



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

**Financial statements for the financial period ended
ended 30 September 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 SEPTEMBER 2019

	Note	Group		Bank	
		30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Assets					
Cash and short term funds		3,384,753	4,462,089	1,926,397	2,654,540
Deposits and placements with banks and other financial institutions	11	-	-	85,820	152,593
Investment account placements	12	-	-	2,279,705	3,004,937
Securities purchased under resale agreements		585,199	1,084,860	585,199	1,084,860
Investment securities	13	9,999,852	6,547,652	9,101,623	6,447,277
Loans, advances and financing	14	28,179,207	28,452,270	23,501,711	23,143,526
Derivative financial assets		1,476,981	1,626,691	1,477,844	1,630,924
Other assets	16	1,936,446	1,098,376	1,788,339	1,180,076
Current tax assets		19,396	12,926	11,249	5,330
Statutory deposits with Bank Negara Malaysia	17	685,919	628,812	596,222	580,832
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		215,479	56,648	213,590	56,540
Deferred tax assets		143,044	104,382	138,223	98,332
Total assets		46,626,276	44,074,706	42,117,444	40,451,289
Liabilities					
Deposits from customers	18	30,233,375	30,043,213	26,892,820	27,442,990
Structured deposits		142,061	252,729	138,947	249,087
Investment account of customers		554,524	726,594	-	-
Deposits and placements of banks and other financial institutions	19	4,292,237	3,328,023	4,257,016	3,097,471
Obligations on securities sold under repurchase agreements		485,084	-	485,084	-
Derivative financial liabilities		1,410,880	1,493,559	1,410,937	1,493,029
Other liabilities	20	3,391,023	2,113,685	3,119,314	2,316,803
Current tax liabilities		-	4	-	-
Provision for credit commitments and contingencies	21	16,527	23,426	16,203	18,367
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
Total liabilities		41,525,711	38,981,233	37,320,321	35,617,747
Equity					
Share capital		880,190	880,190	880,190	880,190
Reserves		4,220,375	4,213,283	3,916,933	3,953,352
Total equity attributable to owner of the Bank		5,100,565	5,093,473	4,797,123	4,833,542
Total liabilities and equity		46,626,276	44,074,706	42,117,444	40,451,289
Commitments and contingencies	28	166,425,041	176,419,726	170,204,542	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
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

	Note	Group			
		3rd Quarter ended		Nine months ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
		RM'000	RM'000	RM'000	RM'000
Interest income	22	414,874	436,026	1,241,830	1,230,083
Interest expense	23	(174,274)	(182,094)	(559,998)	(536,596)
Net interest income		240,600	253,932	681,832	693,487
Net income from Islamic Banking operations	24	56,995	68,060	183,196	198,439
		297,595	321,992	865,028	891,926
Other operating income	25	141,294	148,695	409,803	448,205
Total net income		438,889	470,687	1,274,831	1,340,131
Other operating expenses	26	(262,274)	(255,741)	(774,785)	(773,252)
Operating profit		176,615	214,946	500,046	566,879
Net (charge)/release of credit losses allowance	27	(33,133)	185,412	(44,423)	117,501
Profit before taxation		143,482	400,358	455,623	684,380
Tax expense		(15,806)	(103,944)	(97,043)	(178,121)
Profit for the period		127,676	296,414	358,580	506,259
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		3,137	126	5,320	(160)
Items that may be reclassified subsequently to profit or loss					
Debt instruments at FVOCI:					
Net changes in fair value		(2,264)	7,500	24,444	(7,359)
Net amount transferred to profit or loss		10,178	869	7,786	(21)
Impairment transferred to profit or loss		64	237	658	354
Own credit reserve:					
Net changes in fair value		-	-	(296)	-
Cash flow hedges:					
Effective portion of changes in fair value		-	-	-	2,167
Other comprehensive income/(expense) for the period, net of income tax		11,115	8,732	37,912	(5,019)
Total comprehensive income for the period		138,791	305,146	396,492	501,240
Profit attributable to:					
Owner of the Bank		127,676	296,414	358,580	506,259
Total comprehensive income attributable to:					
Owner of the Bank		138,791	305,146	396,492	501,240

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.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019

	Note	Bank			
		3rd Quarter ended		Nine months ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
		RM'000	RM'000	RM'000	RM'000
Interest income	22	435,754	465,826	1,312,953	1,319,617
Interest expense	23	(174,274)	(182,094)	(559,998)	(536,596)
Net interest income		261,480	283,732	752,955	783,021
Other operating income	25	159,285	163,265	462,939	491,703
Total net income		420,765	446,997	1,215,894	1,274,724
Other operating expenses	26	(256,773)	(246,122)	(756,684)	(747,506)
Operating profit		163,992	200,875	459,210	527,218
Net (charge)/release of credit losses	27	(38,053)	172,669	(52,114)	95,248
Profit before taxation		125,939	373,544	407,096	622,466
Tax expense		(12,135)	(98,513)	(85,729)	(163,997)
Profit for the period		113,804	275,031	321,367	458,469
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		3,137	126	5,320	(160)
Items that may be reclassified subsequently to profit or loss					
Debt instruments at FVOCI:					
Net changes in fair value		(5,231)	7,239	18,339	(7,405)
Net amount transferred to profit or loss		10,178	869	7,786	(21)
Impairment transferred to profit or loss		(20)	230	465	347
Own credit reserve:					
Net changes in fair value		-	-	(296)	-
Cash flow hedges:					
Effective portion of changes in fair value		-	-	-	2,167
Other comprehensive income/(expense) for the period, net of income tax		8,064	8,464	31,614	(5,072)
Total comprehensive income for the period		121,868	283,495	352,981	453,397

