



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

**Financial statements for the financial period ended
ended 31 March 2020**

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 31 MARCH 2020

	Note	Group		Bank	
		31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Assets					
Cash and short term funds		6,363,806	5,071,717	5,190,280	3,656,173
Deposits and placements with banks and other financial institutions	10	608,461	-	631,321	1,398
Investment account placements	11	-	-	2,296,945	2,328,737
Securities purchased under resale agreements		1,181,156	947,159	1,181,156	947,159
Investment securities	12	10,145,820	9,660,870	9,244,067	8,762,620
Loans, advances and financing	13	28,026,844	27,339,382	23,625,355	22,992,825
Derivative financial assets		2,699,414	1,466,383	2,697,321	1,466,741
Other assets	15	1,237,214	839,283	1,349,419	1,243,161
Current tax assets		94,365	98,638	89,580	84,240
Statutory deposits with Bank Negara Malaysia	16	53,502	550,868	12,957	473,844
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		104,837	110,362	103,400	108,724
Intangible assets		124,473	108,259	124,473	108,259
Deferred tax assets		121,099	123,650	118,637	121,013
Total assets		50,760,991	46,316,571	47,076,433	42,706,416
Liabilities					
Deposits from customers	17	32,131,938	31,512,829	29,065,493	28,655,191
Structured deposits		122,061	131,824	118,943	128,681
Investment account of customers		499,781	519,052	-	-
Deposits and placements of banks and other financial institutions	18	5,938,179	3,549,614	5,666,590	3,517,275
Obligations on securities sold under repurchase agreements		505,896	704,575	505,896	704,575
Derivative financial liabilities		2,635,658	1,298,914	2,633,150	1,298,956
Other liabilities	19	2,593,904	2,404,814	3,079,598	2,518,301
Provision for credit commitments and contingencies	20	16,497	15,403	16,276	15,187
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
Total liabilities		45,443,914	41,137,025	42,085,946	37,838,166
Equity					
Share capital		880,190	880,190	880,190	880,190
Reserves		4,436,887	4,299,356	4,110,297	3,988,060
Total equity attributable to owner of the Bank		5,317,077	5,179,546	4,990,487	4,868,250
Total liabilities and equity		50,760,991	46,316,571	47,076,433	42,706,416
Commitments and contingencies	27	181,794,616	172,266,684	185,200,639	175,572,161

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 2019.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER AND THREE MONTHS ENDED 31 MARCH 2020

	Note	Group			
		1st Quarter ended		Three months ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		RM'000	RM'000	RM'000	RM'000
Interest income	21	383,491	414,889	383,491	414,889
Interest expense	22	(169,339)	(191,184)	(169,339)	(191,184)
Net interest income		214,152	223,705	214,152	223,705
Net income from Islamic Banking operations	23	50,617	64,231	50,617	64,231
		264,769	287,936	264,769	287,936
Other operating income	24	212,782	140,208	212,782	140,208
Total net income		477,551	428,144	477,551	428,144
Other operating expenses	25	(257,824)	(248,981)	(257,824)	(248,981)
Operating profit		219,727	179,163	219,727	179,163
Provision of expected credit loss ("ECL")	26	(42,095)	(22,302)	(42,095)	(22,302)
Profit before taxation		177,632	156,861	177,632	156,861
Tax expense		(44,916)	(39,483)	(44,916)	(39,483)
Profit for the period		132,716	117,378	132,716	117,378
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		(4,177)	2,032	(4,177)	2,032
Items that may be reclassified subsequently to profit or loss					
Debt instruments at FVOCI:					
Net changes in fair value		(6,004)	16,386	(6,004)	16,386
Net amount transferred to profit or loss		15,214	-	15,214	-
Impairment transferred to profit or loss		(218)	401	(218)	401
Other comprehensive income for the period, net of income tax		4,815	18,819	4,815	18,819
Total comprehensive income for the period		137,531	136,197	137,531	136,197
Profit attributable to:					
Owner of the Bank		132,716	117,378	132,716	117,378
Total comprehensive income attributable to:					
Owner of the Bank		137,531	136,197	137,531	136,197

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 2019.

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FOR THE 1ST QUARTER AND THREE MONTHS ENDED 31 MARCH 2020

	Note	Bank			
		1st Quarter ended		Three months ended	
		31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Interest income	21	400,417	441,061	400,417	441,061
Interest expense	22	(169,339)	(191,184)	(169,339)	(191,184)
Net interest income		231,078	249,877	231,078	249,877
Other operating income	24	227,480	159,654	227,480	159,654
Total net income		458,558	409,531	458,558	409,531
Other operating expenses	25	(250,690)	(243,123)	(250,690)	(243,123)
Operating profit		207,868	166,408	207,868	166,408
Provision of expected credit loss ("ECL")	26	(46,116)	(25,371)	(46,116)	(25,371)
Profit before taxation		161,752	141,037	161,752	141,037
Tax expense		(41,064)	(35,628)	(41,064)	(35,628)
Profit for the period		120,688	105,409	120,688	105,409
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		(4,177)	2,032	(4,177)	2,032
Items that may be reclassified subsequently to profit or loss					
Debt instruments at FVOCI:					
Net changes in fair value		(9,284)	15,094	(9,284)	15,094
Net amount transferred to profit or loss		15,214	-	15,214	-
Impairment transferred to profit or loss		(204)	370	(204)	370
Other comprehensive income for the period, net of income tax		1,549	17,496	1,549	17,496
Total comprehensive income for the period		122,237	122,905	122,237	122,905

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 2019.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2020

GROUP	← Attributable to owner of the Bank →					Total equity RM'000
	Share capital RM'000	Regulatory reserves RM'000	Fair value reserves RM'000	Own credit reserves RM'000	Distributable Reserves Retained profits RM'000	
At 1 January 2020	880,190	311,531	47,021	(182)	3,940,986	5,179,546
Fair value reserve (debt securities):						
Net changes in fair value	-	-	(6,004)	-	-	(6,004)
Net amount transferred to profit or loss	-	-	14,996	-	-	14,996
Fair value reserve (equity securities):						
Net changes in fair value	-	-	(4,177)	-	-	(4,177)
Total other comprehensive income for the period	-	-	4,815	-	-	4,815
Profit for the period	-	-	-	-	132,716	132,716
Total comprehensive income for the period	-	-	4,815	-	132,716	137,531
At 31 March 2020	880,190	311,531	51,836	(182)	4,073,702	5,317,077

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 2019.

