



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

**Financial statements for the three months
ended 31 March 2019**

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

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	Group		Bank	
		31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Assets					
Cash and short term funds		5,248,652	4,462,089	3,093,661	2,654,540
Deposits and placements with banks and other financial institutions	11	-	-	41,435	152,593
Investment account placements	12	-	-	3,190,926	3,004,937
Securities purchased under resale agreements		887,590	1,084,860	887,590	1,084,860
Investment securities	13	11,135,644	6,547,652	10,729,403	6,447,277
Loans, advances and financing	14	28,539,493	28,452,270	22,988,332	23,143,526
Derivative financial assets		1,530,381	1,626,691	1,533,862	1,630,924
Other assets	16	1,567,758	1,098,376	1,935,763	1,180,076
Current tax assets		17,551	12,926	10,916	5,330
Statutory deposits with Bank Negara Malaysia	17	583,937	628,812	528,938	580,832
Investments in subsidiaries		-	-	411,522	411,522
Property, plant and equipment		76,816	56,648	74,545	56,540
Deferred tax assets		103,842	104,382	97,952	98,332
Total assets		49,691,664	44,074,706	45,524,845	40,451,289
Liabilities					
Deposits from customers	18	31,806,469	30,043,213	28,820,309	27,442,990
Structured deposits		215,137	252,729	211,525	249,087
Investment account of customers		624,191	726,594	-	-
Deposits and placements of banks and other financial institutions	19	4,835,602	3,328,023	4,643,964	3,097,471
Obligations on securities sold under repurchase agreements		1,479,837	-	1,479,837	-
Derivative financial liabilities		1,399,294	1,493,559	1,399,313	1,493,029
Other liabilities	20	3,078,539	2,113,685	2,991,107	2,316,803
Current tax liabilities		-	4	-	-
Provision for credit commitments and contingencies	21	22,925	23,426	22,343	18,367
Subordinated debts		1,000,000	1,000,000	1,000,000	1,000,000
Total liabilities		44,461,994	38,981,233	40,568,398	35,617,747
Equity					
Share capital		880,190	880,190	880,190	880,190
Reserves		4,349,480	4,213,283	4,076,257	3,953,352
Total equity attributable to owner of the Bank		5,229,670	5,093,473	4,956,447	4,833,542
Total liabilities and equity		49,691,664	44,074,706	45,524,845	40,451,289
Commitments and contingencies	28	191,275,766	176,419,726	194,127,479	179,564,204

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER AND THREE MONTHS ENDED 31 MARCH 2019

	Note	Group			
		1st Quarter ended		Three months ended	
		31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Interest income	22	414,889	392,860	414,889	392,860
Interest expense	23	(191,184)	(172,386)	(191,184)	(172,386)
Net interest income		223,705	220,474	223,705	220,474
Net income from Islamic Banking operations	24	64,231	63,973	64,231	63,973
		287,936	284,447	287,936	284,447
Other operating income	25	140,208	183,163	140,208	183,163
Total net income		428,144	467,610	428,144	467,610
Other operating expenses	26	(248,981)	(246,853)	(248,981)	(246,853)
Operating profit		179,163	220,757	179,163	220,757
Provisions for credit losses	27	(22,302)	(8,314)	(22,302)	(8,314)
Profit before taxation		156,861	212,443	156,861	212,443
Tax expense		(39,483)	(55,554)	(39,483)	(55,554)
Profit for the period		117,378	156,889	117,378	156,889
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		2,032	(31)	2,032	(31)
Items that may be reclassified subsequently to profit or loss					
Debt instruments at FVOCI					
Net changes in fair value		16,386	(1,662)	16,386	(1,662)
Net amount transferred to profit or loss		-	(1,229)	-	(1,229)
Impairment transferred to profit or loss		401	79	401	79
Cash flow hedges:					
Effective portion of changes in fair value		-	228	-	228
Other comprehensive income/(expense) for the period, net of income tax		18,819	(2,615)	18,819	(2,615)
Total comprehensive income for the period		136,197	154,274	136,197	154,274
Profit attributable to:					
Owner of the Bank		117,378	156,889	117,378	156,889
Total comprehensive income attributable to:					
Owner of the Bank		136,197	154,274	136,197	154,274

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 1ST QUARTER AND THREE MONTHS ENDED 31 MARCH 2019

	Note	Bank			
		1st Quarter ended		Three months ended	
		31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Interest income	22	441,061	420,718	441,061	420,718
Interest expense	23	(191,184)	(172,386)	(191,184)	(172,386)
Net interest income		249,877	248,332	249,877	248,332
Other operating income	25	159,654	198,243	159,654	198,243
Total net income		409,531	446,575	409,531	446,575
Other operating expenses	26	(243,123)	(240,074)	(243,123)	(240,074)
Operating profit		166,408	206,501	166,408	206,501
Provisions for credit losses	27	(25,371)	(16,505)	(25,371)	(16,505)
Profit before taxation		141,037	189,996	141,037	189,996
Tax expense		(35,628)	(50,281)	(35,628)	(50,281)
Profit for the period		105,409	139,715	105,409	139,715
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		2,032	(31)	2,032	(31)
Items that may be reclassified subsequently to profit or loss					
Debt instruments at FVOCI					
Net changes in fair value		15,094	(1,578)	15,094	(1,578)
Net amount transferred to profit or loss		-	(1,229)	-	(1,229)
Impairment transferred to profit or loss		370	79	370	79
Cash flow hedges:					
Effective portion of changes in fair value		-	228	-	228
Other comprehensive income/(expense) for the period, net of income tax		17,496	(2,531)	17,496	(2,531)
Total comprehensive income for the period		122,905	137,184	122,905	137,184

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

STANDARD CHARTERED BANK MALAYSIA BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2019

GROUP	← Attributable to owner of the Bank →						Distributable Reserves	Total equity	
	← Non-Distributable Reserves →								
	Share capital RM'000	Share premium RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	Fair value reserves RM'000	Own credit reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	RM'000
At 1 January 2019	880,190	-	311,531	-	4,624	211	-	3,896,917	5,093,473
Fair value reserve (debt securities):									
Net changes in fair value	-	-	-	-	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 2018.