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 NINE MONTHS ENDED 30 SEPTEMBER 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 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	-	-	-	-	24,444	-	-	-	24,444
Net amount transferred to profit or loss	-	-	-	-	8,444	-	-	-	8,444
Fair value reserve (equity securities):									
Net changes in fair value	-	-	-	-	5,320	-	-	-	5,320
Own credit reserve:									
Net changes in fair value	-	-	-	-	-	(296)	-	-	(296)
Total other comprehensive income/(expense) for the period	-	-	-	-	38,208	(296)	-	-	37,912
Profit for the period	-	-	-	-	-	-	-	358,580	358,580
Total comprehensive income/(expense) for the period	-	-	-	-	38,208	(296)	-	358,580	396,492
Distribution to Owner of the Bank									
Dividend (preference shares)									
- 2019 interim	-	-	-	-	-	-	-	(12,825)	(12,825)
- 2018 final	-	-	-	-	-	-	-	(12,825)	(12,825)
Dividend (ordinary shares)									
- 2019 interim	-	-	-	-	-	-	-	(90,957)	(90,957)
- 2018 final	-	-	-	-	-	-	-	(272,793)	(272,793)
Transfer between reserves	-	-	-	-	-	-	-	-	-
Total transaction with owner of the Bank	-	-	-	-	-	-	-	(389,400)	(389,400)
At 30 September 2019	880,190	-	311,531	-	42,832	(85)	-	3,866,097	5,100,565

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STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

GROUP	← Attributable to owner of the Bank →						Distributable Reserves		Total equity RM'000
	← Non-Distributable Reserves →						Retained profits RM'000		
	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		
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	-	-	-	-	(7,359)	-	-	-	(7,359)
Net amount transferred to profit or loss	-	-	-	-	333	-	-	-	333
Fair value reserve (equity securities):									
Net changes in fair value	-	-	-	-	(160)	-	-	-	(160)
Cash flow hedges:									
Effective portion of changes in fair value	-	-	-	-	-	-	2,167	-	2,167
Total other comprehensive (expense)/income for the period	-	-	-	-	(7,186)	-	2,167	-	(5,019)
Profit for the period	-	-	-	-	-	-	-	506,259	506,259
Total comprehensive (expense)/income for the period	-	-	-	-	(7,186)	-	2,167	506,259	501,240
Transition to no par value regime	717,000	(717,000)	-	-	-	-	-	-	-
Distribution to Owner of the Bank									
Dividends (preference shares)									
- 2018 interim	-	-	-	-	-	-	-	(12,825)	(12,825)
- 2017 final	-	-	-	-	-	-	-	(12,825)	(12,825)
Dividend (ordinary shares)									
- 2018 interim	-	-	-	-	-	-	-	(54,400)	(54,400)
- 2017 final	-	-	-	-	-	-	-	(94,400)	(94,400)
Transfer between reserves			50,000					(50,000)	-
Total transaction with owner of the Bank	-	-	50,000	-	-	-	-	(224,450)	(174,450)
At 30 September 2018	880,000	-	311,531	190	4,795	-	-	3,852,446	5,048,962

The new Companies Act 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM717 million became part of the Group's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There was no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 NINE MONTHS ENDED 30 SEPTEMBER 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 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	-	-	-	-	18,339	-	-	-	18,339
Net amount transferred to profit or loss	-	-	-	-	8,251	-	-	-	8,251
Fair value reserve (equity securities):									
Net changes in fair value	-	-	-	-	5,320	-	-	-	5,320
Own credit reserve:									
Net changes in fair value	-	-	-	-	-	(296)	-	-	(296)
Total other comprehensive income/(expense) for the period	-	-	-	-	31,910	(296)	-	-	31,614
Profit for the period	-	-	-	-	-	-	-	321,367	321,367
Total comprehensive income/(expense) for the period	-	-	-	-	31,910	(296)	-	321,367	352,981
Distribution to Owner of the Bank									
Dividend (preference shares)									
- 2019 interim	-	-	-	-	-	-	-	(12,825)	(12,825)
- 2018 final	-	-	-	-	-	-	-	(12,825)	(12,825)
Dividend (ordinary shares)									
- 2019 interim	-	-	-	-	-	-	-	(90,957)	(90,957)
- 2018 final	-	-	-	-	-	-	-	(272,793)	(272,793)
Transfer between reserves	-	-	(18,000)	-	-	-	-	18,000	-
Total transaction with owner of the Bank	-	-	(18,000)	-	-	-	-	(371,400)	(389,400)
At 30 September 2019	880,190	-	279,909	-	36,457	(85)	-	3,600,652	4,797,123

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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	(7,405)	-	-	-	(7,405)
Net amount transferred to profit or loss	-	-	-	-	326	-	-	-	326
Fair value reserve (equity securities):									
Net changes in fair value	-	-	-	-	(160)	-	-	-	(160)
Cash flow hedges:									
Effective portion of changes in fair value	-	-	-	-	-	-	2,167	-	2,167
Total other comprehensive (expense)/income for the period	-	-	-	-	(7,239)	-	2,167	-	(5,072)
Profit for the period	-	-	-	-	-	-	-	458,469	458,469
Total comprehensive (expense)/income for the period	-	-	-	-	(7,239)	-	2,167	458,469	453,397
Transition to no par value regime *	717,000	(717,000)	-	-	-	-	-	-	-
Distribution to Owner of the Bank									
Dividend (preference shares)									
- 2018 interim	-	-	-	-	-	-	-	(12,825)	(12,825)
- 2017 final	-	-	-	-	-	-	-	(12,825)	(12,825)
Dividend (ordinary shares)									
- 2018 interim	-	-	-	-	-	-	-	(54,400)	(54,400)
- 2017 final	-	-	-	-	-	-	-	(94,400)	(94,400)
Transfer between reserves	-	-	50,000	-	-	-	-	(50,000)	-
Total transaction with owner of the Bank	-	-	50,000	-	-	-	-	(224,450)	(174,450)
At 30 September 2018	880,000	-	297,909	190	4,685	-	-	3,605,606	4,788,390