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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2020 (CONTINUED)

GROUP	← Attributable to owner of the Bank →					Total equity RM'000
	Share capital RM'000	← Non-Distributable Reserves →			Distributable Reserves	
		Regulatory reserves RM'000	Fair value reserves RM'000	Own credit 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	-	-	16,386	-	-	16,386
Net amount transferred to profit or loss	-	-	401	-	-	401
Fair value reserve (equity securities):						
Net changes in fair value	-	-	2,032	-	-	2,032
Total other comprehensive income for the period	-	-	18,819	-	-	18,819
Profit for the period	-	-	-	-	117,378	117,378
Total comprehensive income for the period	-	-	18,819	-	117,378	136,197
At 31 March 2019	880,190	311,531	23,443	211	4,014,295	5,229,670

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 2019.

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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2020

BANK	← Attributable to owner of the Bank →					Total equity RM'000
	Share capital RM'000	← Non-Distributable Reserves →			Distributable Reserves Retained profits RM'000	
		Regulatory reserves RM'000	Fair value reserves RM'000	Own credit reserves RM'000		
At 1 January 2020	880,190	279,909	40,075	(182)	3,668,258	4,868,250
Fair value reserve (debt securities):						
Net changes in fair value	-	-	(9,284)	-	-	(9,284)
Net amount transferred to profit or loss	-	-	15,010	-	-	15,010
Fair value reserve (equity securities):						
Net changes in fair value	-	-	(4,177)	-	-	(4,177)
Total other comprehensive income for the period	-	-	1,549	-	-	1,549
Profit for the period	-	-	-	-	120,688	120,688
Total comprehensive income for the period	-	-	1,549	-	120,688	122,237
At 31 March 2020	880,190	279,909	41,624	(182)	3,788,946	4,990,487

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2019.

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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2020 (CONTINUED)

BANK	← Attributable to owner of the Bank →					Total equity RM'000
	← Non-Distributable Reserves →			Distributable Reserves		
	Share capital RM'000	Regulatory reserves RM'000	Fair value reserves RM'000	Own credit 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	-	-	15,094	-	-	15,094
Net amount transferred to profit or loss	-	-	370	-	-	370
Fair value reserve (equity securities):						
Net changes in fair value	-	-	2,032	-	-	2,032
Total other comprehensive income for the period	-	-	17,496	-	-	17,496
Profit for the period	-	-	-	-	105,409	105,409
Total comprehensive income for the period	-	-	17,496	-	105,409	122,905
At 31 March 2019	880,190	297,909	22,043	211	3,756,094	4,956,447

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 2019.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Group		Bank	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Profit before taxation	177,632	156,861	161,752	141,037
Adjustment for non-cash items	74,185	26,455	77,143	29,172
Operating profit before working capital changes	251,817	183,316	238,895	170,209
Changes in working capital:				
Net changes in operating assets	(1,687,798)	(2,257,203)	(1,371,446)	(2,366,220)
Net changes in operating liabilities	2,945,422	5,550,906	2,888,614	5,018,168
Income taxes paid	(40,998)	(44,652)	(45,900)	(41,594)
Net cash generated from operating activities	1,468,443	3,432,367	1,710,163	2,780,563
Net cash used in investing activities	(172,112)	(2,643,951)	(172,039)	(2,339,598)
Net cash used in financing activities	(4,242)	(1,853)	(4,017)	(1,844)
Net increase in cash and cash equivalents	1,292,089	786,563	1,534,107	439,121
Cash and cash equivalent at beginning of the period	5,071,717	4,462,089	3,656,173	2,654,540
Cash and cash equivalent at end of the period	6,363,806	5,248,652	5,190,280	3,093,661

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 2019.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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REVIEW OF PERFORMANCE

The Group registered profit before taxation of RM177.6 million for the financial period ended 31 March 2020, a 13.2% increase as compared to the same period last year.

Net income increased by 11.5% year-on-year driven by strong trading income coupled with gains from sale of investment securities. Operating expenses increased moderately by 3.6% largely from investments in technology and digitization. Provision for expected credit losses, however, is on an increasing trend this quarter attributable to some lumpy provisions for corporate customers coupled with the deteriorating macroeconomic environment overall.

Nonetheless, net loans, advances and financing recorded a 2.5% growth during the period largely due to increased utilization by corporate customers, while deposits from customers grew 2.0% in the same period.

The Group remains well capitalised with Common Equity Tier 1 capital ratio and Total Capital Ratio of 13.363% and 18.283%, respectively, after proposed dividend.

PROSPECTS

The global economy is facing unprecedented challenges following a sharp escalation in the COVID-19 pandemic crisis, with the epicentre shifting from China and East Asia towards the United States and Europe.

Multiple countries have been faced with prolonged lockdowns and movement restrictions, with only essential businesses being operational. The repercussions on the world economy will be severe, with growth forecasted at 0.3% for 2020, down from 3.3% forecasted previously. The situation is exacerbated by a sharp reduction in oil prices following tensions between Russia and Saudi Arabia.

Major central Banks have generally responded to the crisis in tandem by slashing benchmark rates and introducing relief measures to mitigate the impact of pandemic, with the US Federal Reserve cutting rates down to 0% to 0.25%.

On the domestic front, the government has implemented a Movement Control Order ("MCO") since 16 March, and allowing only essential business services to operate, including banks. The country is now faced with the real prospect of an economic downturn, with Bank Negara revising its forecast of economic growth downwards to a range of -2.0% to 0.5% . Overnight policy rate ("OPR") now stands at 2.0% following three rounds of cuts in January, March and May 2020, while the Statutory Reserve Requirement ("SRR") was reduced from 3.0% to 2.0% to ensure ample liquidity in the market. A range of relief measures have been introduced to assist the segments hardest hit by the pandemic, including automatic 6 month loan payment moratoriums for individuals and SMEs and Special Relief Facility loans ("SRF").

Amidst this extremely challenging economic backdrop and challenges of operating under the MCO, the Group has continued to serve our customer needs by creatively leveraging on our digital platforms and technology. The investments made in technology platforms has helped the bank to operate seamlessly during the disruptions created by the pandemic. In the near term, we are fully committed to support the government's economic recovery efforts by implementing all relief measures in the shortest time possible and proactively providing the requisite assistance to our customers across all segments who have been most impacted by the pandemic crisis. As the situation remains volatile, the Group will continue to remain vigilant and proactively monitor new developments as they happen and intensely manage the portfolio to minimise the downside risk. In the adverse condition also, there are opportunities in various sectors witnessing surge in local and international demand, especially in the Healthcare and Hygiene industries, where we will continue to play an active role by delivering our network and serving clients with our diversified product capabilities.

