



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

**Financial statements for the nine months
ended 30 September 2012**

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

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

	Note	Group		Bank	
		30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Assets					
Cash and short term funds		3,984,968	6,251,969	3,430,273	4,881,279
Deposits and placements with banks and other financial institutions		11,758	100,000	1,480,053	839,014
Securities purchased under resale agreements		235,245	117,966	235,245	117,966
Financial assets held for trading	11	3,353,413	3,608,720	3,353,413	3,608,720
Investment securities available-for-sale	12	4,172,243	4,904,227	2,910,637	4,729,706
Loans, advances and financing	13	32,836,704	30,904,412	29,295,243	28,017,045
Derivative financial assets		1,871,237	1,907,653	1,868,529	1,907,744
Other assets	15	1,820,197	843,060	2,285,168	949,694
Tax recoverable		-	3,684	-	-
Statutory deposits with Bank Negara Malaysia	16	1,062,878	950,971	959,898	858,419
Investments in subsidiaries		-	-	411,522	386,022
Property, plant and equipment		63,933	58,998	57,299	53,336
Deferred tax assets		27,620	46,368	23,496	42,826
Total assets		49,440,196	49,698,028	46,310,776	46,391,771
Liabilities					
Deposits from customers	17	36,027,719	38,323,994	32,836,344	35,378,935
Deposits and placements of banks and other financial institutions	18	4,958,357	2,964,816	4,856,937	2,833,685
Derivative financial liabilities		1,665,175	1,784,196	1,662,694	1,784,968
Other liabilities	19	2,442,137	2,447,892	2,767,317	2,332,241
Tax payable		125,899	99,171	116,883	95,776
Subordinated debts		500,472	503,762	500,472	503,762
Total liabilities		45,719,759	46,123,831	42,740,647	42,929,367
Equity					
Share capital		163,000	163,000	163,000	163,000
Reserves		3,557,437	3,411,197	3,407,129	3,299,404
Total equity attributable to equity holder of the Bank		3,720,437	3,574,197	3,570,129	3,462,404
Total liabilities and equity		49,440,196	49,698,028	46,310,776	46,391,771
Commitments and contingencies	26	168,602,642	152,492,327	167,029,210	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 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012

	Note	Group			
		3rd Quarter ended		Nine months ended	
		30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Interest income	20	447,220	415,973	1,311,795	1,191,356
Interest expense	21	(196,180)	(184,967)	(589,129)	(542,081)
Net interest income		251,040	231,006	722,666	649,275
Net income from Islamic Banking operations	22	81,881	82,284	243,391	186,435
		332,921	313,290	966,057	835,710
Other operating income	23	160,650	241,878	538,647	545,852
Total net income		493,571	555,168	1,504,704	1,381,562
Other operating expenses	24	(224,497)	(225,462)	(675,172)	(612,252)
Operating profit		269,074	329,706	829,532	769,310
Provisions for loans, advances and financing	25	(56,619)	(43,402)	(158,634)	(65,414)
Profit before taxation		212,455	286,304	670,898	703,896
Tax expense		(55,111)	(83,481)	(176,381)	(178,503)
Profit for the period		157,344	202,823	494,517	525,393
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		(2,901)	6,082	(2,334)	9,326
Net amount transferred to profit or loss		1,561	(6,857)	721	(6,463)
Cash flow hedges:-					
Effective portion of changes in fair value		(2,229)	18,427	(2,588)	10,429
Net amount transferred to profit or loss		1,249	(6,058)	887	1,164
Actuarial gains from defined benefit plan		-	-	37	-
Other comprehensive (expense) / income for the period, net of income tax		(2,320)	11,594	(3,277)	14,456
Total comprehensive income for the period		155,024	214,417	491,240	539,849

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
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2012

	Note	Bank			
		3rd Quarter ended		Nine months ended	
		30 September 2012	30 September 2011	30 September 2012	30 September 2011
		RM'000	RM'000	RM'000	RM'000
Interest income	20	468,904	429,836	1,380,300	1,232,378
Interest expense	21	(196,180)	(184,967)	(589,129)	(542,081)
Net interest income		272,724	244,869	791,171	690,297
Net income from Islamic Banking operations	22	-	-	-	-
		272,724	244,869	791,171	690,297
Other operating income	23	176,853	256,138	586,260	589,072
Total net income		449,577	501,007	1,377,431	1,279,369
Other operating expenses	24	(214,166)	(218,358)	(646,321)	(592,071)
Operating profit		235,411	282,649	731,110	687,298
Provisions for loans, advances and financing	25	(39,468)	(28,074)	(112,508)	(37,086)
Profit before taxation		195,943	254,575	618,602	650,212
Tax expense		(50,819)	(75,180)	(162,908)	(165,119)
Profit for the period		145,124	179,395	455,694	485,093
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		(2,898)	6,061	(2,026)	9,283
Net amount transferred to profit or loss		1,561	(6,857)	721	(6,463)
Cash flow hedges:-					
Effective portion of changes in fair value		(2,229)	18,427	(2,588)	10,429
Net amount transferred to profit or loss		1,249	(6,058)	887	1,164
Actuarial gains from defined benefit plan		-	-	37	-
Other comprehensive (expense) / income for the period, net of income tax		(2,317)	11,573	(2,969)	14,413
Total comprehensive income for the period		142,807	190,968	452,725	499,506

