



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

**Financial statements for the financial half
year ended 30 June 2012**

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	Group		Bank	
		30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Assets					
Cash and short term funds		3,540,153	6,251,969	4,906,010	4,881,279
Deposits and placements with banks and other financial institutions		12,214	100,000	1,464,655	839,014
Securities purchased under resale agreements		179,082	117,966	179,082	117,966
Financial assets held for trading	11	3,122,739	3,608,720	3,122,739	3,608,720
Investment securities available-for-sale	12	6,260,058	4,904,227	4,118,919	4,729,706
Loans, advances and financing	13	34,996,019	30,904,412	30,177,822	28,017,045
Derivative financial assets		2,078,380	1,907,653	2,078,394	1,907,744
Other assets	15	657,715	843,060	927,210	949,694
Tax recoverable		-	3,684	-	-
Statutory deposits with Bank Negara Malaysia	16	1,070,753	950,971	987,413	858,419
Investments in subsidiaries		-	-	411,022	386,022
Property, plant and equipment		61,571	58,998	54,181	53,336
Deferred tax assets		26,834	46,368	22,711	42,826
Total assets		52,005,518	49,698,028	48,450,158	46,391,771
Liabilities					
Deposits from customers	17	35,854,740	38,323,994	32,659,409	35,378,935
Deposits and placements of banks and other financial institutions	18	7,676,915	2,964,816	7,537,338	2,833,685
Derivative financial liabilities		1,872,424	1,784,196	1,872,833	1,784,968
Other liabilities	19	2,253,642	2,447,892	2,178,004	2,332,241
Tax payable		130,922	99,171	123,790	95,776
Subordinated debts		501,462	503,762	501,462	503,762
Total liabilities		48,290,105	46,123,831	44,872,836	42,929,367
Equity					
Share capital		163,000	163,000	163,000	163,000
Reserves		3,552,413	3,411,197	3,414,322	3,299,404
Total equity attributable to equity holder of the Bank		3,715,413	3,574,197	3,577,322	3,462,404
Total liabilities and equity		52,005,518	49,698,028	48,450,158	46,391,771
Commitments and contingencies	27	170,281,416	152,492,327	168,856,299	151,219,830

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 2011.

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012

	Note	Group			
		2nd Quarter ended		Six months ended	
		30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Interest income	20	443,761	396,992	864,575	775,383
Interest expense	21	(212,428)	(188,253)	(392,949)	(357,114)
Net interest income		231,333	208,739	471,626	418,269
Net income from Islamic Banking operations	22	80,760	53,745	161,510	104,151
		312,093	262,484	633,136	522,420
Other operating income	23	164,148	164,465	377,997	303,974
Total net income		476,241	426,949	1,011,133	826,394
Other operating expenses	24	(227,907)	(196,541)	(450,675)	(386,790)
Operating profit		248,334	230,408	560,458	439,604
Provisions for loans, advances and financing	25	(43,209)	(33,686)	(102,015)	(22,012)
Profit before taxation		205,125	196,722	458,443	417,592
Tax expense		(55,409)	(39,418)	(121,270)	(95,022)
Profit for the period		149,716	157,304	337,173	322,570
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		2,837	4,041	567	3,244
Net amount transferred to profit or loss		(1,441)	74	(840)	394
Cash flow hedges:-					
Effective portion of changes in fair value		3,483	(3,429)	(359)	(7,998)
Net amount transferred to profit or loss		(203)	4,214	(362)	7,222
Actuarial gains from defined benefit plan		-	-	37	-
Other comprehensive income / (expense) for the period, net of income tax		4,676	4,900	(957)	2,862
Total comprehensive income for the period		154,392	162,204	336,216	325,432

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 2011.

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012

	Note	Bank			
		2nd Quarter ended		Six months ended	
		30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Interest income	20	468,087	411,545	911,396	802,542
Interest expense	21	(212,428)	(188,253)	(392,949)	(357,114)
Net interest income		255,659	223,292	518,447	445,428
Net income from Islamic Banking operations	22	-	-	-	-
		255,659	223,292	518,447	445,428
Other operating income	23	178,900	177,674	409,407	332,934
Total net income		434,559	400,966	927,854	778,362
Other operating expenses	24	(219,028)	(189,722)	(432,155)	(373,713)
Operating profit		215,531	211,244	495,699	404,649
Provisions for loans, advances and financing	25	(26,697)	(23,553)	(73,040)	(9,012)
Profit before taxation		188,834	187,691	422,659	395,637
Tax expense		(51,295)	(37,489)	(112,089)	(89,939)
Profit for the period		137,539	150,202	310,570	305,698
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		2,979	3,876	872	3,222
Net amount transferred to profit or loss		(1,441)	74	(840)	394
Cash flow hedges:-					
Effective portion of changes in fair value		3,483	(3,429)	(359)	(7,998)
Net amount transferred to profit or loss		(203)	4,214	(362)	7,222
Actuarial gains from defined benefit plan		-	-	37	-
Other comprehensive income / (expense) for the period, net of income tax		4,818	4,735	(652)	2,840
Total comprehensive income for the period		142,357	154,937	309,918	308,538

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 2011.

STANDARD CHARTERED BANK MALAYSIA BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012

GROUP	← Non-Distributable Reserves →						Distributable Reserves	Total RM'000	
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000		Retained profits RM'000
At 1 January 2012									
As previously stated	163,000	717,000	222,924	-	190	8,152	6,726	2,172,823	3,290,815
Effect of transition to MFRSs	-	-	-	-	-	(1,685)	-	285,067	283,382
Transfer to regulatory reserves	-	-	-	332,001	-	-	-	(332,001)	-
	<u>163,000</u>	<u>717,000</u>	<u>222,924</u>	<u>332,001</u>	<u>190</u>	<u>6,467</u>	<u>6,726</u>	<u>2,125,889</u>	<u>3,574,197</u>
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	567	-	-	567
Net amount transferred to profit or loss	-	-	-	-	-	(840)	-	-	(840)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	(359)	-	(359)
Net amount transferred to profit or loss	-	-	-	-	-	-	(362)	-	(362)
Actuarial gain from defined benefit plan	-	-	-	-	-	-	-	37	37
Total other comprehensive (expense) / income for the period	-	-	-	-	-	(273)	(721)	37	(957)
Profit for the period	-	-	-	-	-	-	-	337,173	337,173
Total comprehensive (expense) / income for the period	-	-	-	-	-	(273)	(721)	337,210	336,216
Dividends :-									
- 2011 final	-	-	-	-	-	-	-	(195,000)	(195,000)
At 30 June 2012	<u>163,000</u>	<u>717,000</u>	<u>222,924</u>	<u>332,001</u>	<u>190</u>	<u>6,194</u>	<u>6,005</u>	<u>2,268,099</u>	<u>3,715,413</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 2011.

STANDARD CHARTERED BANK MALAYSIA BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES
CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012

GROUP	← Non-Distributable Reserves →						Distributable Reserves		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	
At 1 January 2011									
As previously stated	125,000	375,000	156,706	-	190	1,416	(8,601)	1,964,830	2,614,541
Effect of transition to MFRSs	-	-	-	-	-	(1,954)	-	265,441	263,487
Transfer to regulatory reserves	-	-	-	313,851	-	-	-	(313,851)	-
	<u>125,000</u>	<u>375,000</u>	<u>156,706</u>	<u>313,851</u>	<u>190</u>	<u>(538)</u>	<u>(8,601)</u>	<u>1,916,420</u>	<u>2,878,028</u>
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	3,244	-	-	3,244
Net amount transferred to profit or loss	-	-	-	-	-	394	-	-	394
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	(7,998)	-	(7,998)
Net amount transferred to profit or loss	-	-	-	-	-	-	7,222	-	7,222
Total other comprehensive expense for the period	-	-	-	-	-	3,638	(776)	-	2,862
Profit for the period	-	-	-	-	-	-	-	322,570	322,570
Total comprehensive income / (expense) for the period	-	-	-	-	-	3,638	(776)	322,570	325,432
Dividends :-									
- 2010 final	-	-	-	-	-	-	-	(225,000)	(225,000)
At 30 June 2011	<u>125,000</u>	<u>375,000</u>	<u>156,706</u>	<u>313,851</u>	<u>190</u>	<u>3,100</u>	<u>(9,377)</u>	<u>2,013,990</u>	<u>2,978,460</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 2011.

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012

BANK	← Non-Distributable Reserves →						Distributable Reserves		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	
At 1 January 2012									
As previously stated	163,000	717,000	163,000	-	190	8,095	6,726	2,120,234	3,178,245
Effect of transition to MFRSs	-	-	-	-	-	(1,685)	-	285,844	284,159
Transfer to regulatory reserves	-	-	-	331,457	-	-	-	(331,457)	-
	163,000	717,000	163,000	331,457	190	6,410	6,726	2,074,621	3,462,404
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	872	-	-	872
Net amount transferred to profit or loss	-	-	-	-	-	(840)	-	-	(840)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	(359)	-	(359)
Net amount transferred to profit or loss	-	-	-	-	-	-	(362)	-	(362)
Actuarial gain from defined benefit plan	-	-	-	-	-	-	-	37	37
Total other comprehensive income for the period	-	-	-	-	-	32	(721)	37	(652)
Profit for the period	-	-	-	-	-	-	-	310,570	310,570
Total comprehensive income / (expense) for the period	-	-	-	-	-	32	(721)	310,607	309,918
Dividends :-									
- 2011 final	-	-	-	-	-	-	-	(195,000)	(195,000)
At 30 June 2012	163,000	717,000	163,000	331,457	190	6,442	6,005	2,190,228	3,577,322

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 2011.