STANDARD CHARTERED BANK MALAYSIA BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2019

GROUP	← Attributable to owner of the Bank →							Distributable Reserves	Total equity RM'000
	← Non-Distributable Reserves →					Cash flow hedge reserves RM'000	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				
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	-	-	-	-	5,092	-	-	-	5,092
Adjustment related to impairment, net of income taxes	-	-	-	-	-	-	-	(51,609)	(51,609)
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	-	-	-	-	(1,662)	-	-	-	(1,662)
Net amount transferred to profit or loss	-	-	-	-	(1,150)	-	-	-	(1,150)
Fair value reserve (equity securities):									
Net changes in fair value	-	-	-	-	(31)	-	-	-	(31)
Cash flow hedges:									
Effective portion of changes in fair value	-	-	-	-	-	-	228	-	228
Total other comprehensive (expense)/income for the period	-	-	-	-	(2,843)	-	228	-	(2,615)
Profit for the period	-	-	-	-	-	-	-	156,889	156,889
Total comprehensive (expense)/income for the period	-	-	-	-	(2,843)	-	228	156,889	154,274
At 31 March 2018	163,000	717,000	261,531	190	9,138	-	(1,939)	3,727,526	4,876,446

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 THREE MONTHS ENDED 31 MARCH 2019

BANK	← Attributable to owner of the Bank →							Distributable Reserves	Total equity
	← Non-Distributable Reserves →					Cash flow hedge reserves	Retained profits		
	Share capital	Share premium	Regulatory reserves	Capital redemption reserves	Fair value reserves				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2019	880,190	-	297,909	-	4,547	211	-	3,650,685	4,833,542
Fair value reserve (debt securities):									
Net changes in fair value	-	-	-	-	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 2018.

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 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	-	-	-	-	(1,578)	-	-	-	(1,578)
Net amount transferred to profit or loss	-	-	-	-	(1,150)	-	-	-	(1,150)
Fair value reserve (equity securities):									
Net changes in fair value	-	-	-	-	(31)	-	-	-	(31)
Cash flow hedges:									
Effective portion of changes in fair value	-	-	-	-	-	-	228	-	228
Total other comprehensive (expense)/income for the period	-	-	-	-	(2,759)	-	228	-	(2,531)
Profit for the period	-	-	-	-	-	-	-	139,715	139,715
Total comprehensive (expense)/income for the period	-	-	-	-	(2,759)	-	228	139,715	137,184
At 31 March 2018	163,000	717,000	247,909	190	9,165	-	(1,939)	3,511,302	4,646,627

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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AND ITS SUBSIDIARIES

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2019

	Group		Bank	
	31 March 2019 RM'000	31 March 2018 RM'000	31 March 2019 RM'000	31 March 2018 RM'000
Profit before taxation	156,861	212,443	141,037	189,996
Adjustment for non-cash items	26,455	12,070	29,172	20,206
Operating profit before working capital changes	183,316	224,513	170,209	210,202
Changes in working capital:				
Net changes in operating assets	(2,257,203)	(2,726,275)	(2,366,220)	(3,470,370)
Net changes in operating liabilities	5,574,522	3,164,673	5,039,618	3,470,564
Income taxes paid	(44,652)	(36,679)	(41,594)	(33,561)
Net cash generated from operating activities	3,455,983	626,232	2,802,013	176,835
Net cash used in investing activities	(2,669,420)	(2,450,939)	(2,362,892)	(2,450,940)
Net increase / (decrease) in cash and cash equivalents	786,563	(1,824,707)	439,121	(2,274,105)
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	<u>5,248,652</u>	<u>4,333,050</u>	<u>3,093,661</u>	<u>2,681,985</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2018.

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

REVIEW OF PERFORMANCE

The Group registered profit before taxation of RM156.86 million for the financial period ended 31 March 2019, a 26.16% decrease as compared to the same period last year.

Net interest income increased by 1.47% to RM223.71 million. However, other operating income decreased by 23.45% to RM140.21 million, mainly attributable to decrease of gain from dealing in foreign currency. Costs were kept under control with slight increase by RM2.13 million or 0.86% against previous correspondence period.

Investment securities increased by 70.07% or RM4.59 billion to RM11.14 billion. Loans, advances and financing continued to grow at RM28.54 billion against RM28.45 billion last year. Deposits from customers increased by 5.87% to RM31.81 billion compared to previous years.

The Group remains well capitalised with Common Equity Tier 1 capital ratio and Total Capital Ratio of 12.116% and 16.657%, respectively, after proposed dividend.

PROSPECTS

The global economy remains uncertain in the first quarter of 2019 with Brexit negotiations failing to reach a conclusion before the 31 March 2019 deadline and a possible delay to October. Meanwhile, the US federal reserve has put on hold further rate hikes in anticipation of a possible slowdown globally.

On the domestic front, the Malaysian economy expanded at a slower pace in the first quarter of 2019, compelling Bank Negara Malaysia to adjust downward its economic growth forecast to 4.3%-4.8% from 4.9% projected by the Malaysian Government in November 2018.

The Ringgit has weakened to above 4.1 levels against the US dollar from 4.065 in February 2019. While overnight policy rate ("OPR") was maintained at 3.25%, the possibility of a cut in interest rate has not been ruled out should the global economy show further signs of slowing down.

Meanwhile, there has been positive traction in the Malaysian government's re-negotiation of infrastructure projects with China which should provide some upside potential to the construction industry.

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

STANDARD CHARTERED BANK MALAYSIA BERHAD
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Notes to the financial statements for the three months ended 31 March 2019

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the first quarter and the three months ended 31 March 2019 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, *Interim Financial Reporting*.

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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STANDARD CHARTERED BANK MALAYSIA BERHAD
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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 statement 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 first quarter and three months ended 31 March 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 first quarter and three months ended 31 March 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 first quarter and three months ended 31 March 2019.