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
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CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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)	-
	163,000	717,000	222,924	332,001	190	6,467	6,726	2,125,889	3,574,197
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	(2,334)	-	-	(2,334)
Net amount transferred to profit or loss	-	-	-	-	-	721	-	-	721
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	(2,588)	-	(2,588)
Net amount transferred to profit or loss	-	-	-	-	-	-	887	-	887
Actuarial gain from defined benefit plan	-	-	-	-	-	-	-	37	37
Total other comprehensive (expense) / income for the period	-	-	-	-	-	(1,613)	(1,701)	37	(3,277)
Profit for the period	-	-	-	-	-	-	-	494,517	494,517
Total comprehensive (expense) / income for the period	-	-	-	-	-	(1,613)	(1,701)	494,554	491,240
Dividends :-									
- 2011 final	-	-	-	-	-	-	-	(195,000)	(195,000)
- 2012 interim	-	-	-	-	-	-	-	(150,000)	(150,000)
At 30 September 2012	163,000	717,000	222,924	332,001	190	4,854	5,025	2,275,443	3,720,437

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.

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STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	-	9,326	-	-	9,326
Net amount transferred to profit or loss	-	-	-	-	-	(6,463)	-	-	(6,463)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	10,429	-	10,429
Net amount transferred to profit or loss	-	-	-	-	-	-	1,164	-	1,164
Total other comprehensive expense for the period	-	-	-	-	-	2,863	11,593	-	14,456
Profit for the period	-	-	-	-	-	-	-	525,393	525,393
Total comprehensive income / (expense) for the period	-	-	-	-	-	2,863	11,593	525,393	539,849
Dividends :-									
- 2010 final	-	-	-	-	-	-	-	(225,000)	(225,000)
- 2011 interim	-	-	-	-	-	-	-	(120,000)	(120,000)
At 30 September 2011	<u>125,000</u>	<u>375,000</u>	<u>156,706</u>	<u>313,851</u>	<u>190</u>	<u>2,325</u>	<u>2,992</u>	<u>2,096,813</u>	<u>3,072,877</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
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STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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)	-
	<u>163,000</u>	<u>717,000</u>	<u>163,000</u>	<u>331,457</u>	<u>190</u>	<u>6,410</u>	<u>6,726</u>	<u>2,074,621</u>	<u>3,462,404</u>
Fair value reserve (investment securities available-for-sale):-									
Net changes in fair value	-	-	-	-	-	(2,026)	-	-	(2,026)
Net amount transferred to profit or loss	-	-	-	-	-	721	-	-	721
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	(2,588)	-	(2,588)
Net amount transferred to profit or loss	-	-	-	-	-	-	887	-	887
Actuarial gain from defined benefit plan	-	-	-	-	-	-	-	37	37
Total other comprehensive income for the period	-	-	-	-	-	(1,305)	(1,701)	37	(2,969)
Profit for the period	-	-	-	-	-	-	-	455,694	455,694
Total comprehensive income / (expense) for the period	-	-	-	-	-	(1,305)	(1,701)	455,731	452,725
Dividends :-									
- 2011 final	-	-	-	-	-	-	-	(195,000)	(195,000)
- 2012 interim	-	-	-	-	-	-	-	(150,000)	(150,000)
At 30 September 2012	<u>163,000</u>	<u>717,000</u>	<u>163,000</u>	<u>331,457</u>	<u>190</u>	<u>5,105</u>	<u>5,025</u>	<u>2,185,352</u>	<u>3,570,129</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
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STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	-	9,283	-	-	9,283
Net amount transferred to profit or loss	-	-	-	-	-	(6,463)	-	-	(6,463)
Cash flow hedges:-									
Effective portion of changes in fair value	-	-	-	-	-	-	10,429	-	10,429
Net amount transferred to profit or loss	-	-	-	-	-	-	1,164	-	1,164
Total other comprehensive expense for the period	-	-	-	-	-	2,820	11,593	-	14,413
Profit for the period	-	-	-	-	-	-	-	485,093	485,093
Total comprehensive (expense) / income for the period	-	-	-	-	-	2,820	11,593	485,093	499,506
Dividends :-									
- 2010 final	-	-	-	-	-	-	-	(225,000)	(225,000)
- 2011 interim	-	-	-	-	-	-	-	(120,000)	(120,000)
At 30 September 2011	<u>125,000</u>	<u>375,000</u>	<u>125,000</u>	<u>306,857</u>	<u>190</u>	<u>2,229</u>	<u>2,992</u>	<u>2,029,804</u>	<u>2,967,072</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
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	Group		Bank	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Profit before taxation	670,898	703,896	618,602	650,212
Adjustment for non-cash items	(40,297)	(19,136)	(30,671)	(32,037)
Operating profit before working capital changes	630,601	684,760	587,931	618,175
Changes in working capital:-				
Net changes in operating assets	(2,879,943)	(4,017,989)	(3,181,215)	(3,418,572)
Net changes in operating liabilities	(461,742)	1,325,471	(359,790)	1,092,852
Income taxes paid	(126,116)	(98,855)	(121,469)	(88,507)
Net cash used in operating activities	(2,837,200)	(2,106,613)	(3,074,543)	(1,796,052)
Net cash generated from investing activities	765,199	2,527,255	1,818,537	1,992,808
Net cash used in financing activities	(195,000)	(345,000)	(195,000)	(345,000)
Net (decrease) / increase in cash and cash equivalents	(2,267,001)	75,642	(1,451,006)	(148,244)
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	3,984,968	4,598,308	3,430,273	3,519,599