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012

BANK	← Non-Distributable Reserves →						Distributable Reserves		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital redemption reserves RM'000	AFS reserves RM'000	Cash flow hedge reserves RM'000	Retained profits RM'000	
At 1 January 2011									
As previously stated	125,000	375,000	125,000	-	190	1,363	(8,601)	1,936,745	2,554,697
Effect of transition to MFRSs	-	-	-	-	-	(1,954)	-	259,823	257,869
Transfer to regulatory reserves	-	-	-	306,857	-	-	-	(306,857)	-
	<u>125,000</u>	<u>375,000</u>	<u>125,000</u>	<u>306,857</u>	<u>190</u>	<u>(591)</u>	<u>(8,601)</u>	<u>1,889,711</u>	<u>2,812,566</u>
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	3,222	-	-	3,222
Net amount transferred to profit or loss	-	-	-	-	-	394	-	-	394
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	(7,998)	-	(7,998)
Net amount transferred to profit or loss	-	-	-	-	-	-	7,222	-	7,222
Total other comprehensive expense for the period	-	-	-	-	-	3,616	(776)	-	2,840
Profit for the period	-	-	-	-	-	-	-	305,698	305,698
Total comprehensive (expense) / income for the period	-	-	-	-	-	3,616	(776)	305,698	308,538
Dividends :-									
- 2010 final	-	-	-	-	-	-	-	(225,000)	(225,000)
At 30 June 2011	<u>125,000</u>	<u>375,000</u>	<u>125,000</u>	<u>306,857</u>	<u>190</u>	<u>3,025</u>	<u>(9,377)</u>	<u>1,970,409</u>	<u>2,896,104</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 2011.

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2012

	Group		Bank	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Profit before taxation	458,443	417,592	422,659	395,637
Adjustment for non-cash items	(30,646)	13,103	(29,012)	4,411
Operating profit before working capital changes	427,797	430,695	393,647	400,048
Changes in working capital:-				
Net changes in operating assets	(3,596,882)	(922,307)	(2,639,444)	(157,914)
Net changes in operating liabilities	2,046,332	(100,313)	1,915,491	(546,290)
Income taxes paid	(66,301)	(58,196)	(63,960)	(51,000)
Net cash used in operating activities	(1,189,054)	(650,121)	(394,266)	(355,156)
Net cash (used in) / generated from investing activities	(1,327,762)	4,314,436	613,997	3,776,182
Net cash used in financing activities	(195,000)	(225,000)	(195,000)	(225,000)
Net (decrease) / increase in cash and cash equivalents	(2,711,816)	3,439,315	24,731	3,196,026
Cash and cash equivalent at beginning of the period	6,251,969	4,522,666	4,881,279	3,667,843
Cash and cash equivalent at end of the period	3,540,153	7,961,981	4,906,010	6,863,869

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 2011.

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

REVIEW OF PERFORMANCE

The Group recorded a profit before taxation of RM 458.44 million for the financial half year ended 30 June 2012, representing a RM 40.85 million or 10% increase compared with the corresponding period last year. Net interest income increased by RM 53.36 million to RM 471.63 million on the back of strong loans growth. Other operating income (including income from Islamic Banking operations) increased by RM 131.38 million or 32.19% to RM 539.51 million, whilst operating expenses increased by RM 63.89 million to RM 450.68 million. Recoveries from bad and doubtful debts on loans, advances and financing decreased from RM77.27 million to RM35.50 million due to the disposal of impaired loans previously written off in the corresponding period last year. Total assets increased by RM 2.31 billion or 4.64% to RM 52.01 billion. The Group's core capital ratio and risk-weighted capital ratio remained strong at 11.24% and 12.91% respectively.

PROSPECTS

The Group continues to retain a strong platform for growth in both the Consumer and Wholesale banking segments.

Consumer Banking will continue to grow loan products and customer deposits as well as focus on fee-based income via customer penetration, productivity and cross border revenue in High Value Segments.

The Wholesale Banking business will follow on increasing the depth of its client relationships and improve on its cross border capabilities while building new coverage in commodity clients and the public sector.

The agenda for Islamic Banking business will be on diversification of its Consumer Banking revenue streams and growing Saadiq's footprints and segment penetration, while offering Islamic alternatives in the capital markets and supporting the coverage of commodity clients. Saadiq will also seek to grow its deposit base from both retail and corporate customers.

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

Notes to the financial statements for the financial half year ended 30 June 2012

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the second quarter and the financial half year ended 30 June 2012 have been prepared in accordance with MFRS 134, *Interim Financial Reporting in Malaysia*, IAS 34, *Interim Financial Reporting* and Bank Negara Malaysia ("BNM") guidelines.

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.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied. An explanation of how the transition to MFRSs has affected the reported financial position, financial performance and cash flows of the Group and the Bank is provided in note 30.

The following MFRSs, IC Interpretation and Amendments to MFRSs have been adopted by the Group and the Bank during the current period:

IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to MFRS 1)
Disclosures - Transfer of Financial Assets (Amendments to MFRS 7)
Deferred tax: Recovery of Underlying assets (Amendments to MFRS 112)

The adoption of the IC Interpretation and Amendments to MFRSs above did not have any financial impact on the Group and the Bank as they mainly help to clarify the requirements of or provide further explanations to existing MFRSs.

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 July 2012

Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)

Effective for annual periods commencing on or after 1 January 2013

MFRS 10	<i>Consolidated Financial Statements</i>
MFRS 11	<i>Joint Arrangements</i>
MFRS 12	<i>Disclosure of Interests in Other Entities</i>
MFRS 13	<i>Fair Value Measurement</i>
MFRS 119	<i>Employee Benefits (as amended in June 2011)</i>
MFRS 127	<i>Separate Financial Statements (as amended by IASB in May 2011)</i>
MFRS 128	<i>Investments in Associates and Joint Ventures (as amended by IASB in May 2011)</i>

IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)

Effective for annual periods commencing on or after 1 January 2014

Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

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

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

Effective for annual periods commencing on or after 1 January 2015

MFRS 9

Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9

Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group and the Bank as it is not relevant to the Group's and the Bank's operations. The financial effects of the above MFRSs and Amendments to MFRSs are still being assessed.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011. 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 2011.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2011 was not qualified.

3. Seasonal or cyclical factors

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the second quarter and the financial half year ended 30 June 2012.

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 second quarter and the financial half year ended 30 June 2012.

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 second quarter and financial half year ended 30 June 2012.

7. Dividend

During the financial half year ended 30 June 2012, a final ordinary dividend (gross) of 208 sen per ordinary share, less income tax of 25% totalling RM195,000,000 in respect of the financial year ended 31 December 2011 was paid on 12 April 2012.

An interim dividend (gross) of 160 sen per share less tax, totalling RM150,000,000 in respect of the financial half year ended 30 June 2012 will be proposed. The proposed interim dividend has not been accounted for in the financial statements of the Group and the Bank as at 30 June 2012.

8. Carrying amount of revalued assets

The Group's and the Bank's property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The valuations of certain land and buildings of the Group and the Bank have been brought forward without amendment from the previous audited annual financial statements for the financial year ended 31 December 2011.

9. Subsequent events

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

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

10. Changes in the composition of the Group

During the half year ended 30 June 2012, SCBMB Trustee Berhad ("SCBMB Trustee") was incorporated on 13 June 2012 with authorized share capital of RM1,000,000 divided into 100,000 ordinary shares of RM10 each and paid-up capital of RM10. The Bank and its four wholly owned subsidiaries, namely Cartaban (Malaya) Nominees Sdn Bhd, Cartaban Nominees (Asing) Sdn Bhd, Cartaban Nominees (Tempatan) Sdn Bhd and Golden Maestro Sdn Bhd will each subscribe to 20% of the issued and paid-up capital of SCBMB Trustee of RM500,000. The Board had on 22 May 2012 approved the Bank to inject additional capital and subscribe to new ordinary shares amounting to RM400,000, of RM100,000 each to the above mentioned subsidiaries to finance the subsidiaries' subscriptions to SCBMB Trustee's shares.

11. Financial assets held for trading

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	149,475	58,762	149,475	58,762
Malaysian Government bonds/securities	1,651,390	1,305,965	1,651,390	1,305,965
Government Islamic bonds	6,575	113,478	6,575	113,478
Bank Negara Malaysia bills	1,148,011	1,862,113	1,148,011	1,862,113
Private debt securities	167,288	268,402	167,288	268,402
	<u>3,122,739</u>	<u>3,608,720</u>	<u>3,122,739</u>	<u>3,608,720</u>

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

12. Investment securities available-for-sale

	Group		Bank	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Malaysian Government bonds/ securities	949,096	1,552,427	949,096	1,552,427
Bank Negara Malaysia bills	3,309,701	219,168	1,213,582	119,734
Cagamas bonds	-	25,029	-	-
Bankers' acceptances and Islamic acceptance bills	991,085	498,224	991,085	498,224
Negotiable instruments of deposit	590,041	2,177,569	550,051	2,137,569
Private debt securities	394,046	405,730	389,016	395,672
	<u>6,233,969</u>	<u>4,878,147</u>	<u>4,092,830</u>	<u>4,703,626</u>
Unquoted securities:-				
Equity shares, at cost	9,669	9,660	9,669	9,660
Private debt securities, at fair value	16,420	16,420	16,420	16,420
	<u>6,260,058</u>	<u>4,904,227</u>	<u>4,118,919</u>	<u>4,729,706</u>

Included in unquoted equity shares are 51% shareholdings held in Popular Ambience Sdn. Bhd. ("PASB") and Resolution Alliance Sdn Bhd ("RASB"), amounting to RM 51 each. Both companies are incorporated in Malaysia. The remaining 49% shareholdings of PASB are held by Standard Chartered Bank (Hong Kong) Limited ("SCBHK"), while that of RASB are held by SCBHK (40%) and an unrelated third party (9%). The principal activities of PASB and RASB are that of special purpose vehicles established to undertake the purchase of non-performing loans.

In accordance with paragraphs 12 and 13 of FRS 127, *Consolidated and Separate Financial Statements*, consolidated financial statements shall include the financial statements of all subsidiaries of the parent where control exists.

The shareholders of PASB and RASB have entered into separate Master Shareholders' Agreements in which the Bank had assigned to SCBHK its rights over all the profits or losses of PASB and RASB and the entitlement to appoint Directors of PASB and RASB. The Bank has therefore ceased to have control over PASB and RASB as it does not have the ability to exercise its power to govern the financial and operating policies of PASB and RASB so as to obtain benefits from its activities. In view of the above, PASB and RASB are excluded from the Group's consolidated financial statements and they are classified under investment securities available-for-sale.