For the longer term, we remain optimistic on the fundamentals, inherent strength and resilience of the diversified Malaysian economy. It is important to stay on course on our core franchise strategy while navigating through the turbulent times and we would continue to do so whilst managing the resultant downside risk emanating from uncontrollable macro-economic headwinds.

Our strategic focus for the Retail Banking business will continue to be the Affluent and Emerging Affluent segments through our range of Wealth Management product suites, while continuing to support the growth of SMEs through our award winning Business Banking solutions. As the pace of digital adoption has intensified, we will continue investing in our digital capabilities to enhance and improve client journeys.

Our longer term agenda for the Corporate and Commercial Banking segment will be to continue leveraging on our network to grow our Transaction Banking and Financial Markets flow business, focusing on acquiring new trade oriented clients in the high growth sectors of the economy and deepening existing relationships. We have also invested heavily in the digital capabilities to enhance our corporate and commercial client journeys.

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Notes to the financial statements for the financial period year ended 31 March 2020

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the first quarter and the financial period ended 31 March 2020 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 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> |
|----|---------|----------------------------|

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

- | | | |
|----|-----------------------|---|
| i) | Amendments to MFRS 16 | <i>Leases - Covid-19-Related Rent Concessions</i> |
|----|-----------------------|---|

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- | | | |
|------|--|---|
| i) | Amendments to MFRS 101 | <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</i> |
| ii) | Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141 | <i>Annual Improvements to MFRS Standards 2018–2020</i> |
| iii) | Amendments to MFRS 3 | <i>Business Combinations - Reference to the Conceptual Framework</i> |
| iv) | Amendments to MFRS 116 | <i>Property, Plant and Equipment - Proceeds before Intended Use</i> |
| v) | Amendments to MFRS 137 | <i>Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract</i> |

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> |
|----|------------------------------------|---|

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 Group and the Bank plan to apply the abovementioned accounting standards, interpretations and amendments that is effective for annual periods beginning on or after 1 January 2022.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period or prior period financial statements of 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 2019. 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 2019.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2019 was not qualified.

3. Seasonal or cyclical factors

Other than those disclosed in current year Prospect, the business operations of the Group and the Bank have not been affected by any material seasonal or cyclical factors.

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

Other than those disclosed in current year Prospect, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the first quarter and three months ended 31 March 2020.

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5. Changes in accounting estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the first quarter and financial period ended 31 March 2020.

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

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the first quarter and financial period year ended 31 March 2020.

7. Dividend

No dividend has been proposed for the first quarter and the three months ended 31 March 2020.

8. Subsequent events

As the impact of the COVID-19 pandemic continues to evolve, our estimates on expected credit losses are subject to change in near term based on the latest development in the global and domestic economic environment.

9. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 March 2020.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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10. Deposits and placements with banks and other financial institutions

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
	Deposits and placements with banks and other financial institutions	608,461	-	631,321

11. Investment account placements

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
	Investment account placements	-	-	2,296,945

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

12. Investment securities

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
	i) Investment securities measured at fair value through profit or loss ("FVTPL")	2,169,727	1,886,743	2,169,727
ii) Debt securities measured at FVOCI	7,876,521	7,618,321	6,974,768	6,720,071
iii) Equity securities designated at FVOCI	15,796	19,973	15,796	19,973
iv) Debt securities at amortised cost	83,776	135,833	83,776	135,833
	<u>10,145,820</u>	<u>9,660,870</u>	<u>9,244,067</u>	<u>8,762,620</u>

i) Investment securities measured at FVTPL

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
	Malaysian Islamic Treasury Bills	263,220	-	263,220
Malaysian Government Securities	1,785,004	1,707,697	1,785,004	1,707,697
Malaysian Government Investment Issues	81,211	122,588	81,211	122,588
Corporate Bonds	40,292	56,458	40,292	56,458
	<u>2,169,727</u>	<u>1,886,743</u>	<u>2,169,727</u>	<u>1,886,743</u>

ii) Debt securities measured at FVOCI

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
	Malaysian Government Securities	2,709,039	3,357,374	2,709,039
Bank Negara Malaysia Bills	858,118	-	858,118	-
Bankers' Acceptances	807,194	77,417	807,194	77,417
Negotiable Instruments of Deposit	1,595,150	2,039,914	1,595,150	2,039,914
Malaysian Government Investment Issues	1,907,020	2,143,616	1,005,267	1,245,366
	<u>7,876,521</u>	<u>7,618,321</u>	<u>6,974,768</u>	<u>6,720,071</u>

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12. 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	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Balance as at 1 January	1,296	775	1,097	750
Net remeasurement of loss allowance	(218)	521	(204)	347
At end of reporting period/year	<u>1,078</u>	<u>1,296</u>	<u>893</u>	<u>1,097</u>

iii) Equity securities designated at FVOCI

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Unquoted investments held for strategic purposes	<u>15,796</u>	<u>19,973</u>	<u>15,796</u>	<u>19,973</u>

iv) Debt securities at amortised cost

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Corporate bonds	90,000	145,000	90,000	145,000
Fair value changes arising from fair value hedge	4,257	2,583	4,257	2,583
Allowance for credit losses	(10,481)	(11,750)	(10,481)	(11,750)
	<u>83,776</u>	<u>135,833</u>	<u>83,776</u>	<u>135,833</u>

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13. Loans, advances and financing

(i) By type

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
<u>At amortised cost</u>				
Overdrafts	1,372,531	1,346,028	1,372,531	1,346,028
Term loans/financing				
- Housing loans/financing	11,533,633	11,510,512	9,248,272	9,172,977
- Syndicated term loan/financing	458,145	423,271	458,145	423,271
- Hire purchase receivables	6,729	8,038	-	-
- Lease receivables	13,498	13,140	-	-
- Other term loans/financing	6,711,540	6,629,986	4,552,901	4,543,907
Bills receivable	3,473,118	3,444,581	3,173,280	3,294,326
Trust receipts	184,179	168,311	139,676	142,245
Staff loans/financing	28,227	27,572	21,381	20,209
Loans/financing to banks and other financial institutions	88,223	80,435	88,223	80,435
Credit card receivables	2,147,858	2,235,283	2,147,858	2,235,283
Revolving credit	3,098,369	2,531,706	3,048,431	2,335,607
	<u>29,116,050</u>	<u>28,418,863</u>	<u>24,250,698</u>	<u>23,594,288</u>
Less: Unearned interest and income	(423,919)	(436,045)	(7,497)	(10,277)
Gross loans, advances and financing	<u>28,692,131</u>	<u>27,982,818</u>	<u>24,243,201</u>	<u>23,584,011</u>
Less: Allowances for credit losses financing and advances:				
- 12-month ECL (Stage 1)	(64,533)	(61,365)	(62,005)	(58,938)
- Lifetime ECL non-credit-impaired (Stage 2)	(86,940)	(68,416)	(82,003)	(62,073)
- Lifetime ECL credit-impaired (Stage 3)	(513,814)	(513,655)	(473,838)	(470,175)
Total net loans, advances and financing	<u>28,026,844</u>	<u>27,339,382</u>	<u>23,625,355</u>	<u>22,992,825</u>