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 2012.

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

REVIEW OF PERFORMANCE

The Group recorded a profit before taxation of RM 670.90 million for the financial nine months ended 30 September 2012, representing a RM 33 million or 4.69% decrease compared with the corresponding period last year. Net interest income increased by RM 73.39 million to RM 722.67 million on the back of steady loans growth. Other operating income (including income from Islamic Banking operations) increased by RM 49.75 million or 6.79% to RM 782.04 million, whilst operating expenses increased by RM 62.92 million to RM 675.17 million. Recoveries from bad and doubtful debts on loans, advances and financing decreased from RM 93.71 million to RM 57.14 million due to the disposal of impaired loans previously written off in the corresponding period last year. The Group's core capital ratio and risk-weighted capital ratio remained strong at 11.52% and 13.09% 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 greater 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
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Notes to the financial statements for the nine months ended 30 September 2012

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the third quarter and the nine months ended 30 September 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 29.

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 *Consolidated Financial Statements*
MFRS 11 *Joint Arrangements*
MFRS 12 *Disclosure of Interests in Other Entities*
MFRS 13 *Fair Value Measurement*
MFRS 119 *Employee Benefits (as amended in June 2011)*
MFRS 127 *Separate Financial Statements (as amended by IASB in May 2011)*
MFRS 128 *Investments in Associates and Joint Ventures (as amended by IASB in May 2011)*
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
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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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 2012.

7. Dividend

During the nine months period ended 30 September 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 was proposed and paid on 5 October 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

On 11 October 2012, the Bank issued RM 500 million nominal value Subordinated Bond ("the Bond") at a floating rate equals to KLIBOR plus 1.51% per annum payable semi-annually in arrears. The Bond, with a 10-year tenor, due in October 2022, is callable after 5 years at the Bank's option, subject to consent of BNM and satisfaction of redemption conditions. The issuance of the Bond was intended to substitute the existing Subordinated bond which will be called in November 2012.

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

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10. Changes in the composition of the Group

During the period ended 30 September 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, each had subscribed to 20% of the issued and paid-up capital of SCBMB Trustee of RM500,000 on 2 August 2012.

11. Financial assets held for trading

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	107,858	58,762	107,858	58,762
Malaysian Government bonds/securities	1,665,324	1,305,965	1,665,324	1,305,965
Government Islamic bonds	36,492	113,478	36,492	113,478
Bank Negara Malaysia bills	1,480,604	1,862,113	1,480,604	1,862,113
Private debt securities	63,135	268,402	63,135	268,402
	<u>3,353,413</u>	<u>3,608,720</u>	<u>3,353,413</u>	<u>3,608,720</u>

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12. Investment securities available-for-sale

	Group		Bank	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Malaysian Government bonds/ securities	1,030,382	1,552,427	1,030,382	1,552,427
Bank Negara Malaysia bills	1,296,189	219,168	198,991	119,734
Cagamas bonds	-	25,029	-	-
Bankers' acceptances and Islamic acceptance bills	585,467	498,224	585,467	498,224
Negotiable instruments of deposit	854,432	2,177,569	695,043	2,137,569
Private debt securities	379,684	405,730	374,665	395,672
	<u>4,146,154</u>	<u>4,878,147</u>	<u>2,884,548</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>4,172,243</u>	<u>4,904,227</u>	<u>2,910,637</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.