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

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
<u>At amortised cost</u>				
Overdrafts	626,618	582,563	626,618	582,563
Term loans/financing				
- Housing loans/financing	13,042,856	13,297,938	12,106,537	12,359,104
- Syndicated term loan/financing	890,540	844,194	890,540	844,194
- Hire purchase receivables	202,965	188,025	-	-
- Lease receivables	437,245	445,735	-	-
- Other term loans/financing	12,918,712	9,903,125	9,183,208	7,907,750
Bills receivable	2,756,910	2,382,754	2,713,172	2,342,683
Trust receipts	1,664,606	1,675,670	1,495,750	1,505,135
Staff loans/financing	73,840	79,140	72,101	76,098
Loans/financing to banks and other financial institutions	410,557	138,509	410,557	138,509
Credit card receivables	2,067,206	1,805,801	2,067,206	1,805,801
Revolving credit	1,487,232	1,143,068	950,987	799,804
	<u>36,579,287</u>	<u>32,486,522</u>	<u>30,516,676</u>	<u>28,361,641</u>
Less: Unearned interest and income	(1,198,970)	(1,198,320)	(4,956)	(7,217)
Gross loans, advances and financing	<u>35,380,317</u>	<u>31,288,202</u>	<u>30,511,720</u>	<u>28,354,424</u>
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(246,991)	(249,662)	(244,083)	(247,153)
- Collective impairment provisions	(137,307)	(134,128)	(89,815)	(90,226)
Total net loans, advances and financing	<u>34,996,019</u>	<u>30,904,412</u>	<u>30,177,822</u>	<u>28,017,045</u>

(ii) By type of customer

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Domestic banking institutions	784	-	784	-
Domestic non-bank financial institutions	3,196,723	210,941	1,518,412	165,139
Domestic business enterprises	12,012,034	11,073,679	10,595,522	9,937,270
<i>Small medium enterprises</i>	<u>3,691,871</u>	<u>3,449,283</u>	<u>3,402,362</u>	<u>3,306,232</u>
<i>Others</i>	<u>8,320,163</u>	<u>7,624,396</u>	<u>7,193,160</u>	<u>6,631,038</u>
Individuals	18,079,896	18,166,840	16,339,403	16,444,227
Other domestic entities	-	738	-	738
Foreign entities	2,090,880	1,836,004	2,057,599	1,807,050
	<u>35,380,317</u>	<u>31,288,202</u>	<u>30,511,720</u>	<u>28,354,424</u>

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

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Fixed rate				
Housing loans/financing	41,115	44,030	37,944	39,995
Other fixed rate loan/financing	5,162,072	4,660,029	3,340,872	3,025,517
Variable rate				
BLR plus	16,380,490	16,611,775	15,973,400	16,229,030
Cost plus	11,203,248	8,904,539	10,696,426	8,565,069
Other variable rates	2,593,392	1,067,829	463,078	494,813
	<u>35,380,317</u>	<u>31,288,202</u>	<u>30,511,720</u>	<u>28,354,424</u>

(iv) By sector

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Agriculture	447,470	235,601	205,984	137,675
Mining and quarrying	318,805	338,815	250,745	258,986
Manufacturing	4,274,547	3,865,446	3,883,255	3,513,524
Electricity, gas and water	433,465	421,589	431,201	419,316
Construction	631,031	599,903	584,417	566,178
Real estate	967,921	946,459	855,129	759,568
Wholesale & retail trade and restaurants & hotels	2,261,780	2,106,073	2,013,746	1,966,297
Transportation, storage and communication	563,270	518,907	385,286	353,472
Finance, insurance and business services	4,549,046	1,295,746	2,799,960	1,195,174
Household	19,190,210	19,242,236	17,416,436	17,490,669
Others	1,742,772	1,717,427	1,685,561	1,693,565
	<u>35,380,317</u>	<u>31,288,202</u>	<u>30,511,720</u>	<u>28,354,424</u>

(v) By purpose

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Purchase of securities	465,966	455,470	465,966	455,470
Purchase of landed property	17,232,994	15,938,395	16,420,681	15,475,184
- Residential	12,679,675	12,885,891	12,239,549	12,497,858
- Non-residential	4,553,319	3,052,504	4,181,132	2,977,326
Fixed assets excluding land & building	116,351	97,797	-	-
Personal use	2,983,879	3,003,890	1,649,535	1,668,461
Credit cards	2,067,206	1,805,801	2,067,206	1,805,801
Working capital	10,816,552	9,773,406	9,497,775	8,750,783
Others	1,697,369	213,443	410,557	198,725
	<u>35,380,317</u>	<u>31,288,202</u>	<u>30,511,720</u>	<u>28,354,424</u>

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

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Maturing within one year	13,599,368	8,961,857	11,194,726	8,568,157
One year to three years	3,027,471	2,594,566	2,280,870	2,012,566
Three years to five years	2,766,205	3,520,185	1,781,037	2,344,805
Over five years	15,987,273	16,211,594	15,255,087	15,428,896
	<u>35,380,317</u>	<u>31,288,202</u>	<u>30,511,720</u>	<u>28,354,424</u>

(vii) By geographical distribution

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Within Malaysia	34,920,024	31,042,872	30,051,427	28,109,094
Outside Malaysia	460,293	245,330	460,293	245,330
	<u>35,380,317</u>	<u>31,288,202</u>	<u>30,511,720</u>	<u>28,354,424</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
USD	2,797,277	2,379,607	2,662,954	2,223,905
GBP	3,431,309	579,887	1,800,759	579,281
Other foreign currencies	52,383	14,180	52,383	14,180
	<u>6,280,969</u>	<u>3,073,674</u>	<u>4,516,146</u>	<u>2,817,366</u>

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

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
At 1 January	374,713	441,715	356,203	419,285
Classified as impaired during the financial period/year	337,859	506,336	293,448	449,055
Reclassified as performing during the financial period/year	(162,667)	(296,041)	(161,964)	(294,639)
Amount recovered during the financial period/year	(34,935)	(62,944)	(28,660)	(54,277)
Amount written off during the financial period/year	(123,616)	(214,353)	(93,467)	(163,221)
At end of reporting period/year	391,354	374,713	365,560	356,203
Individual impairment provisions	(246,991)	(249,662)	(244,083)	(247,153)
Net impaired loans, advances and financing	<u>144,363</u>	<u>125,051</u>	<u>121,477</u>	<u>109,050</u>
Ratio of net impaired loans, advances and financing to net loans, advances and financing	<u>0.41%</u>	<u>0.40%</u>	<u>0.40%</u>	<u>0.38%</u>

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Collective impairment provisions				
At 1 January	134,128	113,395	90,226	78,866
Impairment made during the financial period/year	21,508	36,987	15,718	23,871
Amount written back	(18,329)	(16,254)	(16,129)	(12,511)
At end of reporting period/year	<u>137,307</u>	<u>134,128</u>	<u>89,815</u>	<u>90,226</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>0.39%</u>	<u>0.43%</u>	<u>0.30%</u>	<u>0.32%</u>
Individual impairment provisions				
At 1 January	249,662	268,545	247,153	266,840
Impairment made during the financial period/year	105,397	198,451	74,277	145,593
Amount written back	(34,147)	(78,198)	(33,539)	(76,944)
Amount written off	(73,921)	(139,136)	(43,808)	(88,336)
At end of reporting period/year	<u>246,991</u>	<u>249,662</u>	<u>244,083</u>	<u>247,153</u>

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

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Agriculture	14,625	14,361	14,625	14,361
Manufacturing	56,319	28,902	56,319	28,902
Construction	45,220	54,451	45,220	54,451
Real estate	-	795	-	795
Wholesale & retail trade and restaurants & hotels	32,898	56,885	32,898	56,885
Transportation, storage and communication	422	241	422	241
Finance, insurance and business services	2,984	1,675	2,984	1,675
Household	236,288	216,129	210,494	197,619
Others	2,598	1,274	2,598	1,274
	<u>391,354</u>	<u>374,713</u>	<u>365,560</u>	<u>356,203</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Purchase of landed property	181,273	183,968	174,903	175,940
- Residential	165,139	167,989	158,769	159,961
- Non-residential	16,134	15,979	16,134	15,979
Personal use	40,645	21,398	21,221	10,916
Credit cards	19,681	15,602	19,681	15,602
Working capital	149,755	153,745	149,755	153,745
	<u>391,354</u>	<u>374,713</u>	<u>365,560</u>	<u>356,203</u>

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Within Malaysia	391,253	374,337	365,459	355,827
Outside Malaysia	101	376	101	376
	<u>391,354</u>	<u>374,713</u>	<u>365,560</u>	<u>356,203</u>

15. Other assets

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Interest/Income receivables	37,354	55,875	62,406	58,377
Other receivables, deposits and prepayments	620,361	787,185	864,804	891,317
	<u>657,715</u>	<u>843,060</u>	<u>927,210</u>	<u>949,694</u>

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

16. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia ("BNM") in accordance with Section 37(1)(c) of the Central Bank of Malaysia Act 1958 (revised 1994) to satisfy the Statutory Reserve Requirement ("SRR"); the amounts of which are determined as set percentages of total eligible liabilities.