* The new Companies Act 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM717 million became part of the Bank's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There was no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 NINE MONTHS ENDED 30 SEPTEMBER 2019

	Group		Bank	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Profit before taxation	455,623	684,380	407,096	622,466
Adjustment for non-cash items	68,020	(102,407)	74,700	(79,760)
Operating profit before working capital changes	523,643	581,973	481,796	542,706
Changes in working capital:				
Net changes in operating assets	894,210	(3,869,009)	1,327,315	(4,678,292)
Net changes in operating liabilities	2,579,940	647,810	1,732,700	889,128
Income taxes paid	(150,000)	(99,579)	(137,438)	(90,936)
Net cash generated from / (used in) operating activities	3,847,793	(2,738,805)	3,404,373	(3,337,394)
Net cash (used in) / generated from investing activities	(4,535,729)	1,494,408	(3,743,116)	1,494,407
Net cash used in financing activities	(389,400)	(174,450)	(389,400)	(174,450)
Net decrease in cash and cash equivalents	(1,077,336)	(1,418,847)	(728,143)	(2,017,437)
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	3,384,753	4,738,910	1,926,397	2,938,653

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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REVIEW OF PERFORMANCE

The Group registered profit before taxation of RM455.6 million for the financial period ended 30 September 2019, a 33% decline as compared to the same period last year.

Net income declined by 4.9% as compare to the corresponding period last year while operating expenses were kept under control. Higher credit loss allowance year-on-year is mainly due to one-off release of impairment provision last year which is non-recurring in same period this year.

Loans, advances and financing decreased marginally by 1.0% to RM28.2 billion, while deposits from customers increased by 0.6% to RM30.2 billion.

The Group remains well capitalised with Common Equity Tier 1 capital ratio and Total Capital Ratio of 13.831% and 18.908%, respectively.

PROSPECTS

The global economy continues to be in a state of uncertainty arising from the prolonged trade war, Brexit negotiations and civil unrest in Hong Kong. Malaysia, being dependent on external trade, is susceptible to external risk factors but the economy has shown resilience. In the first half of 2019, GDP growth was 4.7% while Malaysia exports only shrank marginally for the first 8 months of 2019 by 0.4% from a year ago. The increase in foreign direct investment in the first half of 2019 is an indicator of the shift in global supply chain attributable to the protracted trade war.

The Malaysian financial system also remains stable, despite a challenging global environment and high degree of volatility in the international financial market throughout the year. Bank Negara Malaysia held its Overnight Policy Rate ('OPR') at 3% during its September meeting, and indicating that growth will continue to be supported by resilient private spending, alongside stable labour market and wage growth. Meanwhile, inflation is expected to remain low.

Budget 2020 was unveiled by the Finance Minister on 11 October 2019, with a strong focus on digital transformation, foreign investment and increasing the contribution of SMEs as an engine for economic growth. Measures were introduced to grant easier access to financing to certain sectors under Skim Jaminan Pinjaman Perniagaan ('SJPP'). The government also reiterated BNM's commitment towards a Digital Bank licencing framework by end 2019 for public consultation while continuing to further support promotion and development of the Islamic Finance ecosystem.

The Group remains optimistic on the medium to long term economic prospects. Our strategic agenda is well placed to deliver sustainable returns across all client segments. SCB continues to be active in the key sectors of the economy. We will keep the momentum in leveraging our global network to grow in the corporate and commercial space, with export oriented, import substitution manufacturing sectors being a few of our focus areas. Our retail business will continue supporting the SMEs of the country and providing innovative solutions to Malaysians to grow and protect their wealth.

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

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the third quarter and the financial period ended 30 September 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 third quarter and financial period ended 30 September 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 third quarter and financial period ended 30 September 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 third quarter and financial period year ended 30 September 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 the 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 Bank also paid 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 current financial period on 26 September 2019 and 25 September 2019 respectively.

No dividend has been proposed for the third quarter ended 30 September 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 September 2019.

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11. Deposits and placements with banks and other financial institutions

	Group		Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements with banks and other financial institutions	-	-	85,820	152,593

12. Investment account placements

	Group		Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Investment account placements	-	-	2,279,705	3,004,937

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

13. Investment securities

	Group		Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
i) Investment securities measured at fair value through profit or loss ("FVTPL")	1,925,448	2,907,057	1,925,448	2,907,057
ii) Debt securities measured at FVOCI	7,919,254	3,470,743	7,021,025	3,370,368
iii) Equity securities designated at FVOCI	20,738	18,144	20,738	18,144
iv) Debt securities at amortised cost	134,412	151,708	134,412	151,708
	<u>9,999,852</u>	<u>6,547,652</u>	<u>9,101,623</u>	<u>6,447,277</u>

Included in investment securities above are financial assets sold under repurchase agreements amounting to RM480,199,000 (2018: Nil).

i) Investment securities measured at FVTPL

	Group		Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Malaysian Government treasury bills	-	24,959	-	24,959
Malaysian Government securities	1,724,739	2,329,322	1,724,739	2,329,322
Malaysian Government Investment Issues	140,445	477,890	140,445	477,890
Corporate bonds	60,264	74,886	60,264	74,886
	<u>1,925,448</u>	<u>2,907,057</u>	<u>1,925,448</u>	<u>2,907,057</u>

ii) Debt securities measured at FVOCI

	Group		Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Malaysian Government securities	3,624,210	2,444,480	3,624,210	2,444,480
Bankers' acceptances	387,359	350,797	387,359	350,797
Negotiable instruments of deposit	2,259,963	-	2,259,963	-
Malaysian Government Investment Issues	1,647,722	675,466	749,493	575,091
	<u>7,919,254</u>	<u>3,470,743</u>	<u>7,021,025</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 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Balance as at 1 January	(775)	(510)	(750)	(492)
Net remeasurement of loss allowance	(471)	(265)	(285)	(258)
At end of reporting period/year	<u>(1,246)</u>	<u>(775)</u>	<u>(1,035)</u>	<u>(750)</u>