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
<u>At amortised cost</u>				
Overdrafts	620,862	582,563	620,862	582,563
Term loans/financing				
- Housing loans/financing	12,996,728	13,297,938	12,008,186	12,359,104
- Syndicated term loan/financing	603,380	844,194	603,380	844,194
- Hire purchase receivables	226,237	188,025	-	-
- Lease receivables	475,865	445,735	-	-
- Other term loans/financing	10,685,466	9,903,125	8,307,998	7,907,750
Bills receivable	2,873,294	2,382,754	2,824,001	2,342,683
Trust receipts	1,825,334	1,675,670	1,620,212	1,505,135
Staff loans/financing	71,421	79,140	69,591	76,098
Loans/financing to banks and other financial institutions	353,345	138,509	353,345	138,509
Credit card receivables	2,165,296	1,805,801	2,165,296	1,805,801
Revolving credit	1,494,269	1,143,068	1,037,767	799,804
	<u>34,391,497</u>	<u>32,486,522</u>	<u>29,610,638</u>	<u>28,361,641</u>
Less: Unearned interest and income	(1,191,998)	(1,198,320)	(7,045)	(7,217)
Gross loans, advances and financing	33,199,499	31,288,202	29,603,593	28,354,424
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions	(219,818)	(249,662)	(216,934)	(247,153)
- Collective impairment provisions	(142,977)	(134,128)	(91,416)	(90,226)
Total net loans, advances and financing	<u>32,836,704</u>	<u>30,904,412</u>	<u>29,295,243</u>	<u>28,017,045</u>

(ii) By type of customer

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Domestic banking institutions	27,834	-	27,834	-
Domestic non-bank financial institutions	632,980	210,941	566,018	165,139
Domestic business enterprises	12,391,848	11,073,679	10,733,975	9,937,270
<i>Small medium enterprises</i>	<u>3,982,836</u>	<u>3,449,283</u>	<u>3,585,868</u>	<u>3,306,232</u>
<i>Others</i>	<u>8,409,012</u>	<u>7,624,396</u>	<u>7,148,107</u>	<u>6,631,038</u>
Individuals	18,111,879	18,166,840	16,277,559	16,444,227
Other domestic entities	716	738	716	738
Foreign entities	2,034,242	1,836,004	1,997,491	1,807,050
	<u>33,199,499</u>	<u>31,288,202</u>	<u>29,603,593</u>	<u>28,354,424</u>

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Fixed rate				
Housing loans/financing	39,568	44,030	36,456	39,995
Other fixed rate loan/financing	5,417,612	4,660,029	3,449,566	3,025,517
Variable rate				
BLR plus	16,368,333	16,611,775	15,888,603	16,229,030
Cost plus	10,186,801	8,904,539	9,737,230	8,565,069
Other variable rates	1,187,185	1,067,829	491,738	494,813
	<u>33,199,499</u>	<u>31,288,202</u>	<u>29,603,593</u>	<u>28,354,424</u>

(iv) By sector

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Agriculture	441,453	235,601	196,368	137,675
Mining and quarrying	311,740	338,815	250,221	258,986
Manufacturing	4,444,858	3,865,446	3,991,285	3,513,524
Electricity, gas and water	438,185	421,589	435,583	419,316
Construction	728,217	599,903	638,161	566,178
Real estate	849,170	946,459	668,987	759,568
Wholesale & retail trade and restaurants & hotels	2,381,745	2,106,073	2,143,474	1,966,297
Transportation, storage and communication	535,384	518,907	340,445	353,472
Finance, insurance and business services	2,047,717	1,295,746	1,863,766	1,195,174
Household	19,249,380	19,242,236	17,378,309	17,490,669
Others	1,771,650	1,717,427	1,696,994	1,693,565
	<u>33,199,499</u>	<u>31,288,202</u>	<u>29,603,593</u>	<u>28,354,424</u>

(v) By purpose

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Purchase of securities	455,461	455,470	455,461	455,470
Purchase of landed property	15,887,253	15,938,395	15,263,988	15,475,184
- Residential	12,767,824	12,885,891	12,257,371	12,497,858
- Non-residential	3,119,429	3,052,504	3,006,617	2,977,326
Fixed assets excluding land & building	136,415	97,797	-	-
Personal use	2,966,425	3,003,890	1,618,609	1,668,461
Credit cards	2,165,294	1,805,801	2,165,294	1,805,801
Working capital	11,124,793	9,773,406	9,636,383	8,750,783
Others	463,858	213,443	463,858	198,725
	<u>33,199,499</u>	<u>31,288,202</u>	<u>29,603,593</u>	<u>28,354,424</u>

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Maturing within one year	11,710,695	8,961,857	10,878,753	8,568,157
One year to three years	2,605,465	2,594,566	1,741,128	2,012,566
Three years to five years	2,791,813	3,520,185	1,775,942	2,344,805
Over five years	16,091,526	16,211,594	15,207,770	15,428,896
	<u>33,199,499</u>	<u>31,288,202</u>	<u>29,603,593</u>	<u>28,354,424</u>

(vii) By geographical distribution

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Within Malaysia	32,733,401	31,042,872	29,137,495	28,109,094
Outside Malaysia	466,098	245,330	466,098	245,330
	<u>33,199,499</u>	<u>31,288,202</u>	<u>29,603,593</u>	<u>28,354,424</u>

(viii) Analysis of foreign currency exposure

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
USD	3,104,507	2,379,607	2,959,677	2,223,905
GBP	601,829	579,887	601,829	579,281
Other foreign currencies	74,104	14,180	74,104	14,180
	<u>3,780,440</u>	<u>3,073,674</u>	<u>3,635,610</u>	<u>2,817,366</u>