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Demand deposits	14,437,319	15,054,339	13,245,062	13,774,501
Savings deposits	3,107,150	4,801,559	3,015,576	4,676,741
Fixed/Investment deposits	17,812,966	17,975,673	16,028,768	16,551,628
Negotiable instruments of deposits	497,305	492,423	370,003	376,065
	<u>35,854,740</u>	<u>38,323,994</u>	<u>32,659,409</u>	<u>35,378,935</u>

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Due within six months	14,982,573	14,695,303	13,345,070	13,503,487
Six months to one year	2,475,287	2,825,947	2,310,998	2,594,816
One year to three years	342,935	224,505	328,942	200,589
Three years to five years	108,758	326,177	108,758	326,177
Over five years	400,718	396,164	305,003	302,624

(ii) By type of customers

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Government and statutory bodies	620,466	206,519	23,306	20,672
Business enterprises	14,406,393	16,652,774	13,731,592	15,847,010
Individuals	17,895,979	19,506,578	16,258,364	17,782,315
Others	2,931,902	1,958,123	2,646,147	1,728,938
	<u>35,854,740</u>	<u>38,323,994</u>	<u>32,659,409</u>	<u>35,378,935</u>

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

18. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Licensed banks	3,329,577	242,903	3,337,759	220,154
Bank Negara Malaysia	34,849	35,942	34,849	35,942
Other financial institutions	4,312,489	2,685,971	4,164,730	2,577,589
	<u>7,676,915</u>	<u>2,964,816</u>	<u>7,537,338</u>	<u>2,833,685</u>

19. Other liabilities

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Interest/Income payable	184,232	148,232	167,401	137,306
Provision for retirement benefit scheme	405	1,685	405	1,685
Amount owing to subsidiaries	-	-	22	22
Profit equalisation reserve	-	-	-	-
Dividends payable	-	-	-	-
Other payables and accruals	2,069,005	2,297,975	2,010,176	2,193,228
	<u>2,253,642</u>	<u>2,447,892</u>	<u>2,178,004</u>	<u>2,332,241</u>

The movements in profit equalisation reserve are as follows:-

Profit equalisation reserve

	Group	
	30 June 2012 RM'000	31 December 2011 RM'000
At 1 January	-	7,478
Amount provided during the financial period/year	-	-
Amount written back during the financial period	-	(7,478)
At end of reporting period/year	<u>-</u>	<u>-</u>

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

20. Interest income

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	367,785	314,683	714,103	605,425
- Recoveries from impaired loans	4,075	4,680	8,972	9,412
Money at call and deposit placements with banks and other financial institutions	13,024	37,594	26,498	57,437
Financial assets held for trading	31,458	9,606	62,078	31,010
Investment securities available-for-sale	27,419	30,429	52,924	72,099
	<u>443,761</u>	<u>396,992</u>	<u>864,575</u>	<u>775,383</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	367,785	314,683	714,103	605,425
- Recoveries from impaired loans	4,075	4,680	8,972	9,412
Money at call and deposit placements with banks and other financial institutions	37,350	52,147	73,319	84,596
Financial assets held for trading	31,458	9,606	62,078	31,010
Investment securities available-for-sale	27,419	30,429	52,924	72,099
	<u>468,087</u>	<u>411,545</u>	<u>911,396</u>	<u>802,542</u>

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

21. Interest expense

	Group and Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	37,253	25,927	48,700	33,347
Deposits from customers	169,814	150,318	333,527	299,172
Loans sold to Cagamas	-	-	-	708
Subordinated debts	5,361	12,008	10,722	23,887
	<u>212,428</u>	<u>188,253</u>	<u>392,949</u>	<u>357,114</u>

22. Net income from Islamic Banking operations

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	43,123	22,048	82,237	44,329
Transfer to profit equalisation reserves	-	-	-	-
Total distributable income	43,123	22,048	82,237	44,329
Income attributable to depositors	<u>(18,724)</u>	<u>(6,162)</u>	<u>(35,508)</u>	<u>(12,111)</u>
Income attributable to the Bank	24,399	15,886	46,729	32,218
Income derived from investment of Islamic banking capital funds and shareholder's funds	56,361	37,859	114,781	71,933
	<u>80,760</u>	<u>53,745</u>	<u>161,510</u>	<u>104,151</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	-	-	-	-
Transfer to profit equalisation reserves	-	-	-	-
Total distributable income	-	-	-	-
Income attributable to depositors	-	-	-	-
Income attributable to the Bank	-	-	-	-
Income derived from investment of Islamic banking capital funds and shareholder's funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

23. Other operating income

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	82,107	67,872	153,583	131,483
- <i>Commission income</i>	49,348	45,467	99,865	88,936
- <i>Service fees</i>	24,711	15,504	37,666	28,110
- <i>Guarantee fees</i>	8,048	6,901	16,052	14,437
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(14,024)	(8,352)	(27,372)	(23,355)
- <i>Commission charges</i>	(6,126)	(3,149)	(11,013)	(13,114)
- <i>Service charges</i>	(7,898)	(5,203)	(16,359)	(10,241)
	<u>68,083</u>	<u>59,520</u>	<u>126,211</u>	<u>108,128</u>
Net trading income				
(Loss)/Gains from sale of financial assets held for trading and derivative financial instruments	(39,114)	33,224	35,435	59,216
Unrealised gains/(loss) on revaluation of financial assets held for trading and other financial instruments	73,569	(18,799)	76,905	(9,828)
Foreign exchange currency				
- Gains from dealing in foreign currency	43,700	70,586	116,507	91,497
- Unrealised (loss)/gains from foreign exchange translation	(2,210)	646	(1,752)	33,147
	<u>75,945</u>	<u>85,657</u>	<u>227,095</u>	<u>174,032</u>
Other income				
Gains from sale of investment securities available-for-sale	1,557	-	5,431	429
Gross dividends from unquoted investments	17,732	17,325	17,732	17,325
Rental income	-	14	-	28
Gain on disposal of property, plant and equipment	158	-	180	-
Others	673	1,949	1,348	4,032
	<u>20,120</u>	<u>19,288</u>	<u>24,691</u>	<u>21,814</u>
Total other operating income	<u>164,148</u>	<u>164,465</u>	<u>377,997</u>	<u>303,974</u>

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

23. Other operating income (continued)

	Bank			
	2nd Quarter ended		Six months ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	82,107	67,872	153,583	131,483
- <i>Commission income</i>	49,348	45,467	99,865	88,936
- <i>Service fees</i>	24,711	15,504	37,666	28,110
- <i>Guarantee fees</i>	8,048	6,901	16,052	14,437
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(14,024)	(8,352)	(27,372)	(23,355)
- <i>Commission charges</i>	(6,126)	(3,149)	(11,013)	(13,114)
- <i>Service charges</i>	(7,898)	(5,203)	(16,359)	(10,241)
	<u>68,083</u>	<u>59,520</u>	<u>126,211</u>	<u>108,128</u>
Net trading income				
(Loss)/gains from sale of financial assets held for trading and derivative financial instruments	(39,114)	33,224	35,435	59,216
Unrealised gains/(loss) on revaluation of financial assets held for trading and other financial instruments	73,569	(18,799)	76,905	(9,828)
Foreign exchange currency				
- Gains from dealing in foreign currency	43,700	70,586	116,507	91,497
- Unrealised (loss)/gains from foreign exchange translation	(2,210)	646	(1,752)	33,147
	<u>75,945</u>	<u>85,657</u>	<u>227,095</u>	<u>174,032</u>
Other income				
Gains from sale of investment securities available-for-sale	1,557	-	5,431	429
Gross dividends from unquoted investments	17,732	17,325	17,732	17,325
Rental income	-	14	-	28
Gain on disposal of property, plant and equipment	158	-	180	-
Others	15,425	15,158	32,758	32,992
	<u>34,872</u>	<u>32,497</u>	<u>56,101</u>	<u>50,774</u>
Total other operating income	<u>178,900</u>	<u>177,674</u>	<u>409,407</u>	<u>332,934</u>

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

24. Other operating expenses

	Group			
	2nd Quarter ended		Six months ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	72,601	64,680	140,784	132,291
- Pension fund contributions	8,414	7,101	16,789	14,492
- Other staff related cost	7,500	7,930	25,841	15,791
	<u>88,515</u>	<u>79,711</u>	<u>183,414</u>	<u>162,574</u>
Establishment costs				
- Depreciation of property, plant and equipment	7,097	6,684	14,112	12,840
- Rental	6,464	6,463	12,855	12,190
- Information technology and project expenses	25,517	15,416	44,774	37,958
- Others	13,060	8,438	23,578	16,765
	<u>52,138</u>	<u>37,001</u>	<u>95,319</u>	<u>79,753</u>
Marketing expenses				
- Advertisement and publicity	5,704	6,679	11,721	11,022
- Others	4,981	4,563	10,158	11,995
	<u>10,685</u>	<u>11,242</u>	<u>21,879</u>	<u>23,017</u>
Administration and general expenses				
- Communication expenses	3,861	3,959	7,591	7,141
- Group administration and business support expenses	30,617	27,205	57,784	49,462
- Outsourcing expenses	23,081	19,154	44,627	35,430
- Others	19,010	18,269	40,061	29,413
	<u>76,569</u>	<u>68,587</u>	<u>150,063</u>	<u>121,446</u>
Total other operating expenses	<u>227,907</u>	<u>196,541</u>	<u>450,675</u>	<u>386,790</u>

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

24. Other operating expenses (continued)

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	70,749	63,120	137,290	129,108
- Pension fund contributions	8,414	7,101	16,789	14,492
- Other staff related cost	7,054	7,708	24,342	15,334
	<u>86,217</u>	<u>77,929</u>	<u>178,421</u>	<u>158,934</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,301	6,169	12,694	11,813
- Rental	6,046	6,188	12,023	11,632
- Information technology and project expenses	25,441	15,415	44,664	37,924
- Others	12,540	7,836	22,249	15,786
	<u>50,328</u>	<u>35,608</u>	<u>91,630</u>	<u>77,155</u>
Marketing expenses				
- Advertisement and publicity	5,623	6,492	11,432	10,731
- Others	4,865	4,416	9,978	11,802
	<u>10,488</u>	<u>10,908</u>	<u>21,410</u>	<u>22,533</u>
Administration and general expenses				
- Communication expenses	3,726	3,717	7,323	6,865
- Group administration and business support expenses	28,792	26,203	54,194	47,236
- Outsourcing expenses	23,081	19,154	44,627	35,430
- Others	16,396	16,203	34,550	25,560
	<u>71,995</u>	<u>65,277</u>	<u>140,694</u>	<u>115,091</u>
Total other operating expenses	<u><u>219,028</u></u>	<u><u>189,722</u></u>	<u><u>432,155</u></u>	<u><u>373,713</u></u>