(ii) By type of customer

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Domestic banking institutions	45,851	59,492	45,851	59,492
Domestic non-bank financial institutions	274,766	100,314	274,548	100,085
Domestic business enterprises	10,891,772	10,095,681	9,399,039	8,667,770
<i>Small medium enterprises</i>	2,764,041	2,870,622	1,899,633	1,990,929
<i>Others</i>	8,127,731	7,225,059	7,499,406	6,676,841
Individuals	14,101,741	14,195,242	12,116,179	12,151,435
Other domestic entities	21,485	2,437	-	-
Foreign entities	3,356,516	3,529,652	2,407,584	2,605,229
	<u>28,692,131</u>	<u>27,982,818</u>	<u>24,243,201</u>	<u>23,584,011</u>

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Fixed rate				
Housing loans/financing	8,406	8,495	8,196	8,266
Other fixed rate loan/financing	3,451,278	3,520,807	2,878,544	2,954,810
Variable rate				
Base lending rate ("BLR") plus/ Base rate plus	12,378,379	12,324,340	11,775,394	11,710,633
Cost plus	10,549,545	9,769,620	9,528,338	8,854,991
Other variable rates	2,304,523	2,359,556	52,729	55,311
	<u>28,692,131</u>	<u>27,982,818</u>	<u>24,243,201</u>	<u>23,584,011</u>

(iv) By sector

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Agriculture	381,396	320,670	314,657	250,491
Mining and quarrying	17,912	18,248	8,452	8,596
Manufacturing	3,858,492	3,173,965	3,430,537	2,922,485
Electricity, gas and water	68,226	63,005	67,120	61,866
Construction	1,218,197	949,409	1,063,131	785,113
Real estate	1,414,092	1,420,442	1,209,230	1,209,113
Wholesale & retail trade and restaurants & hotels	2,333,621	2,437,643	2,005,764	2,040,075
Transportation, storage and communication	350,582	246,672	311,362	207,812
Finance, insurance and business services	1,419,134	1,408,309	1,203,392	1,202,489
Household	16,266,956	16,347,007	13,914,504	13,932,189
Others	1,363,523	1,597,448	715,052	963,782
	<u>28,692,131</u>	<u>27,982,818</u>	<u>24,243,201</u>	<u>23,584,011</u>

(v) By purpose

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Purchase of property	13,816,541	13,850,619	11,051,888	11,021,374
- Residential	11,441,342	11,406,786	9,316,150	9,235,830
- Non-residential	2,375,199	2,443,833	1,735,738	1,785,544
Purchase of securities	750,845	763,247	750,845	763,247
Fixed assets excluding land & building	4,893	5,914	-	-
Personal use	1,191,456	1,172,323	1,124,417	1,096,626
Credit cards	2,147,858	2,235,283	2,147,858	2,235,283
Working capital	10,691,801	9,874,996	9,079,456	8,387,045
Others	88,737	80,436	88,737	80,436
	<u>28,692,131</u>	<u>27,982,818</u>	<u>24,243,201</u>	<u>23,584,011</u>

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Maturing within one year	10,590,892	9,827,831	10,037,383	9,418,732
One year to three years	1,971,347	1,899,959	1,197,003	1,180,311
Three years to five years	2,099,366	1,703,346	1,708,980	1,383,034
Over five years	14,030,526	14,551,682	11,299,835	11,601,934
	<u>28,692,131</u>	<u>27,982,818</u>	<u>24,243,201</u>	<u>23,584,011</u>

(vii) By geographical distribution

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Within Malaysia	27,670,625	26,773,399	23,755,282	22,910,236
Outside Malaysia	1,021,506	1,209,419	487,919	673,775
	<u>28,692,131</u>	<u>27,982,818</u>	<u>24,243,201</u>	<u>23,584,011</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
USD	4,784,319	4,083,233	4,524,455	3,965,455
GBP	358,191	450,715	358,191	450,715
Other foreign currencies	524,978	518,086	520,510	518,086

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
At 1 January	638,587	789,438	567,663	726,428
Currency translation differences	5,624	(435)	5,624	(435)
Classified as non-performing during the financial period/year	146,794	657,838	115,689	559,002
Reclassified as performing during the financial period/year	(103,412)	(410,975)	(74,138)	(355,068)
Amount recovered during the financial period/year	(11,009)	(194,435)	(8,640)	(188,042)
Amount written off during the financial period/year	(41,167)	(202,844)	(37,500)	(174,222)
At end of reporting period/year	635,417	638,587	568,698	567,663
Impairment provisions	(412,182)	(409,851)	(383,604)	(378,986)
Net impaired loans, advances and financing	<u>223,235</u>	<u>228,736</u>	<u>185,094</u>	<u>188,677</u>

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14. Impaired loans, advances and financing (continued)

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

Group	← 31 March 2020 →				← 31 December 2019 →			
	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	61,365	68,416	513,655	643,436	64,198	90,270	540,193	694,661
Transfer to 12-month ECL	47,866	(45,723)	(2,143)	-	140,757	(122,102)	(18,655)	-
Transfer to lifetime ECL non-credit-impaired	(7,885)	10,293	(2,408)	-	(21,440)	39,502	(18,062)	-
Transfer to lifetime ECL credit-impaired	(748)	(11,992)	12,740	-	(3,060)	(42,237)	45,297	-
Net remeasurement of loss allowance	(35,994)	65,946	16,313	46,265	(116,352)	102,983	(14,510)	(27,879)
Write-offs	-	-	(20,685)	(20,685)	-	-	-	-
Unwinding of discount	-	-	(6,182)	(6,182)	-	-	(26,232)	(26,232)
Foreign exchange and other movements	(71)	-	2,524	2,453	(2,738)	-	5,624	2,886
At end of reporting period/year	64,533	86,940	513,814	665,287	61,365	68,416	513,655	643,436

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14. Impaired loans, advances and financing (continued)