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 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	496,531	506,336	428,538	449,055
Reclassified as performing during the financial period/year	(218,931)	(296,041)	(217,885)	(294,639)
Amount recovered during the financial period/year	(68,149)	(62,944)	(58,597)	(54,277)
Amount written off during the financial period/year	(215,286)	(214,353)	(168,852)	(163,221)
At end of reporting period/year	<u>368,878</u>	<u>374,713</u>	<u>339,407</u>	<u>356,203</u>
Individual impairment provisions	<u>(219,818)</u>	<u>(249,662)</u>	<u>(216,934)</u>	<u>(247,153)</u>
Net impaired loans, advances and financing	<u>149,060</u>	<u>125,051</u>	<u>122,473</u>	<u>109,050</u>
Ratio of net impaired loans, advances and financing to net loans, advances and financing	<u>0.45%</u>	<u>0.40%</u>	<u>0.41%</u>	<u>0.38%</u>

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 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	32,073	36,987	21,930	23,871
Amount written back	(23,224)	(16,254)	(20,740)	(12,511)
At end of reporting period/year	<u>142,977</u>	<u>134,128</u>	<u>91,416</u>	<u>90,226</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>0.43%</u>	<u>0.43%</u>	<u>0.31%</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	160,431	198,451	112,781	145,593
Amount written back	(51,847)	(78,198)	(50,951)	(76,944)
Amount written off	(138,428)	(139,136)	(92,049)	(88,336)
At end of reporting period/year	<u>219,818</u>	<u>249,662</u>	<u>216,934</u>	<u>247,153</u>

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Agriculture	14,429	14,361	14,429	14,361
Manufacturing	42,954	28,902	42,233	28,902
Construction	51,339	54,451	51,339	54,451
Real estate	-	795	-	795
Wholesale & retail trade and restaurants & hotels	37,854	56,885	37,854	56,885
Transportation, storage and communication	2,473	241	2,473	241
Finance, insurance and business services	3,047	1,675	3,047	1,675
Household	213,467	216,129	184,717	197,619
Others	3,315	1,274	3,315	1,274
	<u>368,878</u>	<u>374,713</u>	<u>339,407</u>	<u>356,203</u>

(iv) Impaired loans, advances and financing by purpose

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Purchase of landed property	158,621	183,968	151,060	175,940
- Residential	144,603	167,989	137,042	159,961
- Non-residential	14,018	15,979	14,018	15,979
Personal use	40,577	21,398	18,667	10,916
Credit cards	21,951	15,602	21,951	15,602
Working capital	147,729	153,745	147,729	153,745
	<u>368,878</u>	<u>374,713</u>	<u>339,407</u>	<u>356,203</u>

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Within Malaysia	368,675	374,337	339,204	355,827
Outside Malaysia	203	376	203	376
	<u>368,878</u>	<u>374,713</u>	<u>339,407</u>	<u>356,203</u>

15. Other assets

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Interest/Income receivables	41,377	55,875	58,498	58,377
Other receivables, deposits and prepayments	1,778,820	787,185	2,226,670	891,317
	<u>1,820,197</u>	<u>843,060</u>	<u>2,285,168</u>	<u>949,694</u>

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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 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Demand deposits	13,080,460	15,054,339	11,904,587	13,774,501
Savings deposits	3,668,661	4,801,559	3,586,711	4,676,741
Fixed/Investment deposits	18,786,537	17,975,673	16,973,797	16,551,628
Negotiable instruments of deposits	492,061	492,423	371,249	376,065
	<u>36,027,719</u>	<u>38,323,994</u>	<u>32,836,344</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 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Due within six months	15,589,537	14,695,303	13,961,937	13,503,487
Six months to one year	3,020,432	2,825,947	2,830,069	2,594,816
One year to three years	162,827	224,505	140,493	200,589
Three years to five years	106,072	326,177	106,072	326,177
Over five years	399,730	396,164	306,475	302,624
	<u>399,730</u>	<u>396,164</u>	<u>306,475</u>	<u>302,624</u>

(ii) By type of customers

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Government and statutory bodies	743,981	206,519	33,275	20,672
Business enterprises	13,853,906	16,652,774	13,293,678	15,847,010
Individuals	18,466,321	19,506,578	16,945,427	17,782,315
Others	2,963,511	1,958,123	2,563,964	1,728,938
	<u>36,027,719</u>	<u>38,323,994</u>	<u>32,836,344</u>	<u>35,378,935</u>

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18. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Licensed banks	1,232,264	242,903	1,150,162	220,154
Bank Negara Malaysia	184,103	35,942	183,216	35,942
Other financial institutions	3,541,990	2,685,971	3,523,559	2,577,589
	<u>4,958,357</u>	<u>2,964,816</u>	<u>4,856,937</u>	<u>2,833,685</u>

