<u>1,050,592</u>	<u>1,051,650</u>
Total capital base	<u>5,769,950</u>	<u>5,839,405</u>	<u>5,002,238</u>	<u>5,073,927</u>

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Total risk-weighted assets:				
Credit risk	25,524,254	25,642,674	23,116,135	23,430,434
Market risk	3,399,133	2,694,938	3,399,133	2,694,938
Operational risk	3,250,853	3,294,089	3,134,832	3,169,576
	<u>32,174,240</u>	<u>31,631,701</u>	<u>29,650,100</u>	<u>29,294,948</u>

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

	Group		Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
CET 1 capital ratio	13.131%	13.575%	12.046%	12.433%
Tier 1 capital ratio	14.312%	14.776%	13.328%	13.730%
Total capital ratio	17.933%	18.461%	16.871%	17.320%

* General provision refers to stage 1 and stage 2 ECL allowance as defined under MFRS 9, *Financial Instruments*, to the extent they are ascribed to non-credit-impaired exposures as determined under the standardised approach for credit risk.

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31. Capital adequacy (continued)

	Group		Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
After proposed dividend:				
CET 1 capital ratio	12.808%	12.672%	11.696%	11.458%
Tier 1 capital ratio	13.989%	13.873%	12.978%	12.755%
Total capital ratio	17.611%	17.558%	16.521%	16.345%

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

	30 June 2019	31 December 2018
CET 1 capital ratio	23.148%	23.491%
Tier 1 capital ratio	23.148%	23.491%
Total capital ratio	27.284%	27.685%