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

	← 31 March 2020 →				← 31 December 2019 →			
	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	58,938	62,073	470,175	591,186	60,834	77,895	485,981	624,710
Transfer to 12-month ECL	47,164	(45,046)	(2,118)	-	128,089	(114,454)	(13,635)	-
Transfer to lifetime ECL non-credit-impaired	(7,491)	9,229	(1,738)	-	(19,413)	35,010	(15,597)	-
Transfer to lifetime ECL credit-impaired	(744)	(11,042)	11,786	-	(3,042)	(37,409)	40,451	-
Net remeasurement of loss allowance	(35,817)	66,789	16,138	47,110	(105,225)	101,031	108,302	104,108
Write-offs	-	-	(17,393)	(17,393)	-	-	(117,172)	(117,172)
Unwinding of discount	-	-	(5,536)	(5,536)	-	-	(23,521)	(23,521)
Foreign exchange and other movements	(45)	-	2,524	2,479	(2,305)	-	5,366	3,061
At end of reporting period/year *	<u>62,005</u>	<u>82,003</u>	<u>473,838</u>	<u>617,846</u>	<u>58,938</u>	<u>62,073</u>	<u>470,175</u>	<u>591,186</u>

* Included in total allowance for credit losses at end of reporting period/year is a transfer from Standard Chartered Saadiq Berhad under PSIA arrangement amounting to RM5.5 million (2019: RM5.7 million).

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Agriculture	3,396	3,385	3,396	3,385
Mining and quarrying	-	-	-	-
Manufacturing	211,922	209,977	211,215	208,183
Electricity, gas and water	193	201	193	201
Construction	11,725	9,713	9,418	7,041
Real estate	62,869	62,564	57,597	57,629
Wholesale & retail trade and restaurants & hotels	91,568	93,329	72,272	77,696
Transportation, storage and communication	4,974	3,672	3,133	2,222
Finance, insurance and business services	17,881	12,529	14,492	4,189
Household	226,887	240,454	195,035	206,425
Others	4,002	2,763	1,947	692
	<u>635,417</u>	<u>638,587</u>	<u>568,698</u>	<u>567,663</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Purchase of property	164,495	171,653	122,983	123,836
- Residential	120,460	134,837	94,817	109,169
- Non-residential	44,035	36,816	28,166	14,667
Fixed assets excluding land & building	171	214	-	-
Personal use	89,240	90,255	85,884	86,549
Credit cards	11,994	10,535	11,994	10,535
Working capital	369,517	365,930	347,837	346,743
	<u>635,417</u>	<u>638,587</u>	<u>568,698</u>	<u>567,663</u>

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Within Malaysia	635,417	638,587	568,698	567,663

15. Other assets

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Interest/Income receivables	57,471	85,093	54,246	86,432
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	1,179,743	754,190	1,195,173	1,056,729
	<u>1,237,214</u>	<u>839,283</u>	<u>1,349,419</u>	<u>1,243,161</u>

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16. 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.

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Demand deposits	15,586,035	16,249,007	14,164,931	14,725,618
Savings deposits	4,688,917	4,130,115	4,118,136	3,826,814
Fixed/Investment deposits	11,816,986	11,093,707	10,742,426	10,062,759
Negotiable instruments of deposits	40,000	40,000	40,000	40,000
	<u>32,131,938</u>	<u>31,512,829</u>	<u>29,065,493</u>	<u>28,655,191</u>

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Due within six months	9,135,107	8,390,887	8,269,564	7,525,094
Six months to one year	2,576,271	2,610,502	2,372,749	2,458,695
One year to three years	145,515	132,231	140,020	118,883
Three years to five years	93	87	93	87
	<u>11,856,986</u>	<u>11,133,707</u>	<u>10,782,426</u>	<u>10,102,759</u>

(ii) By type of customers

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Government and statutory bodies	177,269	115,931	105,221	43,911
Business enterprises	15,455,961	15,540,416	14,194,934	14,477,284
Individuals	11,913,259	12,123,701	10,690,622	11,163,433
Others	4,585,449	3,732,781	4,074,716	2,970,563
	<u>32,131,938</u>	<u>31,512,829</u>	<u>29,065,493</u>	<u>28,655,191</u>

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18. Deposits and placements of banks and other financial institutions

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Licensed banks	1,034,197	171,314	1,034,197	171,314
Other financial institutions	4,903,982	3,378,300	4,632,393	3,345,961
	<u>5,938,179</u>	<u>3,549,614</u>	<u>5,666,590</u>	<u>3,517,275</u>

19. Other liabilities

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Interest/Income payable	127,820	136,877	134,485	134,552
Other payables and accruals	2,293,247	2,219,685	2,900,440	2,337,102
Lease liabilities	172,837	48,252	44,673	46,647
	<u>2,593,904</u>	<u>2,404,814</u>	<u>3,079,598</u>	<u>2,518,301</u>

20. Provision for credit commitments and contingencies

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Loan commitments and financial guarantee contracts				
Balance as at 1 January	15,403	23,426	15,187	18,367
Net remeasurement of loss allowance	1,054	(8,033)	1,055	(3,183)
Foreign exchange and other movements	40	10	34	3
At end of reporting period/year	<u>16,497</u>	<u>15,403</u>	<u>16,276</u>	<u>15,187</u>

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21. Interest income

	Group			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than from impaired loans	262,599	297,304	262,599	297,304
- Interest income recognised from impaired loans	8,054	7,279	8,054	7,279
Money at call and deposit and placements				
with banks and other financial institutions	34,347	27,521	34,347	27,521
Investment securities at FVTPL	16,891	31,360	16,891	31,360
Investment securities at FVOCI	60,331	49,691	60,331	49,691
Investment securities at amortised cost	1,269	1,734	1,269	1,734
	<u>383,491</u>	<u>414,889</u>	<u>383,491</u>	<u>414,889</u>

	Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than from impaired loans	262,599	297,304	262,599	297,304
- Interest income recognised from impaired loans	8,054	7,279	8,054	7,279
Money at call and deposit and placements				
with banks and other financial institutions	51,273	53,693	51,273	53,693
Investment securities at FVTPL	16,891	31,360	16,891	31,360
Investment securities at FVOCI	60,331	49,691	60,331	49,691
Investment securities at amortised cost	1,269	1,734	1,269	1,734
	<u>400,417</u>	<u>441,061</u>	<u>400,417</u>	<u>441,061</u>