19. Other liabilities

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Interest/Income payable	181,299	148,232	166,825	137,306
Provision for retirement benefit scheme	405	1,685	405	1,685
Amount owing to subsidiaries	-	-	22	22
Dividends payable	150,000	-	150,000	-
Other payables and accruals	2,110,433	2,297,975	2,450,065	2,193,228
	<u>2,442,137</u>	<u>2,447,892</u>	<u>2,767,317</u>	<u>2,332,241</u>

The movements in profit equalisation reserve are as follows:-

Profit equalisation reserve

	Group	
	30 September 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>

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20. Interest income

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	381,354	331,023	1,095,457	936,448
- Recoveries from impaired loans	4,190	4,714	13,162	14,126
Money at call and deposit placements with banks and other financial institutions	10,691	25,477	37,189	82,914
Financial assets held for trading	28,258	22,972	90,336	53,982
Investment securities available-for-sale	22,727	31,787	75,651	103,886
	<u>447,220</u>	<u>415,973</u>	<u>1,311,795</u>	<u>1,191,356</u>
	Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	381,354	331,023	1,095,457	936,448
- Recoveries from impaired loans	4,190	4,714	13,162	14,126
Money at call and deposit placements with banks and other financial institutions	32,375	39,337	105,694	123,933
Financial assets held for trading	28,258	22,975	90,336	53,985
Investment securities available-for-sale	22,727	31,787	75,651	103,886
	<u>468,904</u>	<u>429,836</u>	<u>1,380,300</u>	<u>1,232,378</u>

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21. Interest expense

	Group and Bank			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	15,871	10,600	64,571	43,947
Deposits from customers	174,889	162,261	508,416	461,433
Loans sold to Cagamas	-	-	-	708
Subordinated debts	5,420	12,106	16,142	35,993
	<u>196,180</u>	<u>184,967</u>	<u>589,129</u>	<u>542,081</u>

22. Net income from Islamic Banking operations

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	38,788	22,936	121,025	67,265
Transfer to profit equalisation reserves	-	3,950	-	3,950
Total distributable income	<u>38,788</u>	<u>26,886</u>	<u>121,025</u>	<u>71,215</u>
Income attributable to depositors	<u>(21,745)</u>	<u>(7,634)</u>	<u>(57,253)</u>	<u>(19,745)</u>
Income attributable to the Bank	17,043	19,252	63,772	51,470
Income derived from investment of Islamic banking capital funds and shareholder's funds	64,838	63,032	179,619	134,965
	<u>81,881</u>	<u>82,284</u>	<u>243,391</u>	<u>186,435</u>

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23. Other operating income

	Group			
	3rd Quarter ended		Nine months ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	80,633	73,943	234,216	205,426
- <i>Commission income</i>	52,933	46,073	152,798	135,009
- <i>Service fees</i>	20,427	19,791	58,093	47,901
- <i>Guarantee fees</i>	7,273	8,079	23,325	22,516
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(15,174)	(11,754)	(42,546)	(35,109)
- <i>Commission charges</i>	(6,487)	(3,805)	(17,500)	(16,919)
- <i>Service charges</i>	(8,687)	(7,949)	(25,046)	(18,190)
	<u>65,459</u>	<u>62,189</u>	<u>191,670</u>	<u>170,317</u>
Net trading income				
(Loss)/Gains from sale of financial assets held for trading and derivative financial instruments	(11,110)	(47,717)	24,325	11,499
Unrealised gains/(loss) on revaluation of financial assets held for trading and other financial instruments	22,972	152,504	99,877	142,676
Foreign exchange currency				
- Gains from dealing in foreign currency	65,926	47,108	182,433	138,605
- Unrealised (loss)/gains from foreign exchange translation	14,505	26,035	12,753	59,182
	<u>92,293</u>	<u>177,930</u>	<u>319,388</u>	<u>351,962</u>
Other income				
Gains from sale of investment securities available-for-sale	-	192	5,431	621
Gross dividends from unquoted investments	-	28	17,732	17,353
Rental income	-	(14)	-	14
Gain on disposal of property, plant and equipment	155	-	335	-
Others	2,743	1,553	4,091	5,585
	<u>2,898</u>	<u>1,759</u>	<u>27,589</u>	<u>23,573</u>
Total other operating income	<u>160,650</u>	<u>241,878</u>	<u>538,647</u>	<u>545,852</u>

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23. Other operating income (continued)