8. Dividend

No dividend has been proposed for the first quarter and the three months ended 31 March 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 three months ended 31 March 2019.

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11. Deposits and placements with banks and other financial institutions

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
	Deposits and placements with banks and other financial institutions	-	-	41,435

12. Investment account placements

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
	Investment account placements	-	-	3,190,926

Investment account placement is a placement under the Profit Sharing Investment Account ("PSIA") concept to the Bank's subsidiary.

13. Investment securities

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
	i) Investment securities measured at fair value through profit or loss ("FVTPL")	4,839,101	2,907,057	4,839,101
ii) Debt securities measured at FVOCI	6,135,068	3,470,743	5,728,827	3,370,368
iii) Equity securities designated at FVOCI	20,817	18,144	20,817	18,144
iv) Debt securities at amortised cost	140,658	151,708	140,658	151,708
	<u>11,135,644</u>	<u>6,547,652</u>	<u>10,729,403</u>	<u>6,447,277</u>

Included in investment securities above are financial assets sold under repurchase agreements amounting to RM1,514,113,000 (2018: Nil).

i) Investment securities measured at FVTPL

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
	Malaysian Government treasury bills	368,455	24,959	368,455
Malaysian Government bonds/securities	4,077,892	2,329,322	4,077,892	2,329,322
Government Islamic bonds	334,287	477,890	334,287	477,890
Corporate bonds and sukuk	58,467	74,886	58,467	74,886
	<u>4,839,101</u>	<u>2,907,057</u>	<u>4,839,101</u>	<u>2,907,057</u>

ii) Debt securities measured at FVOCI

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
	Malaysian Government bonds/securities	3,341,673	2,444,480	3,341,673
Bankers' acceptances and Islamic acceptance bills	224,143	350,797	224,143	350,797
Negotiable instruments of deposit	1,450,230	-	1,450,230	-
Government Islamic bonds	1,119,022	675,466	712,781	575,091
	<u>6,135,068</u>	<u>3,470,743</u>	<u>5,728,827</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 credit to other comprehensive income.

Movement of allowance for credit losses

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Balance as at 1 January	(775)	(510)	(750)	(492)
Net remeasurement of loss allowance	(165)	(265)	(190)	(258)
At end of reporting period/year	<u>(940)</u>	<u>(775)</u>	<u>(940)</u>	<u>(750)</u>

iii) Equity securities designated at FVOCI

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Unquoted investment held for strategic purpose	<u>20,817</u>	<u>18,144</u>	<u>20,817</u>	<u>18,144</u>

iv) Debt securities at amortised cost

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 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	2,550	2,257	2,550	2,257
Allowance for credit losses	(7,135)	(792)	(7,135)	(792)
	<u>140,658</u>	<u>151,708</u>	<u>140,658</u>	<u>151,708</u>

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

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
<u>At amortised cost</u>				
Overdrafts	1,170,424	1,343,830	1,170,424	1,343,830
Term loans/financing				
- Housing loans/financing	11,480,782	11,512,855	8,928,306	8,889,637
- Syndicated term loan/financing	416,808	191,759	416,808	191,759
- Hire purchase receivables	16,245	20,204	-	-
- Lease receivables	16,622	28,983	-	-
- Other term loans/financing	7,421,779	8,036,941	5,337,893	5,896,433
Bills receivable	3,660,449	3,520,228	3,223,277	3,057,272
Trust receipts	300,713	380,689	157,179	182,727
Staff loans/financing	30,165	32,022	20,361	20,879
Loans/financing to banks and other financial institutions	47,576	14,294	47,576	14,294
Credit card receivables	2,088,908	2,135,048	2,088,908	2,135,048
Revolving credit	3,014,933	2,388,922	2,221,125	2,046,022
	<u>29,665,404</u>	<u>29,605,775</u>	<u>23,611,857</u>	<u>23,777,901</u>
Less: Unearned interest and income	(443,090)	(458,844)	(8,957)	(9,665)
Gross loans, advances and financing	<u>29,222,314</u>	<u>29,146,931</u>	<u>23,602,900</u>	<u>23,768,236</u>
Less: Allowances for credit losses financing and advances:				
- 12-month ECL (Stage 1)	(67,694)	(64,198)	(64,135)	(60,834)
- Lifetime ECL not credit-impaired (Stage 2)	(95,970)	(90,270)	(84,379)	(77,895)
- Lifetime ECL credit-impaired (Stage 3)	(519,157)	(540,193)	(466,054)	(485,981)
Total net loans, advances and financing	<u>28,539,493</u>	<u>28,452,270</u>	<u>22,988,332</u>	<u>23,143,526</u>

(ii) By type of customer

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Domestic banking institutions	25,138	10,977	25,138	10,977
Domestic non-bank financial institutions	335,917	331,523	235,631	251,219
Domestic business enterprises	11,509,776	11,464,091	9,552,558	9,440,468
<i>Small medium enterprises</i>	2,872,238	2,990,453	2,071,589	2,195,331
<i>Others</i>	8,637,538	8,473,638	7,480,969	7,245,137
Individuals	13,982,916	14,312,302	11,728,288	11,981,756
Other domestic entities	364	361	364	361
Foreign entities	3,368,203	3,027,677	2,060,921	2,083,455
	<u>29,222,314</u>	<u>29,146,931</u>	<u>23,602,900</u>	<u>23,768,236</u>

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

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Fixed rate				
Housing loans/financing	9,692	11,753	9,219	10,797
Other fixed rate loan/financing	3,294,918	3,387,173	2,790,284	2,832,322
Variable rate				
Base lending rate ("BLR") plus/ Base rate plus	13,924,360	14,336,002	11,557,958	11,580,838
Cost plus	9,968,614	9,617,603	9,178,064	9,274,703
Other variable rates	2,024,730	1,794,400	67,375	69,576
	<u>29,222,314</u>	<u>29,146,931</u>	<u>23,602,900</u>	<u>23,768,236</u>