22. Interest expense

	Group and Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	19,500	24,070	19,500	24,070
Deposits from customers	137,928	154,563	137,928	154,563
Subordinated debts	11,911	12,551	11,911	12,551
	<u>169,339</u>	<u>191,184</u>	<u>169,339</u>	<u>191,184</u>

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23. Net income from Islamic Banking operations

	Group			
	1st Quarter ended 31 March 2020 RM'000	31 March 2019 RM'000	Three months ended 31 March 2020 RM'000	31 March 2019 RM'000
Income derived from investment of depositors' funds	38,758	38,474	38,758	38,474
Income derived from investment account funds	27,410	43,305	27,410	43,305
Income attributable to depositors	(19,497)	(20,116)	(19,497)	(20,116)
Income attributable to investment account holders	(4,527)	(5,894)	(4,527)	(5,894)
Income attributable to the shareholder	42,144	55,769	42,144	55,769
Income derived from investment of shareholder's funds	8,473	8,462	8,473	8,462
	<u>50,617</u>	<u>64,231</u>	<u>50,617</u>	<u>64,231</u>

24. Other operating income

	Group			
	1st Quarter ended 31 March 2020 RM'000	31 March 2019 RM'000	Three months ended 31 March 2020 RM'000	31 March 2019 RM'000
Fee and commission				
Fee and commission income:	55,896	55,097	55,896	55,097
- <i>Commission income</i>	31,311	31,765	31,311	31,765
- <i>Service fees</i>	14,004	13,175	14,004	13,175
- <i>Guarantee fees</i>	10,581	10,157	10,581	10,157
Fee and commission expense:	(19,667)	(16,535)	(19,667)	(16,535)
- <i>Commission charges</i>	(8,853)	(3,151)	(8,853)	(3,151)
- <i>Service charges</i>	(10,814)	(13,384)	(10,814)	(13,384)
	<u>36,229</u>	<u>38,562</u>	<u>36,229</u>	<u>38,562</u>
Net trading income				
Gains from sale of financial instruments at FVTPL	91,187	21,385	91,187	21,385
Unrealised (losses)/gains on revaluation of financial instruments at FVTPL	(46,663)	16,652	(46,663)	16,652
Foreign exchange currency				
- Gains from dealing in foreign currency	195,413	10,270	195,413	10,270
- Unrealised (losses)/gains from foreign exchange transactions	(83,588)	52,936	(83,588)	52,936
	<u>156,349</u>	<u>101,243</u>	<u>156,349</u>	<u>101,243</u>
Other income				
Gains from sale of investment securities at FVOCI	20,018	-	20,018	-
Rental income	24	9	24	9
Others	162	394	162	394
	<u>20,204</u>	<u>403</u>	<u>20,204</u>	<u>403</u>
Total other operating income	<u>212,782</u>	<u>140,208</u>	<u>212,782</u>	<u>140,208</u>

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24. Other operating income (continued)

	Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fee and commission				
Fee and commission income:	55,500	54,812	55,500	54,812
- <i>Commission income</i>	30,915	31,480	30,915	31,480
- <i>Service fees</i>	14,004	13,175	14,004	13,175
- <i>Guarantee fees</i>	10,581	10,157	10,581	10,157
Fee and commission expense:	(19,575)	(16,484)	(19,575)	(16,484)
- <i>Commission charges</i>	(8,853)	(3,151)	(8,853)	(3,151)
- <i>Service charges</i>	(10,722)	(13,333)	(10,722)	(13,333)
	<u>35,925</u>	<u>38,328</u>	<u>35,925</u>	<u>38,328</u>
Net trading income				
Gains from sale of financial instruments at FVTPL	91,187	21,385	91,187	21,385
Unrealised (losses)/gains on revaluation of financial instruments at FVTPL	(46,663)	16,652	(46,663)	16,652
Foreign exchange currency				
- Gains from dealing in foreign currency	195,413	10,270	195,413	10,270
- Unrealised (losses)/gains from foreign exchange transactions	(83,588)	52,936	(83,588)	52,936
	<u>156,349</u>	<u>101,243</u>	<u>156,349</u>	<u>101,243</u>
Other income				
Gains from sale of investment securities at FVOCI	20,018	-	20,018	-
Rental income	24	9	24	9
Others	15,164	20,074	15,164	20,074
	<u>35,206</u>	<u>20,083</u>	<u>35,206</u>	<u>20,083</u>
Total other operating income	<u><u>227,480</u></u>	<u><u>159,654</u></u>	<u><u>227,480</u></u>	<u><u>159,654</u></u>

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25. Other operating expenses

	Group			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	87,872	94,098	87,872	94,098
- Pension fund contributions	15,821	13,188	15,821	13,188
- Other staff related cost	7,457	8,289	7,457	8,289
	<u>111,150</u>	<u>115,575</u>	<u>111,150</u>	<u>115,575</u>
Establishment costs				
- Depreciation of property, plant and equipment	4,495	5,258	4,495	5,258
- Depreciation of right-of-use assets	3,766	2,214	3,766	2,214
- Amortisation of intangible assets	10,464	-	10,464	-
- Rental	873	4,583	873	4,583
- Information technology and project expenses	47,274	46,435	47,274	46,435
- Others	8,192	9,274	8,192	9,274
	<u>75,064</u>	<u>67,764</u>	<u>75,064</u>	<u>67,764</u>
Marketing expenses				
- Advertisement and publicity	3,388	4,215	3,388	4,215
- Others	4,716	2,518	4,716	2,518
	<u>8,104</u>	<u>6,733</u>	<u>8,104</u>	<u>6,733</u>
Administration and general expenses				
- Communication expenses	2,857	2,188	2,857	2,188
- Group administration and business support expenses	14,312	16,255	14,312	16,255
- Outsourcing expenses	31,743	25,085	31,743	25,085
- Others	14,594	15,381	14,594	15,381
	<u>63,506</u>	<u>58,909</u>	<u>63,506</u>	<u>58,909</u>
Total other operating expenses	<u>257,824</u>	<u>248,981</u>	<u>257,824</u>	<u>248,981</u>
	Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	85,662	92,311	85,662	92,311
- Pension fund contributions	15,517	12,828	15,517	12,828
- Other staff related cost	6,931	8,099	6,931	8,099
	<u>108,110</u>	<u>113,238</u>	<u>108,110</u>	<u>113,238</u>
Establishment costs				
- Depreciation of property, plant and equipment	4,472	5,240	4,472	5,240
- Depreciation of right-of-use assets	3,538	1,979	3,538	1,979
- Amortisation of intangible assets	10,464	-	10,464	-
- Rental	852	4,552	852	4,552
- Information technology and project expenses	47,258	46,246	47,258	46,246
- Others	7,905	8,980	7,905	8,980
	<u>74,489</u>	<u>66,997</u>	<u>74,489</u>	<u>66,997</u>
Marketing expenses				
- Advertisement and publicity	3,212	4,203	3,212	4,203
- Others	4,597	2,463	4,597	2,463
	<u>7,809</u>	<u>6,666</u>	<u>7,809</u>	<u>6,666</u>
Administration and general expenses				
- Communication expenses	2,825	2,155	2,825	2,155
- Group administration and business support expenses	12,588	14,284	12,588	14,284
- Outsourcing expenses	31,743	25,085	31,743	25,085
- Others	13,126	14,698	13,126	14,698
	<u>60,282</u>	<u>56,222</u>	<u>60,282</u>	<u>56,222</u>
Total other operating expenses	<u>250,690</u>	<u>243,123</u>	<u>250,690</u>	<u>243,123</u>