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

25. Provisions for loans, advances and financing

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	38,219	28,539	73,294	61,748
- Made in the financial period	46,720	34,506	89,014	77,884
- Discounting of collaterals	7,041	8,826	16,383	19,270
- Written back	(15,542)	(14,793)	(32,103)	(35,406)
Collective impairment provisions				
- Made in the financial period	8,228	4,578	21,508	12,333
- Written back	(16,590)	(5,997)	(18,329)	(10,716)
Bad and doubtful debts on loans, advances and financing:-				
Written off	32,408	18,173	61,037	35,915
Recovered	(19,056)	(11,607)	(35,495)	(77,268)
	<u>43,209</u>	<u>33,686</u>	<u>102,015</u>	<u>22,012</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	21,409	17,237	42,782	35,618
- Made in the financial period	29,573	23,062	57,894	51,443
- Discounting of collaterals	7,041	8,826	16,383	19,270
- Written back	(15,205)	(14,651)	(31,495)	(35,095)
Collective impairment provisions				
- Made in the financial period	4,703	3,787	15,718	10,230
- Written back	(15,290)	(5,693)	(16,129)	(7,985)
Bad and doubtful debts on loans, advances and financing:-				
Written off	32,408	18,173	61,037	35,915
Recovered	(16,533)	(9,951)	(30,368)	(64,766)
	<u>26,697</u>	<u>23,553</u>	<u>73,040</u>	<u>9,012</u>

26. Credit exposure to connected parties

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Aggregate value of outstanding credit exposures to connected parties	1,541,430	1,308,463	1,559,143	1,427,686
As a percentage of total credit exposures	2.6%	2.7%	3.0%	3.2%

There are currently no exposures to connected parties which are classified as impaired.

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

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	30 June 2012			31 December 2011		
	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	1,923,224	1,923,154	387,158	1,572,066	1,571,843	368,874
Transaction-related contingent items	4,480,063	4,376,909	1,003,972	3,856,878	3,767,555	979,562
Short-term self liquidating trade-related contingencies	635,763	592,202	179,933	569,530	533,569	147,009
Sell and buy back agreements	-	-	-	-	-	-
Other commitments to extend credit:-						
- maturity not exceeding one year	13,830,475	4,205,631	1,364,729	12,707,121	3,938,640	1,300,898
- maturity exceeding one year	4,510,876	1,607,305	800,380	4,588,160	1,685,064	801,041
Foreign exchange related contracts:-						
- less than one year	45,762,471	937,752	272,422	36,482,252	864,502	282,170
- one year to less than five years	14,172,697	1,360,480	335,743	10,521,067	967,150	234,862
- five years and above	5,084,412	1,031,814	249,386	4,524,575	905,182	186,124
Interest rate related contracts:-						
- less than one year	23,435,938	101,735	14,979	24,073,149	97,368	27,378
- one year to less than five years	47,449,356	1,476,710	376,823	44,178,303	1,279,154	318,725
- five years and above	6,883,927	693,134	225,350	6,916,565	714,688	210,047
Miscellaneous commitments and contingencies	2,112,214	132,260	27,963	2,502,661	224,936	115,038
	<u>170,281,416</u>	<u>18,439,086</u>	<u>5,238,838</u>	<u>152,492,327</u>	<u>16,549,651</u>	<u>4,971,728</u>

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

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

27. Commitments and contingencies (continued)

	30 June 2012			31 December 2011		
	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	1,918,941	1,918,871	384,521	1,565,668	1,565,598	365,123
Transaction-related contingent items	4,422,253	4,326,029	989,780	3,809,788	3,723,453	967,735
Short-term self liquidating trade-related contingencies	412,541	371,668	103,222	318,657	283,929	71,343
Sell and buy back agreements	-	-	-	-	-	-
Other commitments to extend credit:-						
- maturity not exceeding one year	12,964,155	3,995,608	1,290,956	11,830,286	3,861,917	1,259,280
- maturity exceeding one year	4,036,154	1,517,496	723,404	4,290,377	1,657,865	773,473
Foreign exchange related contracts:-						
- less than one year	45,763,711	937,767	271,758	36,488,734	864,639	279,770
- one year to less than five years	14,172,697	1,360,480	335,743	10,521,067	967,150	234,862
- five years and above	5,084,412	1,031,814	249,386	4,524,575	905,182	186,124
Interest rate related contracts:-						
- less than one year	23,635,938	102,235	14,821	24,073,149	97,368	27,378
- one year to less than five years	47,449,356	1,476,710	349,214	44,378,303	1,281,154	289,795
- five years and above	6,883,927	685,394	225,257	6,916,565	704,989	209,939
Miscellaneous commitments and contingencies	2,112,214	132,260	27,963	2,502,661	224,936	115,038
	<u>168,856,299</u>	<u>17,856,332</u>	<u>4,966,025</u>	<u>151,219,830</u>	<u>16,138,180</u>	<u>4,779,860</u>

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

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

28. Interest rate risk

The tables below summarise the Group's and the Bank's financial instruments at carrying amounts, categorised by contractual re-pricing or maturity dates.

Group	← Non-trading books →					Trading books	Total	Effective interest rate (%)
	3 months or less	> 3 - 12 months	> 1 - 5 years	Over 5 years	Non-interest sensitive			
As at 30 June 2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Financial assets								
Cash and short term funds	2,539,577	-	-	-	1,000,576	-	3,540,153	2.83
Deposits and placements with banks and other financial institutions	-	-	12,214	-	-	-	12,214	2.51
Securities purchased under resale agreements	179,082	-	-	-	-	-	179,082	2.77
Financial assets held for trading	-	-	-	-	-	3,122,739	3,122,739	2.76
Investment securities available-for-sale	4,855,328	497,824	870,420	10,640	25,846	-	6,260,058	2.98
Loans, advances and financing								
- Performing	26,736,818	4,511,949	2,568,822	1,014,030	20,037	-	34,851,656	5.94
- Impaired	-	-	-	-	144,363	-	144,363	
Derivative financial assets	-	-	-	-	-	2,078,380	2,078,380	
Other balances	-	-	-	-	1,728,468	-	1,728,468	
	34,310,805	5,009,773	3,451,456	1,024,670	2,919,290	5,201,119	51,917,113	
Financial liabilities								
Deposits from customers	23,230,453	4,805,261	798,164	400,693	6,620,169	-	35,854,740	2.46
Deposits and placements of banks and other financial institutions	7,169,997	55,154	311,764	140,000	-	-	7,676,915	1.96
Derivative financial liabilities	-	-	-	-	-	1,872,424	1,872,424	
Other balances	-	-	-	-	2,253,642	-	2,253,642	
Subordinated debts	-	501,462	-	-	-	-	501,462	4.28
	30,400,450	5,361,877	1,109,928	540,693	8,873,811	1,872,424	48,159,183	
On-balance sheet interest sensitivity gap	3,910,355	(352,104)	2,341,528	483,977	(5,954,521)	3,328,695		
Off-balance sheet interest sensitivity gap	(3,535,437)	949,066	(1,291,755)	(653,952)	-	-		
Total interest sensitivity gap	374,918	596,962	1,049,773	(169,975)	(5,954,521)	3,328,695		

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

28. Interest rate risk (continued)

Group	← Non-trading books →				Non-interest sensitive	Trading books	Total	Effective interest rate (%)
	3 months or less	> 3 - 12 months	> 1 - 5 years	Over 5 years				
As at 31 December 2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Financial assets								
Cash and short term funds	5,245,079	-	-	-	1,006,890	-	6,251,969	2.99
Deposits and placements with banks and other financial institution	100,000	-	-	-	-	-	100,000	3.20
Securities purchased under resale agreements	117,966	-	-	-	-	-	117,966	2.62
Financial assets held for trading	-	-	-	-	-	3,608,720	3,608,720	3.39
Investment securities available-for-sale	2,756,779	739,855	811,667	570,090	25,836	-	4,904,227	2.89
Loans, advances and financing								
- Performing	22,650,473	4,387,696	2,513,700	1,225,169	2,323	-	30,779,361	5.62
- Impaired	-	-	-	-	125,051	-	125,051	
Derivative financial assets	-	-	-	-	-	1,907,653	1,907,653	
Other balances	-	-	-	-	1,794,031	-	1,794,031	
	30,870,297	5,127,551	3,325,367	1,795,259	2,954,131	5,516,373	49,588,978	
Financial liabilities								
Deposits from customers	25,770,298	4,537,711	535,563	396,163	7,084,259	-	38,323,994	2.29
Deposits and placements of banks and other financial institutions	2,135,145	647,486	42,185	140,000	-	-	2,964,816	3.56
Bills and acceptances payable	-	-	-	-	-	-	-	
Recourse obligations on loans sold to Cagamas Berhad	-	-	-	-	-	-	-	
Derivative financial liabilities	-	-	-	-	-	1,784,196	1,784,196	
Other balances	-	-	-	-	2,447,892	-	2,447,892	
Subordinated debts	-	503,762	-	-	-	-	503,762	4.28
	27,905,443	5,688,959	577,748	536,163	9,532,151	1,784,196	46,024,660	
On-balance sheet interest sensitivity gap	2,964,854	(561,408)	2,747,619	1,259,096	(6,578,020)	3,732,177		
Off-balance sheet interest sensitivity gap	(7,033,571)	3,418,721	(402,670)	(871,933)	-	-		
Total interest sensitivity gap	(4,068,717)	2,857,313	2,344,949	387,163	(6,578,020)	3,732,177		

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

28. Interest rate risk (continued)

The tables below summarise the Group's and the Bank's financial instruments at carrying amounts, categorised by contractual re-pricing or maturity dates.