(iv) By sector

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Agriculture	274,191	206,639	109,880	13,274
Mining and quarrying	45,551	45,607	36,978	36,926
Manufacturing	4,010,381	4,075,509	3,456,815	3,510,369
Electricity, gas and water	79,307	76,423	78,479	75,585
Construction	968,679	929,980	835,247	804,929
Real estate	1,794,694	1,799,834	1,496,868	1,536,160
Wholesale & retail trade and restaurants & hotels	2,585,626	2,695,755	2,174,764	2,192,308
Transportation, storage and communication	379,639	308,995	343,132	269,751
Finance, insurance and business services	1,480,943	1,464,682	1,127,955	1,160,653
Household	16,083,903	16,357,119	13,421,963	13,610,779
Others	1,519,400	1,186,388	520,819	557,502
	<u>29,222,314</u>	<u>29,146,931</u>	<u>23,602,900</u>	<u>23,768,236</u>

(v) By purpose

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Purchase of landed property	14,000,669	14,099,372	10,918,561	10,933,038
- Residential	11,370,164	11,403,165	9,003,283	8,971,698
- Non-residential	2,630,505	2,696,207	1,915,278	1,961,340
Purchase of securities	675,347	806,978	675,347	806,978
Fixed assets excluding land & building	13,286	16,980	-	-
Personal use	1,074,065	1,114,545	965,674	989,268
Credit cards	2,088,908	2,135,048	2,088,908	2,135,048
Working capital	11,322,462	10,897,552	8,906,833	8,827,448
Others	47,577	76,456	47,577	76,456
	<u>29,222,314</u>	<u>29,146,931</u>	<u>23,602,900</u>	<u>23,768,236</u>

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

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Maturing within one year	10,797,223	10,441,983	9,383,513	9,349,012
One year to three years	765,907	1,074,007	589,409	754,075
Three years to five years	2,577,048	2,792,924	2,066,368	2,098,977
Over five years	15,082,136	14,838,017	11,563,610	11,566,172
	<u>29,222,314</u>	<u>29,146,931</u>	<u>23,602,900</u>	<u>23,768,236</u>

(vii) By geographical distribution

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Within Malaysia	28,169,477	28,450,525	23,437,302	23,578,710
Outside Malaysia	1,052,837	696,406	165,598	189,526
	<u>29,222,314</u>	<u>29,146,931</u>	<u>23,602,900</u>	<u>23,768,236</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
USD	4,317,290	4,263,649	3,720,287	3,686,054
GBP	312,743	246,678	311,243	246,678
Other foreign currencies	895,144	752,430	548,580	752,430

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

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
At 1 January	789,438	1,324,562	726,428	1,281,381
Currency translation differences	(1,835)	8,543	(1,835)	8,543
Classified as impaired during the financial period/year	136,403	872,739	123,267	770,765
Reclassified as performing during the financial period/year	(99,722)	(702,670)	(82,097)	(639,629)
Amount recovered during the financial period/year	(112,698)	(133,466)	(111,640)	(131,086)
Amount written off during the financial period/year	(41,068)	(580,270)	(34,717)	(563,546)
At end of reporting period/year	670,518	789,438	619,406	726,428
Impairment provisions	(408,957)	(431,485)	(371,256)	(393,819)
Net impaired loans, advances and financing	<u>261,561</u>	<u>357,953</u>	<u>248,150</u>	<u>332,609</u>

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15. Impaired loans, advances and financing (continued)

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

Group	← 31 March 2019 →				← 31 December 2018 →			
	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
Loans, advances and financing at amortised cost								
Balance as at 1 January	64,198	90,270	540,193	694,661	105,487	84,913	876,888	1,067,288
Transfer to 12-month ECL	27,016	(27,016)	-	-	149,294	(141,106)	(8,188)	-
Transfer to lifetime ECL not credit-impaired	(6,642)	10,595	(3,953)	-	(25,958)	187,433	(161,475)	-
Transfer to lifetime ECL credit-impaired	-	(10,902)	10,902	-	(4,321)	(46,188)	50,509	-
Net remeasurement of loss allowance	(16,099)	33,023	6,280	23,204	(160,221)	5,218	155,123	120
Write-offs	-	-	(34,265)	(34,265)	-	-	(377,468)	(377,468)
Foreign exchange and other movements	(779)	-	-	(779)	(83)	-	4,804	4,721
At end of reporting period/year	<u>67,694</u>	<u>95,970</u>	<u>519,157</u>	<u>682,821</u>	<u>64,198</u>	<u>90,270</u>	<u>540,193</u>	<u>694,661</u>

Per the Revised Policy Document, the Bank is required to maintain, in aggregate, loss allowance for not credit-impaired exposures and regulatory reserves of no less than 1.0% of total credit exposures, net of loss allowance for credit-impaired exposures. As of 31 March 2019, the loss allowance for not credit-impaired exposures, as a percentage of gross loans, advances and financing 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/ impairment provisions for loans, advances and financing (continued)

	← 31 March 2019 →				← 31 December 2018 →			
	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
Bank								
Loans, advances and financing at amortised cost								
Balance as at 1 January	60,834	77,895	485,981	624,710	92,550	52,116	819,660	964,326
Transfer to 12-month ECL	24,645	(24,645)	-	-	121,841	(114,137)	(7,704)	-
Transfer to lifetime ECL not credit-impaired	(6,085)	9,191	(3,106)	-	(20,981)	180,904	(159,923)	-
Transfer to lifetime ECL credit-impaired	-	(9,338)	9,338	-	(4,290)	(35,872)	40,162	-
Net remeasurement of loss allowance	(14,477)	31,276	2,308	19,107	(128,174)	(5,116)	138,387	5,097
Write-offs	-	-	(28,467)	(28,467)	-	-	(349,405)	(349,405)
Foreign exchange and other movements	(782)	-	-	(782)	(112)	-	4,804	4,692
At end of reporting period/year *	<u>64,135</u>	<u>84,379</u>	<u>466,054</u>	<u>614,568</u>	<u>60,834</u>	<u>77,895</u>	<u>485,981</u>	<u>624,710</u>

Per the Revised Policy Document, the Bank is required to maintain, in aggregate, loss allowance for not credit-impaired exposures and regulatory reserves of no less than 1.0% of total credit exposures, net of loss allowance for credit-impaired exposures. As of 31 March 2019, the loss allowance for not credit-impaired exposures, as a percentage of gross loans, advances and financing less loss allowance for credit-impaired exposures after including regulatory reserve is above 1.0%.