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26. Provision of expected credit loss

	Group			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Charge/(release) of credit losses allowance for financial assets:				
Loan, advances and financing	46,265	23,204	46,265	23,204
Other financial assets	(1,209)	5,130	(1,209)	5,130
Financial assets held at FVOCI - Debt instruments	(218)	215	(218)	215
Credit commitments and contingencies	1,054	(493)	1,054	(493)
Bad and doubtful debts on loans, advances and financing:				
Written off	18,568	15,636	18,568	15,636
Recovered	(22,365)	(21,390)	(22,365)	(21,390)
	<u>42,095</u>	<u>22,302</u>	<u>42,095</u>	<u>22,302</u>

	Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Charge/(release) of credit losses allowance for financial assets:				
Loan, advances and financing	47,110	19,107	47,110	19,107
Other financial assets	(1,209)	5,130	(1,209)	5,130
Financial assets held at FVOCI - Debt instruments	(204)	190	(204)	190
Credit commitments and contingencies	1,055	3,983	1,055	3,983
Bad and doubtful debts on loans, advances and financing:				
Written off	18,568	15,636	18,568	15,636
Recovered	(19,204)	(18,675)	(19,204)	(18,675)
	<u>46,116</u>	<u>25,371</u>	<u>46,116</u>	<u>25,371</u>

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27. Commitments and contingencies

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

The commitments and contingencies are as follows:

Group	31 March 2020			31 December 2019		
	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	1,440,864	1,440,864	1,036,179	1,392,774	1,392,774	985,422
Transaction-related contingent items	3,294,473	3,294,473	858,851	3,361,910	3,361,910	988,313
Short-term self liquidating trade-related contingencies	351,910	351,910	78,138	116,693	116,693	37,245
Sell and buy back agreements	523,481	523,481	2,485	729,239	729,239	3,484
Other commitments to extend credit:						
- maturity not exceeding one year	41,733,797	8,182,765	2,454,753	39,549,630	7,599,355	2,417,916
- maturity exceeding one year	2,894,784	674,331	389,665	3,202,563	683,175	381,685
Foreign exchange related contracts:						
- less than one year	70,375,777	1,965,402	607,498	61,924,016	1,349,020	469,500
- one year to less than five years	11,895,170	1,424,802	557,715	10,078,363	1,237,334	421,955
- five years and above	691,962	75,953	37,187	790,613	85,508	34,485
Interest rate related contracts:						
- less than one year	13,439,643	53,483	11,590	14,814,609	46,980	10,143
- one year to less than five years	29,021,900	1,094,020	435,611	29,460,000	858,879	366,268
- five years and above	3,205,697	344,084	114,748	2,766,463	241,596	49,008
Miscellaneous commitments and contingencies	2,925,158	1,003,879	1,072,608	4,079,811	281,742	116,001
	<u>181,794,616</u>	<u>20,429,447</u>	<u>7,657,028</u>	<u>172,266,684</u>	<u>17,984,205</u>	<u>6,281,425</u>

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27. Commitments and contingencies (continued)

	31 March 2020			31 December 2019		
	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	1,376,410	1,393,610	971,559	1,326,505	1,343,705	927,639
Transaction-related contingent items	3,146,927	3,156,011	825,675	3,233,047	3,233,047	949,462
Short-term self liquidating trade-related contingencies	308,767	308,767	57,328	96,956	96,956	28,967
Sell and buy back agreements	523,481	523,481	2,485	729,239	729,239	3,484
Other commitments to extend credit:						
- maturity not exceeding one year	45,985,780	7,952,566	2,271,162	43,716,302	7,325,187	2,150,769
- maturity exceeding one year	2,451,993	623,792	312,847	2,578,847	621,781	284,073
Foreign exchange related contracts:						
- less than one year	70,227,751	1,960,352	606,467	61,901,407	1,348,767	458,797
- one year to less than five years	11,895,170	1,424,802	557,715	10,078,363	1,237,334	421,955
- five years and above	691,962	75,953	37,187	790,613	85,508	34,485
Interest rate related contracts:						
- less than one year	13,439,643	53,483	12,892	14,814,609	46,980	11,592
- one year to less than five years	29,021,900	1,094,020	444,299	29,459,999	858,879	373,645
- five years and above	3,205,697	344,084	114,748	2,766,463	241,596	49,008
Miscellaneous commitments and contingencies	2,925,158	1,003,879	1,072,608	4,079,811	281,742	116,001
	<u>185,200,639</u>	<u>19,914,800</u>	<u>7,286,972</u>	<u>175,572,161</u>	<u>17,450,721</u>	<u>5,809,877</u>

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

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28. Fair values of financial assets and liabilities

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation 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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28. Fair values of financial assets and liabilities (continued)**Fair value hierarchy (continued)**

Group 31 March 2020	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 Islamic Treasury Bills / Malaysian Government Securities	-	2,048,224	-	2,048,224
Malaysian Government Investment Issues	-	81,211	-	81,211
Corporate Bonds	-	40,292	-	40,292
Investment securities at FVOCI				
Malaysian Government Securities	-	2,709,039	-	2,709,039
Bank Negara Malaysia Bills	-	858,118	-	858,118
Bankers' Acceptances	-	807,194	-	807,194
Negotiable Instruments of Deposits	-	1,595,150	-	1,595,150
Malaysian Government Investment Issues	-	1,907,020	-	1,907,020
Equity securities designated at FVOCI				
Unquoted investments held for strategic purposes	-	-	15,796	15,796
Derivative financial assets	-	2,699,414	-	2,699,414
At 31 March 2020	-	12,745,662	15,796	12,761,458
Liabilities				
Structured deposits	-	122,061	-	122,061
Derivative financial liabilities	-	2,635,658	-	2,635,658
At 31 March 2020	-	2,757,719	-	2,757,719