iii) Equity securities designated at FVOCI

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Unquoted investments held for strategic purposes	20,738	18,144	20,738	18,144

iv) Debt securities at amortised cost

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 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	2,963	2,257	2,963	2,257
Allowance for credit losses	(13,794)	(792)	(13,794)	(792)
	<u>134,412</u>	<u>151,708</u>	<u>134,412</u>	<u>151,708</u>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<u>At amortised cost</u>				
Overdrafts	1,271,180	1,343,830	1,271,180	1,343,830
Term loans/financing				
- Housing loans/financing	11,441,172	11,512,855	9,043,429	8,889,637
- Syndicated term loan/financing	437,921	191,759	437,921	191,759
- Hire purchase receivables	9,742	20,204	-	-
- Lease receivables	14,328	28,983	-	-
- Other term loans/financing	6,677,376	8,036,941	4,583,355	5,896,433
Bills receivable	4,265,986	3,520,228	3,898,847	3,057,272
Trust receipts	197,580	380,689	110,067	182,727
Staff loans/financing	28,869	32,022	20,672	20,879
Loans/financing to banks and other financial institutions	117,419	14,294	117,419	14,294
Credit card receivables	2,133,285	2,135,048	2,133,285	2,135,048
Revolving credit	2,676,876	2,388,922	2,495,784	2,046,022
	<u>29,271,734</u>	<u>29,605,775</u>	<u>24,111,959</u>	<u>23,777,901</u>
Less: Unearned interest and income	(440,347)	(458,844)	(12,709)	(9,665)
Gross loans, advances and financing	<u>28,831,387</u>	<u>29,146,931</u>	<u>24,099,250</u>	<u>23,768,236</u>
Less: Allowances for credit losses financing and advances:				
- 12-month ECL (Stage 1)	(59,869)	(64,198)	(55,633)	(60,834)
- Lifetime ECL non-credit-impaired (Stage 2)	(49,716)	(90,270)	(43,947)	(77,895)
- Lifetime ECL credit-impaired (Stage 3)	(542,595)	(540,193)	(497,959)	(485,981)
Total net loans, advances and financing	<u>28,179,207</u>	<u>28,452,270</u>	<u>23,501,711</u>	<u>23,143,526</u>

(ii) By type of customer

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Domestic banking institutions	44,952	10,977	44,952	10,977
Domestic non-bank financial institutions	142,734	331,523	142,476	251,219
Domestic business enterprises	10,503,072	11,464,091	8,872,506	9,440,468
<i>Small medium enterprises</i>	2,808,832	2,990,453	1,942,149	2,195,331
<i>Others</i>	7,694,240	8,473,638	6,930,357	7,245,137
Individuals	13,935,836	14,312,302	11,830,616	11,981,756
Other domestic entities	7,415	361	-	361
Foreign entities	4,197,378	3,027,677	3,208,700	2,083,455
	<u>28,831,387</u>	<u>29,146,931</u>	<u>24,099,250</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 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Fixed rate				
Housing loans/financing	8,980	11,753	8,729	10,797
Other fixed rate loan/financing	3,523,837	3,387,173	2,841,552	2,832,322
Variable rate				
Base lending rate ("BLR") plus/ Base rate plus	12,283,372	14,336,002	11,662,036	11,580,838
Cost plus	10,584,046	9,617,603	9,526,273	9,274,703
Other variable rates	2,431,152	1,794,400	60,660	69,576
	<u>28,831,387</u>	<u>29,146,931</u>	<u>24,099,250</u>	<u>23,768,236</u>

(iv) By sector

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Agriculture	516,002	206,639	338,514	13,274
Mining and quarrying	17,163	45,607	8,849	36,926
Manufacturing	3,686,047	4,075,509	3,337,834	3,510,369
Electricity, gas and water	63,775	76,423	62,972	75,585
Construction	919,995	929,980	755,379	804,929
Real estate	1,425,076	1,799,834	1,203,684	1,536,160
Wholesale & retail trade and restaurants & hotels	2,245,724	2,695,755	1,880,581	2,192,308
Transportation, storage and communication	203,342	308,995	162,585	269,751
Finance, insurance and business services	1,426,620	1,464,682	1,216,983	1,160,653
Household	16,054,698	16,357,119	13,570,298	13,610,779
Others	2,272,945	1,186,388	1,561,571	557,502
	<u>28,831,387</u>	<u>29,146,931</u>	<u>24,099,250</u>	<u>23,768,236</u>

(v) By purpose

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Purchase of property	13,822,294	14,099,372	10,917,858	10,933,038
- Residential	11,331,519	11,403,165	9,107,415	8,971,698
- Non-residential	2,490,775	2,696,207	1,810,443	1,961,340
Purchase of securities	651,169	806,978	651,169	806,978
Fixed assets excluding land & building	7,337	16,980	-	-
Personal use	1,119,365	1,114,545	1,033,468	989,268
Credit cards	2,133,285	2,135,048	2,133,285	2,135,048
Working capital	10,980,517	10,897,552	9,246,050	8,827,448
Others	117,420	76,456	117,420	76,456
	<u>28,831,387</u>	<u>29,146,931</u>	<u>24,099,250</u>	<u>23,768,236</u>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Maturing within one year	10,650,909	10,441,983	9,978,782	9,349,012
One year to three years	1,262,695	1,074,007	1,031,571	754,075
Three years to five years	2,332,418	2,792,924	1,572,461	2,098,977
Over five years	14,585,365	14,838,017	11,516,436	11,566,172
	<u>28,831,387</u>	<u>29,146,931</u>	<u>24,099,250</u>	<u>23,768,236</u>