Bank As at 30 June 2012	Non-trading books					Trading books RM'000	Total RM'000	Effective interest rate (%)
	3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Financial assets								
Cash and short term funds	3,966,075	-	-	-	939,935	-	4,906,010	2.56
Deposits and placements with banks and other financial institutions	397,937	1,029,000	12,214	25,504	-	-	1,464,655	3.89
Securities purchased under resale agreements	179,082	-	-	-	-	-	179,082	2.77
Financial assets held for trading	-	-	-	-	-	3,122,739	3,122,739	2.76
Investment securities available-for-sale	2,759,209	452,804	870,420	10,640	25,846	-	4,118,919	2.93
Loans, advances and financing								
- Performing	24,520,058	4,274,890	996,879	264,518	-	-	30,056,345	5.18
- Impaired	-	-	-	-	121,477	-	121,477	
Derivative financial assets	-	-	-	-	-	2,078,394	2,078,394	
Other balances	-	-	-	-	1,914,623	-	1,914,623	
	31,822,361	5,756,694	1,879,513	300,662	3,001,881	5,201,133	47,962,244	
Financial liabilities								
Deposits from customers	21,692,120	3,621,880	420,237	305,004	6,620,168	-	32,659,409	2.43
Deposits and placements of banks and other financial institutions	7,038,434	47,140	311,764	140,000	-	-	7,537,338	2.02
Derivative financial liabilities	-	-	-	-	-	1,872,833	1,872,833	
Other balances	-	-	-	-	2,178,004	-	2,178,004	
Subordinated debts	-	501,462	-	-	-	-	501,462	4.28
	28,730,554	4,170,482	732,001	445,004	8,798,172	1,872,833	44,749,046	
On-balance sheet interest sensitivity gap	3,091,807	1,586,212	1,147,512	(144,342)	(5,796,291)	3,328,300		
Off-balance sheet interest sensitivity gap	(468,809)	424,194	(2,597,838)	(30,531)	-	-		
Total interest sensitivity gap	2,622,998	2,010,406	(1,450,326)	(174,873)	(5,796,291)	3,328,300		

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

28. Interest rate risk (continued)

Bank As at 31 December 2011	Non-trading books				Non-interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate (%)
	← 3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000				
Financial assets								
Cash and short term funds	4,006,107	-	-	-	875,172	-	4,881,279	3.01
Deposits and placements with banks and other financial institutions	148,750	526,685	-	163,579	-	-	839,014	3.32
Securities purchased under resale agreements	117,966	-	-	-	-	-	117,966	2.62
Financial assets held for trading	-	-	-	-	-	3,608,720	3,608,720	3.39
Investment securities available-for-sale	2,612,337	714,826	806,617	570,090	25,836	-	4,729,706	2.88
Loans, advances and financing								
- Performing	22,042,070	4,272,054	1,112,114	481,757	-	-	27,907,995	5.14
- Impaired	-	-	-	-	109,050	-	109,050	
Derivative financial assets	-	-	-	-	-	1,907,744	1,907,744	
Other balances	-	-	-	-	1,808,113	-	1,808,113	
	28,927,230	5,513,565	1,918,731	1,215,426	2,818,171	5,516,464	45,909,587	
Financial liabilities								
Deposits from customers	23,669,582	3,811,041	511,429	302,624	7,084,259	-	35,378,935	2.24
Deposits and placements of banks and other financial institutions	2,011,867	639,633	42,185	140,000	-	-	2,833,685	3.83
Bills and acceptances payable	-	-	-	-	-	-	-	
Recourse obligations on loans sold to Cagamas Berhad	-	-	-	-	-	-	-	
Derivative financial liabilities	-	-	-	-	-	1,784,968	1,784,968	
Other balances	-	-	-	-	2,332,241	-	2,332,241	
Subordinated debts	-	503,762	-	-	-	-	503,762	4.28
	25,681,449	4,954,436	553,614	442,624	9,416,500	1,784,968	42,833,591	
On-balance sheet interest sensitivity gap	3,245,781	559,129	1,365,117	772,802	(6,598,329)	3,731,496		
Off-balance sheet interest sensitivity gap	(7,033,571)	3,418,721	(402,670)	(871,933)	-	-		
Total interest sensitivity gap	(3,787,790)	3,977,850	962,447	(99,131)	(6,598,329)	3,731,496		

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

29. Capital adequacy

The capital adequacy ratios of the Group and the Bank as at 30 June 2012 are analysed as follows:-

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Tier 1 Capital				
Paid-up ordinary share capital	125,000	125,000	125,000	125,000
Musyarakah Irredeemable Non-Cumulative Preference Shares	38,000	38,000	38,000	38,000
Share premium	717,000	717,000	717,000	717,000
Other reserves	2,486,741	2,344,579	2,348,946	2,233,388
Less: Deferred tax assets	(32,019)	(51,872)	(27,978)	(48,311)
Eligible Tier 1 capital	<u>3,334,722</u>	<u>3,172,707</u>	<u>3,200,968</u>	<u>3,065,077</u>
Tier 2 Capital				
Subordinated bonds	500,000	500,000	500,000	500,000
Collective impairment provisions under standardised approach	24,889	20,049	18,256	17,979
Regulatory reserves	<u>332,001</u>	<u>332,001</u>	<u>331,457</u>	<u>331,457</u>
	856,890	852,050	849,713	849,436
Less: Investment in subsidiaries	-	-	(411,022)	(386,022)
Excess of Expected Loss over Expected Provisions under IRB approach	(340,120)	(298,623)	(232,019)	(208,747)
Exclusion of collective impairment provisions on impaired loans	(41,572)	(32,460)	(28,767)	(22,536)
Eligible Tier 2 capital	<u>475,198</u>	<u>520,967</u>	<u>177,905</u>	<u>232,131</u>
Total capital base	<u>3,809,920</u>	<u>3,693,674</u>	<u>3,378,873</u>	<u>3,297,208</u>

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

	Group		Bank	
	30 June 2012 RM'000	31 December 2011 RM'000	30 June 2012 RM'000	31 December 2011 RM'000
Total risk-weighted assets:-				
Credit risk	23,318,349	22,115,835	20,500,442	19,541,898
Market risk	2,019,632	1,799,498	2,019,632	1,799,498
Operational risk	3,007,458	2,829,364	2,754,730	2,540,849
Large exposure for equity holdings	621	621	621	621
	<u>28,346,060</u>	<u>26,745,318</u>	<u>25,275,425</u>	<u>23,882,866</u>

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

29. Capital adequacy (continued)

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

	Group		Bank	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Before proposed dividend:-				
Tier 1 capital ratio	11.76%	11.86%	12.66%	12.83%
Risk-weighted capital ratio	13.44%	13.81%	13.37%	13.81%
After proposed dividend:-				
Tier 1 capital ratio	11.24%	11.13%	12.07%	12.02%
Risk-weighted capital ratio	12.91%	13.08%	12.77%	12.99%

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

	30 June 2012	31 December 2011
Tier 1 capital ratio	12.41%	12.41%
Risk-weighted capital ratio	12.41%	12.41%

30. Explanation of transition to MFRSs

As stated in Note 1, these are the Group's and the Bank's condensed interim financial statements for part of the period covered by the Group and the Bank's first MFRS framework and MFRS 1 has been applied. The convergence to MFRS framework has resulted in several changes to accounting policies as set out below:

i) Accounting policy on Impairment of Financial Assets – Loans, advances and financing

Prior to MFRSs, the Group and the Bank applied the transitional provision as stated in the BNM guidelines on Classification and Impairment Provisions for Loans/Financing and maintained collective impairment provisions at 1.5% of total outstanding loans, net of individual impairment provision.

With the adoption of MFRS139 Financial instruments: Recognition and Measurement ("MFRS139"), the Group and the Bank first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If the Group and the Bank determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in group of financial assets with similar credit risk characteristics and collectively assess them for impairment.

ii) Accounting policy on Financial Instrument Categories and Subsequent Measurement – Financial Liabilities

Prior to MFRSs, the Group and the Bank measured financial liabilities, subsequent to initial recognition, at amortised cost using the effective interest method in accordance with BNM guidelines on Financial Reporting for Banking Institutions.

With the adoption of MFRS139, the Group and the Bank have applied fair value option for certain financial liability instruments.

iii) Change in designation of previously recognised financial instruments

The Group and the Bank had designated certain financial assets as available-for-sale at the date of transition to MFRSs as permitted by MFRS 1. These financial assets were previously recognised as financial assets held for trading.

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

30. Explanation of transition to MFRSs (continued)

In preparing the opening MFRS statements of financial position, the Group and the Bank have adjusted amounts reported previously in financial statements prepared in accordance with the previous FRSs. An explanation of how the transition from the previous FRSs to the new MFRSs has affected the Group's and the Bank's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany these tables.

30.1 Reconciliation of financial position

Group		1 January 2011		31 December 2011			
	Note	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Assets							
Cash and short term funds		4,522,666	-	4,522,666	6,251,969	-	6,251,969
Deposits and placements with banks and other financial institutions		358,182	-	358,182	100,000	-	100,000
Securities purchased under resale agreements		89,854	-	89,854	117,966	-	117,966
Financial assets held for trading		3,349,777	(137,887)	3,211,890	3,630,606	(21,886)	3,608,720
Investment securities available-for- sale		6,622,786	137,887	6,760,673	4,882,341	21,886	4,904,227
Loans, advances and financing		28,107,906	356,404	28,464,310	30,528,879	375,533	30,904,412
Derivatives financial assets		2,335,191	(8,590)	2,326,601	1,922,705	(15,052)	1,907,653
Other assets		207,373	(9)	207,364	843,060	-	843,060
Tax recoverable		3,271	-	3,271	3,684	-	3,684
Statutory deposits with Bank Negara Malaysia		36,760	-	36,760	950,971	-	950,971
Investment in subsidiaries		-	-	-	-	-	-
Property, plant and equipment		55,530	-	55,530	58,998	-	58,998
Deferred tax assets		120,032	651	120,683	50,343	(3,975)	46,368
Total assets		45,809,328	348,456	46,157,784	49,341,522	356,506	49,698,028