Group 31 December 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	-	1,707,697	-	1,707,697
Malaysian Government Investment Issues	-	122,588	-	122,588
Corporate Bonds	-	56,458	-	56,458
Investment securities measured at FVOCI				
Malaysian Government Securities	-	3,357,374	-	3,357,374
Bankers' Acceptances	-	77,417	-	77,417
Negotiable Instruments of Deposits	-	2,039,914	-	2,039,914
Malaysian Government Investment Issues	-	2,143,616	-	2,143,616
Equity securities designated at FVOCI				
Unquoted investments held for strategic purposes	-	-	19,973	19,973
Derivative financial assets	-	1,466,383	-	1,466,383
At 31 December 2019	-	10,971,447	19,973	10,991,420
Liabilities				
Structured deposits	-	131,824	-	131,824
Derivative financial liabilities	-	1,298,914	-	1,298,914
At 31 December 2019	-	1,430,738	-	1,430,738

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

Bank 31 March 2020	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 Islamic Treasury Bills /				
Malaysian Government Securities	-	2,048,224	-	2,048,224
Malaysian Government Investment Issues	-	81,211	-	81,211
Corporate Bonds	-	40,292	-	40,292
Investment securities measured at FVOCI				
Malaysian Government Securities	-	2,709,039	-	2,709,039
Bank Negara Malaysia Bills	-	858,118	-	858,118
Bankers' Acceptances	-	807,194	-	807,194
Negotiable Instruments of Deposit	-	1,595,150	-	1,595,150
Malaysian Government Investment Issues	-	1,005,267	-	1,005,267
Equity securities designated at FVOCI				
Unquoted investments held for strategic purposes	-	-	15,796	15,796
Derivative financial assets	-	2,697,321	-	2,697,321
At 31 March 2020	-	11,841,816	15,796	11,857,612
Liabilities				
Structured deposits	-	118,943	-	118,943
Derivative financial liabilities	-	2,633,150	-	2,633,150
At 31 March 2020	-	2,752,093	-	2,752,093

Bank 31 December 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	-	1,707,697	-	1,707,697
Malaysian Government Investment Issues	-	122,588	-	122,588
Corporate bonds	-	56,458	-	56,458
Investment securities measured at FVOCI				
Malaysian Government securities	-	3,357,374	-	3,357,374
Bankers' Acceptances	-	77,417	-	77,417
Negotiable Instruments of Deposits	-	2,039,914	-	2,039,914
Malaysian Government Investment Issues	-	1,245,366	-	1,245,366
Equity securities designated at FVOCI				
Unquoted investments held for strategic purposes	-	-	19,973	19,973
Derivative financial assets	-	1,466,741	-	1,466,741
At 31 December 2019	-	10,073,555	19,973	10,093,528
Liabilities				
Structured deposits	-	128,681	-	128,681
Derivative financial liabilities	-	1,298,956	-	1,298,956
At 31 December 2019	-	1,427,637	-	1,427,637

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

	Group and Bank	
	31 March 2020	31 December 2019
	RM'000	RM'000
Reconciliation of fair value for equity securities designated at FVOCI		
At 1 January	19,973	18,144
Derecognised during the period	-	(550)
Recognised in other comprehensive income	(4,177)	2,379
At end of reporting period/year	15,796	19,973

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29. Capital adequacy

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Tier 1 Capital				
Paid-up ordinary share capital	500,190	500,190	500,190	500,190
Other reserves	3,940,986	3,940,986	3,668,258	3,668,258
Less:				
intangible assets	(108,498)	(103,578)	(108,498)	(103,578)
Net intangible asset	124,473	108,259	124,473	108,259
Less: Associated deferred tax liabilities.	(15,975)	(4,681)	(15,975)	(4,681)
Deferred tax assets	(114,127)	(131,817)	(109,891)	(127,973)
Unrealised gains on FVOCI financial instruments	23,326	21,159	18,731	18,034
Investment in subsidiaries deducted from CET 1 capital	-	-	(411,522)	(411,522)
CET 1 capital	<u>4,241,877</u>	<u>4,226,940</u>	<u>3,557,268</u>	<u>3,543,409</u>
Irredeemable Convertible Preference Shares	380,000	380,000	380,000	380,000
Eligible Tier 1 capital	<u>4,621,877</u>	<u>4,606,940</u>	<u>3,937,268</u>	<u>3,923,409</u>
Tier 2 Capital				
Subordinated debts	1,000,000	1,000,000	1,000,000	1,000,000
General provisions under standardised approach *	26,027	25,712	25,188	24,751
Surplus of total eligible provisions over total expected loss under Advanced Internal Ratings-based Approach ("AIRB") approach	151,282	137,453	122,322	123,255
	<u>1,177,309</u>	<u>1,163,165</u>	<u>1,147,510</u>	<u>1,148,006</u>
Less: Investment in subsidiaries	-	-	(100,000)	(100,000)
Eligible Tier 2 capital	<u>1,177,309</u>	<u>1,163,165</u>	<u>1,047,510</u>	<u>1,048,006</u>
Total capital base	<u>5,799,186</u>	<u>5,770,105</u>	<u>4,984,778</u>	<u>4,971,415</u>

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Total risk-weighted assets:				
Credit risk	27,295,749	24,965,885	25,079,396	22,522,475
Market risk	1,025,888	2,384,073	1,025,888	2,384,073
Operational risk	3,326,886	3,278,186	3,204,209	3,155,686
	<u>31,648,523</u>	<u>30,628,144</u>	<u>29,309,493</u>	<u>28,062,234</u>

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

	Group		Bank	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
CET 1 capital ratio	13.403%	13.801%	12.137%	12.627%
Tier 1 capital ratio	14.604%	15.042%	13.433%	13.981%
Total capital ratio	18.324%	18.839%	17.007%	17.716%

* 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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29. Capital adequacy (continued)

	Group		Bank	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
After proposed dividend*:				
CET 1 capital ratio	13.363%	13.759%	12.093%	12.581%
Tier 1 capital ratio	14.563%	15.000%	13.390%	13.935%
Total capital ratio	18.283%	18.797%	16.964%	17.670%

* The proposed dividend is in respect of financial year ended 31 December 2019.

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

	31 March 2020	31 December 2019
CET 1 capital ratio	25.102%	22.931%
Tier 1 capital ratio	25.102%	22.931%
Total capital ratio	29.667%	26.852%