* Included in net remeasurement allowance is a transfer from Standard Chartered Saadiq Berhad under PSIA arrangement amounting to RM11.6 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	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Agriculture	3,224	3,954	3,224	3,290
Mining and quarrying	3,698	3,672	3,652	3,627
Manufacturing	321,530	454,931	319,725	453,434
Electricity, gas and water	199	210	199	210
Construction	5,114	6,282	3,187	4,639
Real estate	17,859	20,002	13,128	15,271
Wholesale & retail trade and restaurants & hotels	77,457	71,757	70,553	65,550
Transportation, storage and communication	9,865	8,088	6,633	5,912
Finance, insurance and business services	2,253	7,831	1,480	4,050
Household	226,049	208,359	194,609	166,340
Others	3,270	4,352	3,016	4,105
	<u>670,518</u>	<u>789,438</u>	<u>619,406</u>	<u>726,428</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Purchase of landed property	160,549	157,138	129,726	114,667
- Residential	122,934	119,348	102,795	90,085
- Non-residential	37,615	37,790	26,931	24,582
Fixed assets excluding land & building	2,703	2,541	-	-
Personal use	82,487	78,839	77,139	71,923
Credit cards	10,457	8,948	10,457	8,948
Working capital	414,322	541,972	402,084	530,890
	<u>670,518</u>	<u>789,438</u>	<u>619,406</u>	<u>726,428</u>

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

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Within Malaysia	670,518	789,438	619,406	726,428

16. Other assets

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Interest/Income receivables	123,578	79,632	134,207	97,997
Unquoted Subordinated Sukuk of a subsidiary company	-	-	100,000	100,000
Other receivables, deposits and prepayments	1,444,180	1,018,744	1,701,556	982,079
	<u>1,567,758</u>	<u>1,098,376</u>	<u>1,935,763</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"); the amounts of which are determined at set percentages of total eligible liabilities.

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

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Demand deposits	15,264,056	13,688,886	14,214,700	12,861,219
Savings deposits	3,960,846	3,424,767	3,547,439	3,180,992
Fixed/Investment deposits	12,041,567	12,291,491	10,518,170	10,760,779
Negotiable instruments of deposits	540,000	638,069	540,000	640,000
	<u>31,806,469</u>	<u>30,043,213</u>	<u>28,820,309</u>	<u>27,442,990</u>

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

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Due within six months	9,156,040	6,962,457	8,031,160	5,864,621
Six months to one year	3,229,728	5,923,349	2,843,337	5,495,941
One year to three years	195,764	43,537	183,638	40,000
Three years to five years	35	217	35	217
	<u>12,581,567</u>	<u>12,929,560</u>	<u>11,058,170</u>	<u>11,400,779</u>

(ii) By type of customers

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Government and statutory bodies	709,834	679,484	51,353	27,566
Business enterprises	15,669,650	14,702,462	14,985,864	13,888,004
Individuals	12,398,650	12,256,717	11,355,628	11,337,768
Others	3,028,335	2,404,550	2,427,464	2,189,652
	<u>31,806,469</u>	<u>30,043,213</u>	<u>28,820,309</u>	<u>27,442,990</u>

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19. Deposits and placements of banks and other financial institutions

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Licensed banks	1,206,283	182,558	1,206,283	182,558
Other financial institutions	3,629,319	3,145,465	3,437,681	2,914,913
	<u>4,835,602</u>	<u>3,328,023</u>	<u>4,643,964</u>	<u>3,097,471</u>

20. Other liabilities

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Interest/Income payable	258,759	250,184	254,969	247,221
Other payables and accruals	2,795,970	1,863,501	2,714,522	2,069,582
Lease liabilities	23,810	-	21,616	-
	<u>3,078,539</u>	<u>2,113,685</u>	<u>2,991,107</u>	<u>2,316,803</u>

21. Provision for credit commitments and contingencies

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 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	(493)	795	3,983	(3,252)
Foreign exchange and other movements	(8)	9	(7)	6
At end of reporting period/year	<u>22,925</u>	<u>23,426</u>	<u>22,343</u>	<u>18,367</u>

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22. Interest income

	Group			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	297,304	294,993	297,304	294,993
- Recoveries from impaired loans	7,279	7,699	7,279	7,699
Money at call and deposit placements with banks and other financial institutions	27,521	25,775	27,521	25,775
Investment securities at FVTPL	31,360	19,393	31,360	19,393
Investment securities at FVOCI	49,691	43,225	49,691	43,225
Investment securities at amortised cost	1,734	1,775	1,734	1,775
	<u>414,889</u>	<u>392,860</u>	<u>414,889</u>	<u>392,860</u>

	Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	297,304	294,993	297,304	294,993
- Recoveries from impaired loans	7,279	7,699	7,279	7,699
Money at call and deposit placements with banks and other financial institutions	53,693	53,633	53,693	53,633
Investment securities at FVTPL	31,360	19,393	31,360	19,393
Investment securities at FVOCI	49,691	43,225	49,691	43,225
Investment securities at amortised cost	1,734	1,775	1,734	1,775
	<u>441,061</u>	<u>420,718</u>	<u>441,061</u>	<u>420,718</u>

23. Interest expense

	Group and Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	24,070	14,299	24,070	14,299
Deposits from customers	154,563	145,883	154,563	145,883
Subordinated debts	12,551	12,204	12,551	12,204
	<u>191,184</u>	<u>172,386</u>	<u>191,184</u>	<u>172,386</u>