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

30. Explanation of transition to MFRSs (continued)**30.1 Reconciliation of financial position (continued)**

Group		1 January 2011				31 December 2011	
	Note	FRSs	Effect of	MFRSs	FRSs	Effect of	MFRSs
		RM'000	transition	RM'000	RM'000	transition	RM'000
			to MFRSs			to MFRSs	
			RM'000			RM'000	RM'000
Liabilities							
Deposit from customers		34,256,728	-	34,256,728	38,323,994	-	38,323,994
Deposit and placements of banks and other financial institutions		3,621,804	(1,168)	3,620,636	2,969,643	(4,827)	2,964,816
Bills and acceptances payable		6,792	-	6,792	-	-	-
Recourse obligations on loans sold to Cagamas Berhad		72,919	-	72,919	-	-	-
Derivative financial liabilities		1,886,049	(267)	1,885,782	1,784,196	-	1,784,196
Other liabilities		2,448,903	(2,077)	2,446,826	2,454,376	(6,484)	2,447,892
Tax payable		15,940	88,481	104,421	14,736	84,435	99,171
Subordinated debts		885,652	-	885,652	503,762	-	503,762
Total liabilities		43,194,787	84,969	43,279,756	46,050,707	73,124	46,123,831
Equity							
Share capital		125,000	-	125,000	163,000	-	163,000
Reserves		2,489,541	263,487	2,753,028	3,127,815	283,382	3,411,197
Total equity attributable to equity holder of the Bank		2,614,541	263,487	2,878,028	3,290,815	283,382	3,574,197
Total liabilities and equity		45,809,328	348,456	46,157,784	49,341,522	356,506	49,698,028

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

30. Explanation of transition to MFRSs (continued)

30.1 Reconciliation of financial position (continued)

Bank		1 January 2011		31 December 2011			
	Note	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Assets							
Cash and short term funds		3,667,843	-	3,667,843	4,881,279	-	4,881,279
Deposits and placements with banks and other financial institutions		2,263,730	-	2,263,730	839,014	-	839,014
Securities purchased under resale agreements		89,854	-	89,854	117,966	-	117,966
Financial assets held for trading		3,349,777	(137,887)	3,211,890	3,630,606	(21,886)	3,608,720
Investment securities available-for- sale		5,999,460	137,887	6,137,347	4,707,820	21,886	4,729,706
Loans, advances and financing		25,765,761	348,982	26,114,743	27,642,416	374,629	28,017,045
Derivatives financial assets		2,333,269	(8,590)	2,324,679	1,922,796	(15,052)	1,907,744
Other assets		284,945	(9)	284,936	949,694	-	949,694
Tax recoverable		-	-	-	-	-	-
Statutory deposits with Bank Negara Malaysia		12,000	-	12,000	858,419	-	858,419
Investment in subsidiaries		386,022	-	386,022	386,022	-	386,022
Property, plant and equipment		55,530	-	55,530	53,336	-	53,336
Deferred tax assets		112,832	651	113,483	48,305	(5,479)	42,826
Total assets		44,321,023	341,034	44,662,057	46,037,673	354,098	46,391,771

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

30. Explanation of transition to MFRSs (continued)

30.1 Reconciliation of financial position (continued)

Bank		1 January 2011				31 December 2011	
	Note	FRSs	Effect of	MFRSs	FRSs	Effect of	MFRSs
		RM'000	transition	RM'000	RM'000	transition	RM'000
			to MFRSs			to MFRSs	
			RM'000			RM'000	RM'000
Liabilities							
Deposit from customers		32,935,268	-	32,935,268	35,378,935	-	35,378,935
Deposit and placements of banks and other financial institutions		3,520,407	(1,142)	3,519,265	2,838,512	(4,827)	2,833,685
Bills and acceptances payable		6,792	-	6,792	-	-	-
Recourse obligations on loans sold to Cagamas Berhad		72,919	-	72,919	-	-	-
Derivative financial liabilities		1,885,045	(267)	1,884,778	1,784,968	-	1,784,968
Other liabilities		2,444,303	(2,034)	2,442,269	2,338,515	(6,274)	2,332,241
Tax payable		15,940	86,608	102,548	14,736	81,040	95,776
Subordinated debts		885,652	-	885,652	503,762	-	503,762
Total liabilities		41,766,326	83,165	41,849,491	42,859,428	69,939	42,929,367
Equity							
Share capital		125,000	-	125,000	163,000	-	163,000
Reserves		2,429,697	257,869	2,687,566	3,015,245	284,159	3,299,404
Total equity attributable to equity holder of the Bank		2,554,697	257,869	2,812,566	3,178,245	284,159	3,462,404
Total liabilities and equity		44,321,023	341,034	44,662,057	46,037,673	354,098	46,391,771

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

30. Explanation of transition to MFRSs (continued)**30.2 Reconciliation of statements of comprehensive income**

Group	Note	2nd Quarter ended 30 June 2011			Six months ended 30 June 2011			Year ended 31 December 2011		
		FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Interest income		396,992	-	396,992	775,383	-	775,383	1,625,374	-	1,625,374
Interest expense		(187,492)	(761)	(188,253)	(357,358)	244	(357,114)	(761,405)	1,160	(760,245)
Net interest income		209,500	(761)	208,739	418,025	244	418,269	863,969	1,160	865,129
Net income from Islamic Banking operations		53,842	(97)	53,745	104,187	(36)	104,151	252,971	32	253,003
		263,342	(858)	262,484	522,212	208	522,420	1,116,940	1,192	1,118,132
Other operating income		169,926	(5,461)	164,465	306,854	(2,880)	303,974	690,261	(1,071)	689,190
Total net income		433,268	(6,319)	426,949	829,066	(2,672)	826,394	1,807,201	121	1,807,322
Other operating expenses		(196,541)	-	(196,541)	(386,790)	-	(386,790)	(833,950)	-	(833,950)
Operating profit		236,727	(6,319)	230,408	442,276	(2,672)	439,604	973,251	121	973,372
Provisions for loans, advances and financing		(48,562)	14,876	(33,686)	(45,977)	23,965	(22,012)	(138,218)	19,999	(118,219)
Profit before taxation		188,165	8,557	196,722	396,299	21,293	417,592	835,033	20,120	855,153
Tax expense		(40,996)	1,305	(39,691)	(95,111)	(75)	(95,186)	(215,822)	(493)	(216,315)
Profit for the period		147,169	9,862	157,031	301,188	21,218	322,406	619,211	19,627	638,838

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

30. Explanation of transition to MFRSs (continued)**30.2 Reconciliation of statements of comprehensive income**

Group	Note	2nd Quarter ended 30 June 2011			Six months ended 30 June 2011			Year ended 31 December 2011		
		FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Other comprehensive income, net of income tax										
Fair value reserve										
(investment securities available-for-sale):-										
Net changes in fair value		3,321	720	4,041	2,406	838	3,244	5,027	9,346	14,373
Net amount transferred to profit or loss		74	-	74	394	-	394	1,709	(9,077)	(7,368)
Cash flow hedges:-										
Effective portion of changes in fair value		(3,429)	-	(3,429)	(7,998)	-	(7,998)	10,986	-	10,986
Net amount transferred to profit or loss		4,214	-	4,214	7,222	-	7,222	4,341	-	4,341
Actuarial gains from defined benefit plan		-	-	-	-	-	-	-	-	-
Other comprehensive income for the period, net of income tax		4,180	720	4,900	2,024	838	2,862	22,063	269	22,332
Total comprehensive income for the period		151,349	10,582	161,931	303,212	22,056	325,268	641,274	19,896	661,170

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

30. Explanation of transition to MFRSs (continued)**30.2 Reconciliation of statements of comprehensive income**

Bank	Note	2nd Quarter ended 30 June 2011			Six months ended 30 June 2011			Year ended 31 December 2011		
		FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Interest income		411,545	-	411,545	802,542	-	802,542	1,681,058	-	1,681,058
Interest expense		(187,492)	(761)	(188,253)	(357,358)	244	(357,114)	(761,405)	1,160	(760,245)
Net interest income		224,053	(761)	223,292	445,184	244	445,428	919,653	1,160	920,813
Net income from Islamic Banking operations		-	-	-	-	-	-	-	-	-
		224,053	(761)	223,292	445,184	244	445,428	919,653	1,160	920,813
Other operating income		183,135	(5,461)	177,674	335,814	(2,880)	332,934	749,343	(1,071)	748,272
Total net income		407,188	(6,222)	400,966	780,998	(2,636)	778,362	1,668,996	89	1,669,085
Other operating expenses		(189,722)	-	(189,722)	(373,713)	-	(373,713)	(804,281)	-	(804,281)
Operating profit		217,466	(6,222)	211,244	407,285	(2,636)	404,649	864,715	89	864,804
Provisions for loans, advances and financing		(37,956)	14,403	(23,553)	(31,352)	22,340	(9,012)	(99,679)	26,516	(73,163)
Profit before taxation		179,510	8,181	187,691	375,933	19,704	395,637	765,036	26,605	791,641
Tax expense		(38,794)	1,305	(37,489)	(89,864)	(75)	(89,939)	(198,547)	(583)	(199,130)
Profit for the period		140,716	9,486	150,202	286,069	19,629	305,698	566,489	26,022	592,511

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

30. Explanation of transition to MFRSs (continued)**30.2 Reconciliation of statements of comprehensive income**

Bank	Note	2nd Quarter ended 30 June 2011			Six months ended 30 June 2011			Year ended 31 December 2011		
		FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Other comprehensive income, net of income tax										
Fair value reserve (investment securities available-for-sale):-										
Net changes in fair value		3,156	720	3,876	2,384	838	3,222	5,023	9,346	14,369
Net amount transferred to profit or loss		74	-	74	394	-	394	1,709	(9,077)	(7,368)
Cash flow hedges:-										
Effective portion of changes in fair value		(3,429)	-	(3,429)	(7,998)	-	(7,998)	10,986	-	10,986
Net amount transferred to profit or loss		4,214	-	4,214	7,222	-	7,222	4,341	-	4,341
Other comprehensive income for the period, net of income tax		4,015	720	4,735	2,002	838	2,840	22,059	269	22,328
Total comprehensive income for the period		144,731	10,206	154,937	288,071	20,467	308,538	588,548	26,291	614,839

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

30. Explanation of transition to MFRSs (continued)**30.3 Material adjustments made to the statements of cash flows**

There are no material differences between the statements of cash flows presented under MFRSs and the statement of cash flows presented under FRSs.