(vii) By geographical distribution

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Within Malaysia	26,943,831	28,450,525	22,800,184	23,578,710
Outside Malaysia	1,887,556	696,406	1,299,066	189,526
	<u>28,831,387</u>	<u>29,146,931</u>	<u>24,099,250</u>	<u>23,768,236</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
USD	4,789,157	4,263,649	4,524,455	3,686,054
GBP	358,191	246,678	358,191	246,678
Other foreign currencies	522,343	752,430	520,510	752,430

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
At 1 January	789,438	1,324,562	726,428	1,281,381
Currency translation differences	1,771	8,543	1,771	8,543
Classified as non-performing during the financial period/year	516,188	872,739	448,350	770,765
Reclassified as performing during the financial period/year	(347,267)	(702,670)	(299,154)	(639,629)
Amount recovered during the financial period/year	(173,585)	(133,466)	(170,471)	(131,086)
Amount written off during the financial period/year	(119,734)	(580,270)	(96,244)	(563,546)
At end of reporting period/year	666,811	789,438	610,680	726,428
Impairment provisions	(434,607)	(431,485)	(403,789)	(393,819)
Net impaired loans, advances and financing	<u>232,204</u>	<u>357,953</u>	<u>206,891</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 September 2019 →				← 31 December 2018 →			
	12-month ECL (Stage 1) RM'000	Lifetime ECL non-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 non-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	101,334	(101,334)	-	-	149,294	(141,106)	(8,188)	-
Transfer to lifetime ECL non-credit-impaired	(17,709)	49,726	(32,017)	-	(25,958)	187,433	(161,475)	-
Transfer to lifetime ECL credit-impaired	-	(34,544)	34,544	-	(4,321)	(46,188)	50,509	-
Net remeasurement of loss allowance	(87,954)	45,598	89,521	47,165	(160,221)	5,218	155,123	120
Write-offs	-	-	(52,338)	(52,338)	-	-	(348,598)	(348,598)
Unwinding of discount	-	-	(36,626)	(36,626)	-	-	(28,870)	(28,870)
Foreign exchange and other movements	-	-	(682)	(682)	(83)	-	4,804	4,721
At end of reporting period/year	<u>59,869</u>	<u>49,716</u>	<u>542,595</u>	<u>652,180</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 non-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 September 2019, the loss allowance for non-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 September 2019 →				← 31 December 2018 →			
	12-month ECL (Stage 1) RM'000	Lifetime ECL non-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 non-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	90,177	(90,177)	-	-	121,841	(114,137)	(7,704)	-
Transfer to lifetime ECL non-credit-impaired	(16,075)	41,080	(25,005)	-	(20,981)	180,904	(159,923)	-
Transfer to lifetime ECL credit-impaired	-	(30,643)	30,643	-	(4,290)	(35,872)	40,162	-
Net remeasurement of loss allowance	(79,303)	45,792	75,085	41,574	(128,174)	(5,116)	138,387	5,097
Write-offs	-	-	(50,095)	(50,095)	-	-	(324,191)	(324,191)
Unwinding of discount	-	-	(18,037)	(18,037)	-	-	(25,214)	(25,214)
Foreign exchange and other movements	-	-	(613)	(613)	(112)	-	4,804	4,692
At end of reporting period/year *	<u>55,633</u>	<u>43,947</u>	<u>497,959</u>	<u>597,539</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 non-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 September 2019, the loss allowance for non-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%.

* Excluded 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 RM5.23 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 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Agriculture	3,382	3,954	3,382	3,290
Mining and quarrying	-	3,672	-	3,627
Manufacturing	252,422	454,931	250,762	453,434
Electricity, gas and water	204	210	204	210
Construction	5,418	6,282	4,150	4,639
Real estate	56,575	20,002	56,575	15,271
Wholesale & retail trade and restaurants & hotels	97,663	71,757	83,335	65,550
Transportation, storage and communication	8,059	8,088	7,042	5,912
Finance, insurance and business services	7,551	7,831	6,204	4,050
Household	231,914	208,359	197,536	166,340
Others	3,623	4,352	1,490	4,105
	<u>666,811</u>	<u>789,438</u>	<u>610,680</u>	<u>726,428</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Purchase of property	150,680	157,138	118,649	114,667
- Residential	129,631	119,348	103,783	90,085
- Non-residential	21,049	37,790	14,866	24,582
Fixed assets excluding land & building	268	2,541	-	-
Personal use	86,900	78,839	82,983	71,923
Credit cards	10,402	8,948	10,402	8,948
Working capital	418,561	541,972	398,646	530,890
	<u>666,811</u>	<u>789,438</u>	<u>610,680</u>	<u>726,428</u>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Within Malaysia	666,811	789,438	610,680	726,428

16. Other assets

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Interest/Income receivables	72,432	79,632	70,109	97,997
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	1,864,014	1,018,744	1,618,230	982,079
	<u>1,936,446</u>	<u>1,098,376</u>	<u>1,788,339</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 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Demand deposits	14,124,425	13,688,886	12,602,178	12,861,219
Savings deposits	4,126,639	3,424,767	3,792,430	3,180,992
Fixed/Investment deposits	11,642,311	12,291,491	10,158,212	10,760,779
Negotiable instruments of deposits	340,000	638,069	340,000	640,000
	<u>30,233,375</u>	<u>30,043,213</u>	<u>26,892,820</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 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Due within six months	9,273,161	6,962,457	7,955,099	5,864,621
Six months to one year	2,569,027	5,923,349	2,408,595	5,495,941
One year to three years	140,089	43,537	134,484	40,000
Three years to five years	34	217	34	217
	<u>11,982,311</u>	<u>12,929,560</u>	<u>10,498,212</u>	<u>11,400,779</u>