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24. Net income from Islamic Banking operations

	Group			
	1st Quarter ended 31 March 2019 RM'000		Three months ended 31 March 2018 RM'000	
Income derived from investment of depositors' funds	38,474	36,238	38,474	36,238
Income derived from investment account funds	43,305	38,988	43,305	38,988
Income attributable to depositors	(20,116)	(14,991)	(20,116)	(14,991)
Income attributable to investment account holders	(5,894)	(6,137)	(5,894)	(6,137)
Income attributable to the shareholder	55,769	54,098	55,769	54,098
Income derived from investment of shareholder's funds	8,462	9,875	8,462	9,875
	<u>64,231</u>	<u>63,973</u>	<u>64,231</u>	<u>63,973</u>

25. Other operating income

	Group			
	1st Quarter ended 31 March 2019 RM'000		Three months ended 31 March 2018 RM'000	
Fee and commission				
Fee and commission income:	55,097	73,428	55,097	73,428
- <i>Commission income</i>	31,765	46,295	31,765	46,295
- <i>Service fees</i>	13,175	15,393	13,175	15,393
- <i>Guarantee fees</i>	10,157	11,740	10,157	11,740
Fee and commission expense:	(16,535)	(21,077)	(16,535)	(21,077)
- <i>Commission charges</i>	(3,151)	(7,549)	(3,151)	(7,549)
- <i>Service charges</i>	(13,384)	(13,528)	(13,384)	(13,528)
	<u>38,562</u>	<u>52,351</u>	<u>38,562</u>	<u>52,351</u>
Net trading income				
Gain/(losses) from sale of financial assets at FVTPL	21,385	(75,985)	21,385	(75,985)
Unrealised gain on revaluation of financial assets at FVTPL	16,652	191,162	16,652	191,162
Foreign exchange currency				
- Gain from dealing in foreign currency	10,270	148,491	10,270	148,491
- Unrealised gain/(losses) from foreign exchange translation	52,936	(135,356)	52,936	(135,356)
	<u>101,243</u>	<u>128,312</u>	<u>101,243</u>	<u>128,312</u>
Other income				
Gains from sale of investment securities at FVOCI	-	1,499	-	1,499
Rental income	9	9	9	9
Others	394	992	394	992
	<u>403</u>	<u>2,500</u>	<u>403</u>	<u>2,500</u>
Total other operating income	<u>140,208</u>	<u>183,163</u>	<u>140,208</u>	<u>183,163</u>

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25. Other operating income (continued)

	Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fee and commission				
Fee and commission income:	54,812	73,204	54,812	73,204
- <i>Commission income</i>	31,480	46,071	31,480	46,071
- <i>Service fees</i>	13,175	15,393	13,175	15,393
- <i>Guarantee fees</i>	10,157	11,740	10,157	11,740
Fee and commission expense:				
Arising from financial instruments not fair valued through profit or loss	(16,484)	(21,004)	(16,484)	(21,004)
- <i>Commission charges</i>	(3,151)	(7,549)	(3,151)	(7,549)
- <i>Service charges</i>	(13,333)	(13,455)	(13,333)	(13,455)
	<u>38,328</u>	<u>52,200</u>	<u>38,328</u>	<u>52,200</u>
Net trading income				
Gain/(losses) from sale of financial assets at FVTPL	21,385	(75,985)	21,385	(75,985)
Unrealised gain on revaluation of financial assets at FVTPL	16,652	190,143	16,652	190,143
Foreign exchange currency				
- Gain from dealing in foreign currency	10,270	148,491	10,270	148,491
- Unrealised gain/(losses) from foreign exchange translation	52,936	(135,356)	52,936	(135,356)
	<u>101,243</u>	<u>127,293</u>	<u>101,243</u>	<u>127,293</u>
Other income				
Gains from sale of investment securities at FVOCI	-	1,499	-	1,499
Rental income	9	9	9	9
Others	20,074	17,242	20,074	17,242
	<u>20,083</u>	<u>18,750</u>	<u>20,083</u>	<u>18,750</u>
Total other operating income	<u>159,654</u>	<u>198,243</u>	<u>159,654</u>	<u>198,243</u>

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26. Other operating expenses

	Group			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	94,098	86,875	94,098	86,875
- Pension fund contributions	13,188	12,505	13,188	12,505
- Other staff related cost	8,289	8,725	8,289	8,725
	<u>115,575</u>	<u>108,105</u>	<u>115,575</u>	<u>108,105</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,258	6,176	5,258	6,176
- Depreciation of right-of-use assets	2,214	-	2,214	-
- Rental	4,583	5,975	4,583	5,975
- Information technology and project expenses	46,435	44,925	46,435	44,925
- Others	9,274	8,799	9,274	8,799
	<u>67,764</u>	<u>65,875</u>	<u>67,764</u>	<u>65,875</u>
Marketing expenses				
- Advertisement and publicity	4,215	4,836	4,215	4,836
- Others	2,518	5,341	2,518	5,341
	<u>6,733</u>	<u>10,177</u>	<u>6,733</u>	<u>10,177</u>
Administration and general expenses				
- Communication expenses	2,188	2,234	2,188	2,234
- Group administration and business support expenses	16,255	13,171	16,255	13,171
- Outsourcing expenses	25,085	26,561	25,085	26,561
- Others	15,381	20,730	15,381	20,730
	<u>58,909</u>	<u>62,696</u>	<u>58,909</u>	<u>62,696</u>
Total other operating expenses	<u>248,981</u>	<u>246,853</u>	<u>248,981</u>	<u>246,853</u>
	Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	92,311	85,030	92,311	85,030
- Pension fund contributions	12,828	12,505	12,828	12,505
- Other staff related cost	8,099	7,788	8,099	7,788
	<u>113,238</u>	<u>105,323</u>	<u>113,238</u>	<u>105,323</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,240	6,159	5,240	6,159
- Depreciation of right-of-use assets	1,979	-	1,979	-
- Rental	4,552	5,700	4,552	5,700
- Information technology and project expenses	46,246	44,823	46,246	44,823
- Others	8,980	8,437	8,980	8,437
	<u>66,997</u>	<u>65,119</u>	<u>66,997</u>	<u>65,119</u>
Marketing expenses				
- Advertisement and publicity	4,203	4,836	4,203	4,836
- Others	2,463	5,270	2,463	5,270
	<u>6,666</u>	<u>10,106</u>	<u>6,666</u>	<u>10,106</u>
Administration and general expenses				
- Communication expenses	2,155	2,181	2,155	2,181
- Group administration and business support expenses	14,284	11,540	14,284	11,540
- Outsourcing expenses	25,085	26,561	25,085	26,561
- Others	14,698	19,244	14,698	19,244
	<u>56,222</u>	<u>59,526</u>	<u>56,222</u>	<u>59,526</u>
Total other operating expenses	<u>243,123</u>	<u>240,074</u>	<u>243,123</u>	<u>240,074</u>