30.4 Comparative notes

The following comparative notes have been restated for the effects of transition to MFRSs:-

	Group		Bank	
	FRSs RM'000	MFRSs RM'000	FRSs RM'000	MFRSs RM'000
(a) Note 11 Financial assets held for trading				
Private debt securities	290,288	268,402	290,288	268,402
(b) Note 12 Investment securities available-for-sale				
Private debt securities	383,844	405,730	373,786	395,672
(c) Note 13 Loans, advances and financing				
Gross loans and advances	31,288,202	31,288,202	28,354,424	28,354,424
Less: Impairment provisions on loans, advances and financing				
- Individual impairment provisions	(293,192)	(249,662)	(280,534)	(247,153)
- Collective impairment provisions	(466,131)	(134,128)	(431,474)	(90,226)
Total net financing and advances	<u>30,528,879</u>	<u>30,904,412</u>	<u>27,642,416</u>	<u>28,017,045</u>
(d) Note 14 Loans, advances and financing				
Movements in impaired loans, advances and financing				
At 1 January	441,715	441,715	419,285	419,285
Classified as impaired during the financial period/ year	506,336	506,336	449,055	449,055
Reclassified as performing during the financial period/ year	(296,041)	(296,041)	(294,639)	(294,639)
Amount recovered during the financial period/ year	(62,944)	(62,944)	(54,277)	(54,277)
Amount written off	(214,353)	(214,353)	(163,221)	(163,221)
At end of reporting period/year	374,713	374,713	356,203	356,203
Individual impairment provisions	(293,192)	(249,662)	(280,534)	(247,153)
Net impaired loans, advances and financing	<u>81,521</u>	<u>125,051</u>	<u>75,669</u>	<u>109,050</u>
Ratio of net impaired loans, advances and financing to net loans, advances and financing	<u>0.27%</u>	<u>0.40%</u>	<u>0.27%</u>	<u>0.38%</u>

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

30.4 Comparative notes to the interim financial statements (continued)

	Group		Bank	
	FRSs RM'000	MFRSs RM'000	FRSs RM'000	MFRSs RM'000
(d) Note 14 Loans, advances and financing (continued)				
Movements in impaired loans, advances and financing (continued)				
Collective impairment provisions				
At 1 January	427,246	113,395	395,947	78,866
Impairments made during the financial period/ year	61,586	36,987	48,470	23,871
Amount written back	(22,701)	(16,254)	(12,943)	(12,511)
At end of reporting period/year	<u>466,131</u>	<u>134,128</u>	<u>431,474</u>	<u>90,226</u>
As a percentage of gross loans, advances and financing less individual impairment provision	<u>1.5%</u>	<u>0.4%</u>	<u>1.5%</u>	<u>0.3%</u>
Individual Impairment Provisions				
At 1 January	311,096	268,545	298,740	266,840
Provisions made during the financial period/ year	197,949	198,451	145,593	145,593
Amount written back in respect of recoveries	(76,717)	(78,198)	(75,463)	(76,944)
Amount written off	(139,136)	(139,136)	(88,336)	(88,336)
At end of reporting period/year	<u>293,192</u>	<u>249,662</u>	<u>280,534</u>	<u>247,153</u>
(e) Note 19 Other liabilities				
Interest/ Income payable	152,745	148,232	141,609	137,306
Provision for retirement benefit scheme	1,685	1,685	1,685	1,685
Amount owing to subsidiaries	-	-	22	22
Profit equalisation reserve	-	-	-	-
Other payables and accruals	2,299,946	2,297,975	2,195,199	2,193,228
	<u>2,454,376</u>	<u>2,447,892</u>	<u>2,338,515</u>	<u>2,332,241</u>

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

30.4 Comparative notes to the interim financial statements (continued)**(f) Note 21 Interest expense**

	Group and Bank			
	2nd Quarter ended		Six months ended	
	30 June 2011		30 June 2011	
	FRSs	MFRSs	FRSs	MFRSs
	RM'000	RM'000	RM'000	RM'000
Deposits and placement of banks and other financial institutions	25,166	25,927	33,591	33,347
Deposits from customers	150,318	150,318	299,172	299,172
Loans sold to Cagamas	-	-	708	708
Subordinated debts	12,008	12,008	23,887	23,887
	<u>187,492</u>	<u>188,253</u>	<u>357,358</u>	<u>357,114</u>

(g) Note 22 Net income from Islamic banking

	Group			
	2nd Quarter ended		Six months ended	
	30 June 2011		30 June 2011	
	FRSs	MFRSs	FRSs	MFRSs
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others / Total distributable income	22,074	22,048	44,333	44,329
Income attributable to depositors	(6,091)	(6,162)	(12,079)	(12,111)
Income attributable to the Group	15,983	15,886	32,254	32,218
Income derived from investment of Islamic banking capital funds and shareholder's fund's	37,859	37,859	71,933	71,933
	<u>53,842</u>	<u>53,745</u>	<u>104,187</u>	<u>104,151</u>

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

30.4 Comparative notes to the interim financial statements (continued)

	Group and Bank			
	2nd Quarter ended		Six months ended	
	30 June 2011		30 June 2011	
	FRSs	MFRSs	FRSs	MFRSs
	RM'000	RM'000	RM'000	RM'000
(h) Note 23 Other operating income				
Net trading income				
Unrealised gains on revaluation of financial assets held for trading and other financial instruments	(13,339)	(18,799)	(6,948)	(9,828)

(i) Note 25 Provision for loans, advances and financing

	Group			
	2nd Quarter ended		Six months ended	
	30 June 2011		30 June 2011	
	FRSs	MFRSs	FRSs	MFRSs
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	28,547	28,539	63,195	61,748
- Made in the financial period	34,514	34,506	79,331	77,884
- Discounting of collaterals	8,826	8,826	19,270	19,270
- Written back	(14,793)	(14,793)	(35,406)	(35,406)
Collective impairment provisions				
- Made in the financial period	18,578	4,578	33,983	12,333
- Written back	(5,129)	(5,997)	(9,848)	(10,716)
Bad and doubtful debts on loans, advances and financing:-				
Written off	18,173	18,173	35,915	35,915
Recovered	(11,607)	(11,607)	(77,268)	(77,268)
	<u>48,562</u>	<u>33,686</u>	<u>45,977</u>	<u>22,012</u>

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

30.4 Comparative notes to the interim financial statements (continued)**(i) Note 25 Provision for loans, advances and financing**

	Bank			
	2nd Quarter ended 30 June 2011		Six months ended 30 June 2011	
	FRSs RM'000	MFRSs RM'000	FRSs RM'000	MFRSs RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	17,476	17,237	37,794	35,618
- Made in the financial period	23,301	23,062	53,619	51,443
- Discounting of collaterals	8,826	8,826	19,270	19,270
- Written back	(14,651)	(14,651)	(35,095)	(35,095)
Collective impairment provisions				
- Made in the financial period	17,387	3,787	29,830	10,230
- Written back	(5,129)	(5,693)	(7,421)	(7,985)
Bad and doubtful debts on loans, advances and financing:-				
Written off	18,173	18,173	35,915	35,915
Recovered	(9,951)	(9,951)	(64,766)	(64,766)
	<u>37,956</u>	<u>23,553</u>	<u>31,352</u>	<u>9,012</u>

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

30. Explanation of transition to MFRSs (continued)**30.4 Comparative notes to the interim financial statements (continued)**

	Group		Bank	
	FRSs RM'000	MFRSs RM'000	FRSs RM'000	MFRSs RM'000
(j) Note 29 Capital adequacy				
Tier 1 Capital				
Paid-up ordinary share capital	125,000	125,000	125,000	125,000
Musarakah Irredeemable Non-Cumulative Preference Shares	38,000	38,000	38,000	38,000
Share premium	717,000	717,000	717,000	717,000
Other reserves	2,391,513	2,344,579	2,279,000	2,233,388
Less: Deferred tax assets	(56,408)	(51,872)	(54,351)	(48,311)
Eligible Tier 1 capital	<u>3,215,105</u>	<u>3,172,707</u>	<u>3,104,649</u>	<u>3,065,077</u>
Tier 2 Capital				
Subordinated bonds	500,000	500,000	500,000	500,000
Collective impairment provisions under standardised approach	69,853	20,049	77,564	17,979
Surplus of total eligible provisions over total expected loss under AIRB approach	26,249	-	95,627	-
Regulatory reserves	-	332,001	-	331,457
	<u>596,102</u>	<u>852,050</u>	<u>673,191</u>	<u>849,436</u>
Less: Investment in subsidiaries	-	-	(386,022)	(386,022)
Excess of Expected Loss over Expected Provisions under IRB approach	-	(298,623)	-	(208,747)
Exclusion of collective impairment provisions on impaired loans	-	(32,460)	-	(22,536)
Transfer of deductions in excess of Tier 2 capital	-	-	-	-
Eligible Tier 2 capital	<u>596,102</u>	<u>520,967</u>	<u>287,169</u>	<u>232,131</u>
Total capital base	<u>3,811,207</u>	<u>3,693,674</u>	<u>3,391,818</u>	<u>3,297,208</u>
Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:-				
Total risk-weighted assets:-				
Credit risk	22,080,738	22,115,835	19,506,801	19,541,898
Market risk	1,804,955	1,799,498	1,804,955	1,799,498
Operational risk	2,829,364	2,829,364	2,540,849	2,540,849
Large exposure for equity holdings	621	621	621	621
	<u>26,715,678</u>	<u>26,745,318</u>	<u>23,853,226</u>	<u>23,882,866</u>
The capital adequacy ratios of the Group and the Bank are as follows:-				
Before proposed dividend:-				
Tier 1 capital ratio	12.03%	11.86%	13.02%	12.83%
Risk-weighted capital ratio	14.27%	13.81%	14.22%	13.81%
After proposed dividend:-				
Tier 1 capital ratio	11.30%	11.13%	12.20%	12.02%
Risk-weighted capital ratio	13.54%	13.08%	13.40%	12.99%

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

30. Explanation of transition to MFRSs (continued)

30.4 Comparative notes to the interim financial statements (continued)

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

	Bank	
	FRSs	MFRSs
Tier 1 capital ratio	12.83%	12.41%
Risk-weighted capital ratio	12.83%	12.41%