(ii) By type of customers

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Government and statutory bodies	318,148	679,484	90,339	27,566
Business enterprises	14,331,486	14,702,462	13,120,743	13,888,004
Individuals	12,291,813	12,256,717	11,152,740	11,337,768
Others	3,291,928	2,404,550	2,528,998	2,189,652
	<u>30,233,375</u>	<u>30,043,213</u>	<u>26,892,820</u>	<u>27,442,990</u>

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19. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Licensed banks	1,013,229	182,558	1,013,229	182,558
Other financial institutions	3,279,008	3,145,465	3,243,787	2,914,913
	<u>4,292,237</u>	<u>3,328,023</u>	<u>4,257,016</u>	<u>3,097,471</u>

20. Other liabilities

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Interest/Income payable	152,554	250,184	148,528	247,221
Other payables and accruals	3,188,477	1,863,501	2,922,642	2,069,582
Lease liabilities	49,992	-	48,144	-
	<u>3,391,023</u>	<u>2,113,685</u>	<u>3,119,314</u>	<u>2,316,803</u>

21. Provision for credit commitments and contingencies

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 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	(6,927)	795	(2,182)	(3,252)
Foreign exchange and other movements	28	9	18	6
At end of reporting period/year	<u>16,527</u>	<u>23,426</u>	<u>16,203</u>	<u>18,367</u>

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22. Interest income

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	302,544	291,343	888,810	890,940
- Recoveries from impaired loans	7,492	62,241	22,547	77,410
Money at call and deposit and placements with banks and other financial institutions	24,757	28,131	76,225	75,566
Investment securities at FVTPL	25,195	16,984	97,118	60,699
Investment securities at FVOCI	53,128	35,512	151,899	120,083
Investment securities at amortised cost	1,758	1,815	5,231	5,385
	<u>414,874</u>	<u>436,026</u>	<u>1,241,830</u>	<u>1,230,083</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	302,544	291,343	888,810	890,940
- Recoveries from impaired loans	7,492	62,241	22,547	77,410
Money at call and deposit and placements with banks and other financial institutions	45,637	57,931	147,348	165,100
Investment securities at FVTPL	25,195	16,984	97,118	60,699
Investment securities at FVOCI	53,128	35,512	151,899	120,083
Investment securities at amortised cost	1,758	1,815	5,231	5,385
	<u>435,754</u>	<u>465,826</u>	<u>1,312,953</u>	<u>1,319,617</u>

23. Interest expense

	Group and Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	14,182	12,285	60,136	44,940
Deposits from customers	147,384	156,816	461,913	453,641
Subordinated debts	12,708	12,993	37,949	38,015
	<u>174,274</u>	<u>182,094</u>	<u>559,998</u>	<u>536,596</u>

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24. Net income from Islamic Banking operations

	Group			
	3rd Quarter ended 30 September 2019 RM'000	30 September 2018 RM'000	Nine months ended 30 September 2019 RM'000	30 September 2018 RM'000
Income derived from investment of depositors' funds	41,714	37,799	126,989	106,038
Income derived from investment account funds	32,567	43,049	112,482	130,756
Income attributable to depositors	(21,812)	(15,661)	(67,365)	(47,486)
Income attributable to investment account holders	(5,068)	(6,293)	(16,392)	(18,711)
Income attributable to the shareholder	47,401	58,894	155,714	170,597
Income derived from investment of shareholder's funds	9,594	9,166	27,482	27,842
	<u>56,995</u>	<u>68,060</u>	<u>183,196</u>	<u>198,439</u>

25. Other operating income

	Group			
	3rd Quarter ended 30 September 2019 RM'000	30 September 2018 RM'000	Nine months ended 30 September 2019 RM'000	30 September 2018 RM'000
Fee and commission				
Fee and commission income:	60,331	58,986	172,250	194,882
- <i>Commission income</i>	37,557	38,230	107,015	121,894
- <i>Service fees</i>	9,222	8,860	29,367	37,475
- <i>Guarantee fees</i>	13,552	11,896	35,868	35,513
Fee and commission expense:	(23,496)	(11,440)	(61,433)	(52,770)
- <i>Commission charges</i>	(6,413)	1,059	(16,707)	(14,170)
- <i>Service charges</i>	(17,083)	(12,499)	(44,726)	(38,600)
	<u>36,835</u>	<u>47,546</u>	<u>110,817</u>	<u>142,112</u>
Net trading income				
Gains/(losses) from sale of financial assets at FVTPL	80,367	47,491	131,576	(26,641)
Unrealised (losses)/gains on revaluation of financial assets at FVTPL	(50,311)	15,205	(22,256)	221,112
Foreign exchange currency				
- Gains from dealing in foreign currency	47,593	12,053	198,354	200,131
- Unrealised gains/(losses) from foreign exchange transactions	18,897	27,060	(20,715)	(92,140)
	<u>96,546</u>	<u>101,809</u>	<u>286,959</u>	<u>302,462</u>
Other income				
Gains/(losses) from sale of investment securities at FVOCI	7,097	(1,143)	10,245	132
Gross dividends from unquoted investments	352	123	683	1,169
Rental income	9	9	28	28
Gain on disposal of property, plant and equipment	-	1	-	1
Others	455	350	1,071	2,301
	<u>7,913</u>	<u>(660)</u>	<u>12,027</u>	<u>3,631</u>
Total other operating income	<u>141,294</u>	<u>148,695</u>	<u>409,803</u>	<u>448,205</u>

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25. Other operating income (continued)