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27. Provisions for credit losses

	Group			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Allowances of credit losses for financial assets:				
Loan, advances and financing	23,204	26,762	23,204	26,762
Other financial assets	5,130	(2,588)	5,130	(2,588)
Financial assets held at FVOCI - Debt instruments	215	79	215	79
Credit commitments and contingencies	(493)	(16,512)	(493)	(16,512)
Bad and doubtful debts on loans, advances and financing:				
Written off	15,636	20,294	15,636	20,294
Recovered	(21,390)	(19,721)	(21,390)	(19,721)
	<u>22,302</u>	<u>8,314</u>	<u>22,302</u>	<u>8,314</u>

	Bank			
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Allowances of credit losses for financial assets:				
Loan and advances	19,107	31,763	19,107	31,763
Other financial assets	5,130	(2,588)	5,130	(2,588)
Financial assets held at FVOCI - Debt instruments	190	79	190	79
Credit commitments and contingencies	3,983	(16,280)	3,983	(16,280)
Bad and doubtful debts on loans, advances and financing:				
Written off	15,636	20,294	15,636	20,294
Recovered	(18,675)	(16,763)	(18,675)	(16,763)
	<u>25,371</u>	<u>16,505</u>	<u>25,371</u>	<u>16,505</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	31 March 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	1,260,876	1,260,876	353,496	1,376,372	1,376,372	364,405
Transaction-related contingent items	4,034,680	4,034,680	1,000,771	3,825,431	3,825,431	972,145
Short-term self liquidating trade-related contingencies	130,384	130,384	29,550	235,120	234,530	41,985
Sell and buy back agreements	2,075,790	2,075,790	58,883	-	-	-
Other commitments to extend credit:						
- maturity not exceeding one year	35,762,933	6,823,916	1,933,590	35,569,306	7,068,764	2,109,708
- maturity exceeding one year	2,928,321	650,714	742,772	3,338,181	476,113	267,856
Foreign exchange related contracts:						
- less than one year	80,819,388	1,539,349	458,705	68,204,696	1,604,180	515,435
- one year to less than five years	12,738,666	1,434,368	519,479	13,097,204	1,458,060	581,815
- five years and above	1,059,689	176,609	43,449	982,890	169,354	58,643
Interest rate related contracts:						
- less than one year	10,929,275	38,867	6,676	10,196,835	42,977	6,364
- one year to less than five years	30,886,802	878,466	363,225	31,141,637	876,409	367,572
- five years and above	4,216,884	324,786	92,603	4,509,926	341,952	195,433
Miscellaneous commitments and contingencies	4,432,078	315,187	170,374	3,942,128	299,433	184,386
	<u>191,275,766</u>	<u>19,683,992</u>	<u>5,773,573</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)

	31 March 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	1,228,839	1,228,839	340,717	1,352,250	1,352,250	354,348
Transaction-related contingent items	3,908,558	3,925,758	977,257	3,705,816	3,711,526	955,735
Short-term self liquidating trade-related contingencies	123,612	123,612	26,699	212,628	212,038	33,622
Sell and buy back agreements	2,075,790	2,075,790	58,883	-	-	-
Other commitments to extend credit:						
- maturity not exceeding one year	39,174,398	6,699,564	1,858,867	39,408,854	6,874,904	1,950,611
- maturity exceeding one year	2,535,807	640,186	731,752	2,814,463	450,710	224,408
Foreign exchange related contracts:						
- less than one year	80,817,081	1,647,320	478,208	68,199,573	1,713,106	546,945
- one year to less than five years	12,738,666	1,434,368	521,057	13,097,204	1,458,060	570,204
- five years and above	1,059,689	176,609	43,449	982,890	169,354	58,643
Interest rate related contracts:						
- less than one year	10,929,275	38,867	6,676	10,196,835	42,977	6,364
- one year to less than five years	30,886,802	878,466	365,939	31,141,637	876,409	370,145
- five years and above	4,216,884	324,786	92,603	4,509,926	341,952	195,433
Miscellaneous commitments and contingencies	4,432,078	315,187	170,374	3,942,128	299,433	184,386
	<u>194,127,479</u>	<u>19,509,352</u>	<u>5,672,481</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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Fair values of financial assets and liabilities

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation hierarchy, and the types of instruments classified into each level within that hierarchy, is set out below:

	Level 1	Level 2	Level 3
Fair value determined using	Unadjusted quoted prices in an active market for identical assets and liabilities	Valuation models with directly or indirectly observable market inputs	Valuation models using significant non-observable market inputs
Type of financial assets	Actively traded government and agency securities	Corporate and other government bonds and loans Over-the-counter ("OTC") derivatives Securities purchased under resale agreements	Private debt equity investments
Type of financial liabilities		OTC derivatives Structured deposits Obligations on securities sold under repurchase agreements	

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Fair values of financial assets and liabilities (continued)

Fair value hierarchy (continued)