	Bank			
	3rd Quarter ended		Nine months ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Fee and commission				
Fee and commission income:-				
Arising from financial instruments not fair valued through profit or loss	80,633	73,943	234,216	205,426
- <i>Commission income</i>	52,933	46,073	152,798	135,009
- <i>Service fees</i>	20,427	19,791	58,093	47,901
- <i>Guarantee fees</i>	7,273	8,079	23,325	22,516
Fee and commission expense:-				
Arising from financial instruments not fair valued through profit or loss	(15,174)	(11,754)	(42,546)	(35,109)
- <i>Commission charges</i>	(6,487)	(3,805)	(17,500)	(16,919)
- <i>Service charges</i>	(8,687)	(7,949)	(25,046)	(18,190)
	<u>65,459</u>	<u>62,189</u>	<u>191,670</u>	<u>170,317</u>
Net trading income				
(Loss)/gains from sale of financial assets held for trading and derivative financial instruments	(11,110)	(47,717)	24,325	11,499
Unrealised gains/(loss) on revaluation of financial assets held for trading and other financial instruments	22,972	152,504	99,877	142,676
Foreign exchange currency				
- Gains from dealing in foreign currency	65,926	47,108	182,433	138,605
- Unrealised (loss)/gains from foreign exchange translation	14,505	26,035	12,753	59,182
	<u>92,293</u>	<u>177,930</u>	<u>319,388</u>	<u>351,962</u>
Other income				
Gains from sale of investment securities available-for-sale	-	192	5,431	621
Gross dividends from unquoted investments	-	28	17,732	17,353
Rental income	-	(14)	-	14
Gain on disposal of property, plant and equipment	155	-	335	-
Others	18,946	15,813	51,704	48,805
	<u>19,101</u>	<u>16,019</u>	<u>75,202</u>	<u>66,793</u>
Total other operating income	<u>176,853</u>	<u>256,138</u>	<u>586,260</u>	<u>589,072</u>

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24. Other operating expenses

	Group			
	3rd Quarter ended 30 September 2012 RM'000	30 September 2011 RM'000	Nine months ended 30 September 2012 RM'000	30 September 2011 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	71,697	69,173	212,481	201,464
- Pension fund contributions	8,227	7,348	25,016	21,840
- Other staff related cost	7,600	4,012	33,441	19,803
	<u>87,524</u>	<u>80,533</u>	<u>270,938</u>	<u>243,107</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,281	6,601	20,393	19,441
- Rental	6,949	6,756	19,804	18,946
- Information technology and project expenses	17,516	21,066	62,290	59,024
- Others	11,393	10,284	34,971	27,049
	<u>42,139</u>	<u>44,707</u>	<u>137,458</u>	<u>124,460</u>
Marketing expenses				
- Advertisement and publicity	10,058	9,399	21,779	20,421
- Others	6,507	6,566	16,665	18,561
	<u>16,565</u>	<u>15,965</u>	<u>38,444</u>	<u>38,982</u>
Administration and general expenses				
- Communication expenses	3,416	3,707	11,007	10,848
- Group administration and business support expenses	28,563	25,040	86,347	74,502
- Outsourcing expenses	24,120	17,665	68,747	53,095
- Others	22,170	37,845	62,231	67,258
	<u>78,269</u>	<u>84,257</u>	<u>228,332</u>	<u>205,703</u>
Total other operating expenses	<u>224,497</u>	<u>225,462</u>	<u>675,172</u>	<u>612,252</u>

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24. Other operating expenses (continued)

	Bank			
	3rd Quarter ended 30 September 2012 RM'000	30 September 2011 RM'000	Nine months ended 30 September 2012 RM'000	30 September 2011 RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	68,415	67,746	205,705	196,854
- Pension fund contributions	8,227	7,348	25,016	21,840
- Other staff related cost	7,116	3,650	31,458	18,984
	<u>83,758</u>	<u>78,744</u>	<u>262,179</u>	<u>237,678</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,513	6,085	18,207	17,898
- Rental	6,501	6,461	18,524	18,093
- Information technology and project expenses	17,531	21,059	62,195	58,983
- Others	10,914	10,970	33,163	26,756
	<u>40,459</u>	<u>44,575</u>	<u>132,089</u>	<u>121,730</u>
Marketing expenses				
- Advertisement and publicity	9,959	9,260	21,391	19,991
- Others	6,367	5,597	16,345	17,399
	<u>16,326</u>	<u>14,857</u>	<u>37,736</u>	<u>37,390</u>
Administration and general expenses				
- Communication expenses	3,352	3,568	10,675	10,433
- Group administration and business support expenses	26,808	23,604	81,002	70,840
- Outsourcing expenses	24,120	17,665	68,747	53,095
- Others	19,343	35,345	53,893	60,905
	<u>73,623</u>	<u>80,182</u>	<u>214,317</u>	<u>195,273</u>
Total other operating expenses	<u><u>214,166</u></u>	<u><u>218,358</u></u>	<u><u>646,321</u></u>	<u><u>592,071</u></u>

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25. Provisions for loans, advances and financing

	Group			
	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	38,284	30,817	111,578	92,565
- Made in the financial period	48,461	42,652	137,475	120,536
- Discounting of collaterals	6,573	7,486	22,956	26,756
- Written back	(16,750)	(19,321)	(48,853)	(54,727)
Collective impairment provisions				
- Made in the financial period	10,565	11,820	32,073	24,153
- Written back	(4,895)	(3,646)	(23,224)	(14,362)
Bad and doubtful debts on loans, advances and financing:-				
Written off	34,309	20,856	95,346	56,771
Recovered	(21,644)	(16,445)	(57,139)	(93,713)
	<u>56,619</u>	<u>43,402</u>	<u>158,634</u>	<u>65,414</u>