	Bank			
	3rd Quarter ended 30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Fee and commission				
Fee and commission income:	59,987	58,689	171,301	194,112
- <i>Commission income</i>	37,213	37,933	106,066	121,124
- <i>Service fees</i>	9,222	8,860	29,367	37,475
- <i>Guarantee fees</i>	13,552	11,896	35,868	35,513
Fee and commission expense:	(23,415)	(13,795)	(61,240)	(54,976)
- <i>Commission charges</i>	(6,413)	1,059	(16,707)	(14,170)
- <i>Service charges</i>	(17,002)	(14,854)	(44,533)	(40,806)
	<u>36,572</u>	<u>44,894</u>	<u>110,061</u>	<u>139,136</u>
Net trading income				
Gains/(losses) from sale of financial assets at FVTPL	80,367	47,491	131,576	(26,641)
Unrealised (losses)/gains on revaluation of financial assets at FVTPL	(50,311)	15,205	(22,256)	219,181
Foreign exchange currency				
- Gains from dealing in foreign currency	47,593	12,053	198,354	200,131
- Unrealised gain/(losses) from foreign exchange transactions	18,897	27,060	(20,715)	(92,140)
	<u>96,546</u>	<u>101,809</u>	<u>286,959</u>	<u>300,531</u>
Other income				
Gains/(losses) from sale of investment securities at FVOCI	7,097	(1,143)	10,245	132
Gross dividends from unquoted investments	352	123	683	1,169
Rental income	9	9	28	28
Gain on disposal of property, plant and equipment	-	1	-	1
Others	18,709	17,572	54,963	50,706
	<u>26,167</u>	<u>16,562</u>	<u>65,919</u>	<u>52,036</u>
Total other operating income	<u><u>159,285</u></u>	<u><u>163,265</u></u>	<u><u>462,939</u></u>	<u><u>491,703</u></u>

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26. Other operating expenses

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	87,485	97,676	275,158	281,272
- Pension fund contributions	12,313	11,760	38,546	38,392
- Other staff related cost	8,577	10,199	26,490	27,833
	<u>108,375</u>	<u>119,635</u>	<u>340,194</u>	<u>347,497</u>
Establishment costs				
- Depreciation of property, plant and equipment	10,741	5,412	30,815	18,815
- Depreciation of right-of-use assets	3,479	-	9,174	-
- Rental	4,911	6,554	14,417	18,735
- Information technology and project expenses	55,724	59,102	150,019	140,502
- Others	9,047	11,035	26,987	29,281
	<u>83,902</u>	<u>82,103</u>	<u>231,412</u>	<u>207,333</u>
Marketing expenses				
- Advertisement and publicity	5,358	1,680	12,671	11,293
- Others	3,736	4,548	9,681	14,238
	<u>9,094</u>	<u>6,228</u>	<u>22,352</u>	<u>25,531</u>
Administration and general expenses				
- Communication expenses	2,402	2,190	7,417	6,965
- Group administration and business support expenses	14,457	13,388	46,627	48,206
- Outsourcing expenses	28,410	20,144	81,584	84,505
- Others	15,634	12,053	45,199	53,215
	<u>60,903</u>	<u>47,775</u>	<u>180,827</u>	<u>192,891</u>
Total other operating expenses	<u><u>262,274</u></u>	<u><u>255,741</u></u>	<u><u>774,785</u></u>	<u><u>773,252</u></u>
	Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	85,360	94,583	268,585	273,475
- Pension fund contributions	12,006	12,514	37,516	38,392
- Other staff related cost	8,337	8,350	25,660	25,217
	<u>105,703</u>	<u>115,447</u>	<u>331,761</u>	<u>337,084</u>
Establishment costs				
- Depreciation of property, plant and equipment	10,723	5,397	30,761	18,768
- Depreciation of right-of-use assets	3,267	-	8,506	-
- Rental	4,887	6,351	14,328	18,028
- Information technology and project expenses	55,712	59,297	149,793	140,412
- Others	8,761	10,393	26,110	27,986
	<u>83,350</u>	<u>81,438</u>	<u>229,498</u>	<u>205,194</u>
Marketing expenses				
- Advertisement and publicity	5,350	1,715	12,565	11,293
- Others	3,643	1,957	9,509	11,517
	<u>8,993</u>	<u>3,672</u>	<u>22,074</u>	<u>22,810</u>
Administration and general expenses				
- Communication expenses	2,359	2,150	7,303	6,793
- Group administration and business support expenses	12,921	11,856	42,435	41,827
- Outsourcing expenses	28,410	20,144	81,584	84,505
- Others	15,037	11,415	42,029	49,293
	<u>58,727</u>	<u>45,565</u>	<u>173,351</u>	<u>182,418</u>
Total other operating expenses	<u><u>256,773</u></u>	<u><u>246,122</u></u>	<u><u>756,684</u></u>	<u><u>747,506</u></u>

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28. 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 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	1,358,458	1,358,458	881,426	1,376,372	1,376,372	364,405
Transaction-related contingent items	3,323,715	3,323,715	1,003,697	3,825,431	3,825,431	972,145
Short-term self liquidating trade-related contingencies	300,001	299,606	70,086	235,120	234,530	41,985
Sell and buy back agreements	502,116	502,116	2,398	-	-	-
Other commitments to extend credit:						
- maturity not exceeding one year	39,860,623	7,513,471	2,250,738	35,569,306	7,068,764	2,109,708
- maturity exceeding one year	3,088,393	826,248	483,047	3,338,181	476,113	267,856
Foreign exchange related contracts:						
- less than one year	52,905,199	1,079,933	415,880	68,204,696	1,604,180	515,435
- one year to less than five years	12,110,377	1,443,622	506,746	13,097,204	1,458,060	581,815
- five years and above	878,047	105,368	41,075	982,890	169,354	58,643
Interest rate related contracts:						
- less than one year	13,915,583	39,714	8,786	10,196,835	42,977	6,364
- one year to less than five years	30,906,058	980,046	430,598	31,141,637	876,409	367,572
- five years and above	2,924,301	259,179	85,866	4,509,926	341,952	195,433
Miscellaneous commitments and contingencies	4,352,170	325,667	155,302	3,942,128	299,433	184,386
	<u>166,425,041</u>	<u>18,057,143</u>	<u>6,335,645</u>	<u>176,419,726</u>	<u>17,773,575</u>	<u>5,665,747</u>