Group 31 March 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 / Bank Negara Malaysia Bills	-	4,446,347	-	4,446,347
Government Islamic bonds	-	334,287	-	334,287
Debt securities	-	58,467	-	58,467
Investment securities at FVOCI				
Malaysian Government bonds/securities/ Bankers' acceptances	-	3,565,816	-	3,565,816
Negotiable instruments of deposit	-	1,450,230	-	1,450,230
Government Islamic bonds	-	1,119,022	-	1,119,022
Equity securities designated at FVOCI				
Unquoted investment held for strategic purpose	-	-	20,817	20,817
Derivative financial assets	-	1,530,381	-	1,530,381
At 31 March 2019	-	12,504,550	20,817	12,525,367
Liabilities				
Structured deposits	-	215,137	-	215,137
Obligations on securities sold under repurchase agreements	-	1,479,837	-	1,479,837
Derivative financial liabilities	-	1,399,294	-	1,399,294
At 31 March 2019	-	3,094,268	-	3,094,268

Group 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 / Bank Negara Malaysia Bills	-	2,354,281	-	2,354,281
Government Islamic bonds	-	477,890	-	477,890
Debt securities	-	74,886	-	74,886
Investment securities measured at FVOCI				
Malaysian Government bonds/securities/ Bankers' acceptances	-	2,795,277	-	2,795,277
Government Islamic bonds	-	675,466	-	675,466
Equity securities designated at FVOCI				
Unquoted investment held for strategic purpose	-	-	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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Fair values of financial assets and liabilities (continued)

Fair value hierarchy (continued)

Bank 31 March 2019 Assets	Fair value of financial instruments carried at fair value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Investment securities measured at FVTPL				
Malaysian Government Treasury Bills /				
Bank Negara Malaysia Bills	-	4,446,347	-	4,446,347
Government Islamic bonds	-	334,287	-	334,287
Debt securities	-	58,467	-	58,467
Investment securities measured at FVOCI				
Malaysian Government bonds/securities/				
Bankers' acceptances	-	3,565,816	-	3,565,816
Negotiable instruments of deposit	-	1,450,230	-	1,450,230
Government Islamic bonds	-	712,781	-	712,781
Equity securities designated at FVOCI				
Unquoted investment held for				
strategic purpose	-	-	20,817	20,817
Derivative financial assets	-	1,533,862	-	1,533,862
At 31 March 2019	-	12,101,790	20,817	12,122,607

Liabilities

Structured deposits	-	211,525	-	211,525
Obligations on securities sold under				
repurchase agreements	-	1,479,837	-	1,479,837
Derivative financial liabilities	-	1,399,313	-	1,399,313
At 31 March 2019	-	3,090,675	-	3,090,675

Bank 31 December 2018 Assets	Fair value of financial instruments carried at fair value			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Investment securities measured at FVTPL				
Malaysian Government Treasury Bills /				
Bank Negara Malaysia Bills	-	2,354,281	-	2,354,281
Government Islamic bonds	-	477,890	-	477,890
Debt securities	-	74,886	-	74,886
Investment securities measured at FVOCI				
Malaysian Government bonds/securities/				
Bankers' acceptances	-	2,795,277	-	2,795,277
Government Islamic bonds	-	575,091	-	575,091
Equity securities designated at FVOCI				
Unquoted investment held for				
strategic purpose	-	-	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
Recognised in other comprehensive income	2,673
At 31 March 2019	<u>20,817</u>

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30. Capital adequacy

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

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 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	4,002,326	3,896,917	3,756,094	3,650,685
Less: Deferred tax assets	(107,914)	(105,185)	(101,781)	(99,122)
Unrealised gains and losses on FVOCI financial instruments	10,549	2,081	9,919	2,046
Investment in subsidiaries deducted from CET 1 capital	-	-	(411,522)	(411,522)
CET 1 capital	<u>4,405,151</u>	<u>4,294,003</u>	<u>3,752,900</u>	<u>3,642,277</u>
Irredeemable Convertible Preference Shares	380,000	380,000	380,000	380,000
Eligible Tier 1 capital	<u>4,785,151</u>	<u>4,674,003</u>	<u>4,132,900</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	21,741	22,204	21,256	21,284
Surplus of total eligible provisions over total expected loss under AIRB approach	142,198	143,198	129,812	130,366
	<u>1,163,939</u>	<u>1,165,402</u>	<u>1,151,068</u>	<u>1,151,650</u>
Less: Investment in subsidiaries	-	-	(100,000)	(100,000)
Eligible Tier 2 capital	<u>1,163,939</u>	<u>1,165,402</u>	<u>1,051,068</u>	<u>1,051,650</u>
Total capital base	<u>5,949,090</u>	<u>5,839,405</u>	<u>5,183,968</u>	<u>5,073,927</u>

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

	Group		Bank	
	31 March 2019 RM'000	31 December 2018 RM'000	31 March 2019 RM'000	31 December 2018 RM'000
Total risk-weighted assets:				
Credit risk	25,438,994	25,642,674	23,335,763	23,430,434
Market risk	5,298,412	2,694,938	5,298,412	2,694,938
Operational risk	3,262,919	3,294,089	3,145,469	3,169,576
	<u>34,000,325</u>	<u>31,631,701</u>	<u>31,779,644</u>	<u>29,294,948</u>

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

	Group		Bank	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
CET 1 capital ratio	12.956%	13.575%	11.809%	12.433%
Tier 1 capital ratio	14.074%	14.776%	13.005%	13.730%
Total capital ratio	17.497%	18.461%	16.312%	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, determined under standardised approach for credit risk.

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30. Capital adequacy (continued)

	Group		Bank	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
After proposed dividend*:				
CET 1 capital ratio	12.116%	12.672%	10.910%	11.458%
Tier 1 capital ratio	13.234%	13.873%	12.106%	12.755%
Total capital ratio	16.657%	17.558%	15.413%	16.345%

* The proposed dividend is in respect of financial year ended 31 December 2018.

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

	31 March 2019	31 December 2018
CET 1 capital ratio	24.901%	23.491%
Tier 1 capital ratio	24.901%	23.491%
Total capital ratio	29.308%	27.685%