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28. Commitments and contingencies (continued)

	30 September 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	1,292,856	1,310,056	824,309	1,352,250	1,352,250	354,348
Transaction-related contingent items	3,189,458	3,206,658	975,269	3,705,816	3,711,526	955,735
Short-term self liquidating trade-related contingencies	267,356	267,875	56,895	212,628	212,038	33,622
Sell and buy back agreements	502,116	502,116	2,398	-	-	-
Other commitments to extend credit:						
- maturity not exceeding one year	44,318,421	7,267,743	2,063,115	39,408,854	6,874,904	1,950,611
- maturity exceeding one year	2,635,126	762,207	381,631	2,814,463	450,710	224,408
Foreign exchange related contracts:						
- less than one year	52,912,673	1,080,157	401,463	68,199,573	1,713,106	546,945
- one year to less than five years	12,110,377	1,443,622	506,746	13,097,204	1,458,060	570,204
- five years and above	878,047	105,368	41,075	982,890	169,354	58,643
Interest rate related contracts:						
- less than one year	13,915,583	39,714	8,785	10,196,835	42,977	6,364
- one year to less than five years	30,906,058	980,046	441,917	31,141,637	876,409	370,145
- five years and above	2,924,301	259,179	85,866	4,509,926	341,952	195,433
Miscellaneous commitments and contingencies	4,352,170	325,667	155,302	3,942,128	299,433	184,386
	<u>170,204,542</u>	<u>17,550,408</u>	<u>5,944,771</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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29. 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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29. Fair values of financial assets and liabilities (continued)

Fair value hierarchy (continued)

Group 30 September 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	-	1,724,739	-	1,724,739
Malaysian Government Investment Issues	-	140,445	-	140,445
Debt securities	-	60,264	-	60,264
Investment securities at FVOCI				
Malaysian Government securities/				
Bankers' acceptances	-	4,011,569	-	4,011,569
Negotiable instruments of deposits	-	2,259,963	-	2,259,963
Malaysian Government Investment Issues	-	1,647,722	-	1,647,722
Equity securities designated at FVOCI				
Unquoted investments held for				
strategic purposes	-	-	20,738	20,738
Derivative financial assets	-	1,476,981	-	1,476,981
At 30 September 2019	-	11,321,683	20,738	11,342,421
Liabilities				
Structured deposits	-	142,061	-	142,061
Obligations on securities sold under				
repurchase agreements	-	485,084	-	485,084
Derivative financial liabilities	-	1,410,880	-	1,410,880
At 30 September 2019	-	2,038,025	-	2,038,025

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

Fair value hierarchy (continued)

Bank 30 September 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	-	1,724,739	-	1,724,739
Malaysian Government Investment Issues	-	140,445	-	140,445
Debt securities	-	60,264	-	60,264
Investment securities measured at FVOCI				
Malaysian Government securities/ Bankers' acceptances	-	4,011,569	-	4,011,569
Negotiable instruments of deposit	-	2,259,963	-	2,259,963
Malaysian Government Investment Issues	-	749,493	-	749,493
Equity securities designated at FVOCI				
Unquoted investments held for strategic purposes	-	-	20,738	20,738
Derivative financial assets	-	1,477,844	-	1,477,844
At 30 September 2019	-	10,424,317	20,738	10,445,055

Liabilities

Structured deposits	-	138,947	-	138,947
Obligations on securities sold under repurchase agreements	-	485,084	-	485,084
Derivative financial liabilities	-	1,410,937	-	1,410,937
At 30 September 2019	-	2,034,968	-	2,034,968

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	3,148
At 30 September 2019	20,738

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30. Capital adequacy

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 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	3,828,856	3,896,917	3,600,652	3,650,685
Less: Deferred tax assets	(150,483)	(105,185)	(144,555)	(99,122)
Unrealised gains on FVOCI financial instruments	19,274	2,081	16,406	2,046
Investment in subsidiaries deducted from CET 1 capital	-	-	(411,522)	(411,522)
CET 1 capital	<u>4,197,837</u>	<u>4,294,003</u>	<u>3,561,171</u>	<u>3,642,277</u>
Irredeemable Convertible Preference Shares	380,000	380,000	380,000	380,000
Eligible Tier 1 capital	<u>4,577,837</u>	<u>4,674,003</u>	<u>3,941,171</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 *	23,309	22,204	22,315	21,284
Surplus of total eligible provisions over total expected loss under AIRB approach	137,650	143,198	105,669	130,366
	<u>1,160,959</u>	<u>1,165,402</u>	<u>1,127,984</u>	<u>1,151,650</u>
Less: Investment in subsidiaries	-	-	(100,000)	(100,000)
Eligible Tier 2 capital	<u>1,160,959</u>	<u>1,165,402</u>	<u>1,027,984</u>	<u>1,051,650</u>
Total capital base	<u>5,738,796</u>	<u>5,839,405</u>	<u>4,969,155</u>	<u>5,073,927</u>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Total risk-weighted assets:				
Credit risk	25,435,142	25,642,674	22,763,867	23,430,434
Market risk	1,652,588	2,694,938	1,652,588	2,694,938
Operational risk	3,262,840	3,294,089	3,128,613	3,169,576
	<u>30,350,570</u>	<u>31,631,701</u>	<u>27,545,068</u>	<u>29,294,948</u>

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

	Group		Bank	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
CET 1 capital ratio	13.831%	13.575%	12.929%	12.433%
Tier 1 capital ratio	15.083%	14.776%	14.308%	13.730%
Total capital ratio	18.908%	18.461%	18.040%	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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30. Capital adequacy (continued)

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

	30 September 2019	31 December 2018
CET 1 capital ratio	19.837%	23.491%
Tier 1 capital ratio	19.837%	23.491%
Total capital ratio	23.533%	27.685%