	Bank			
	3rd Quarter ended		Nine months ended	
	September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	22,042	18,206	64,824	53,824
- Made in the financial period	31,931	29,812	89,825	81,255
- Discounting of collaterals	6,573	7,486	22,956	26,756
- Written back	(16,462)	(19,092)	(47,957)	(54,187)
Collective impairment provisions				
- Made in the financial period	6,212	7,270	21,930	17,500
- Written back	(4,611)	(3,596)	(20,740)	(11,581)
Bad and doubtful debts on loans, advances and financing:-				
Written off	34,309	20,856	95,346	56,771
Recovered	(18,484)	(14,662)	(48,852)	(79,428)
	<u>39,468</u>	<u>28,074</u>	<u>112,508</u>	<u>37,086</u>

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26. Commitments and contingencies

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

The commitments and contingencies are as follows:-

Group	30 September 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	1,734,594	1,733,819	425,926	1,572,066	1,571,843	368,874
Transaction-related contingent items	4,146,163	4,051,454	1,113,828	3,856,878	3,767,555	979,562
Short-term self liquidating trade-related contingencies	515,645	462,679	134,123	569,530	533,569	147,009
Sell and buy back agreements	-	-	-	-	-	-
Other commitments to extend credit:-						
- maturity not exceeding one year	13,699,787	4,569,573	1,506,933	12,707,121	3,938,640	1,300,898
- maturity exceeding one year	5,881,822	1,813,781	1,090,852	4,588,160	1,685,064	801,041
Foreign exchange related contracts:-						
- less than one year	40,479,007	855,807	190,357	36,482,252	864,502	282,170
- one year to less than five years	15,017,202	1,363,721	363,888	10,521,067	967,150	234,862
- five years and above	5,285,671	1,085,543	247,375	4,524,575	905,182	186,124
Interest rate related contracts:-						
- less than one year	26,500,298	124,292	16,122	24,073,149	97,368	27,378
- one year to less than five years	46,807,533	1,396,888	350,585	44,178,303	1,279,154	318,725
- five years and above	6,591,978	624,930	185,094	6,916,565	714,688	210,047
Miscellaneous commitments and contingencies	1,942,942	145,960	31,433	2,502,661	224,936	115,038
	<u>168,602,642</u>	<u>18,228,447</u>	<u>5,656,516</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.

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26. Commitments and contingencies (continued)

	30 September 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	1,731,820	1,731,750	425,466	1,565,668	1,565,598	365,123
Transaction-related contingent items	4,078,123	3,990,213	1,094,350	3,809,788	3,723,453	967,735
Short-term self liquidating trade-related contingencies	359,474	310,050	80,225	318,657	283,929	71,343
Sell and buy back agreements	-	-	-	-	-	-
Other commitments to extend credit:-						
- maturity not exceeding one year	12,772,271	4,247,356	1,389,993	11,830,286	3,861,917	1,259,280
- maturity exceeding one year	5,316,807	1,719,416	1,020,360	4,290,377	1,657,865	773,473
Foreign exchange related contracts:-						
- less than one year	40,479,007	855,807	189,646	36,488,734	864,639	279,770
- one year to less than five years	15,017,202	1,363,721	363,888	10,521,067	967,150	234,862
- five years and above	5,285,671	1,085,543	247,375	4,524,575	905,182	186,124
Interest rate related contracts:-						
- less than one year	26,700,298	124,492	15,941	24,073,149	97,368	27,378
- one year to less than five years	46,753,617	1,392,023	318,485	44,378,303	1,281,154	289,795
- five years and above	6,591,978	617,477	184,989	6,916,565	704,989	209,939
Miscellaneous commitments and contingencies	1,942,942	145,960	31,433	2,502,661	224,936	115,038
	<u>167,029,210</u>	<u>17,583,808</u>	<u>5,362,151</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.

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27. 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 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			
As at 30 September 2012								
Financial assets								
Cash and short term funds	3,258,703	-	-	-	726,265	-	3,984,968	2.60
Deposits and placements with banks and other financial institutions	-	-	11,758	-	-	-	11,758	3.06
Securities purchased under resale agreements	235,245	-	-	-	-	-	235,245	2.70
Financial assets held for trading	-	-	-	-	-	3,353,413	3,353,413	3.16
Investment securities available-for-sale	2,122,786	941,532	1,030,472	51,608	25,845	-	4,172,243	2.95
Loans, advances and financing								
- Performing	26,070,456	3,325,253	2,668,297	623,638	-	-	32,687,644	5.60
- Impaired	-	-	-	-	149,060	-	149,060	
Derivative financial assets	-	-	-	-	-	1,871,237	1,871,237	
Other balances	-	-	-	-	2,883,075	-	2,883,075	
	31,687,190	4,266,785	3,710,527	675,246	3,784,245	5,224,650	49,348,643	
Financial liabilities								
Deposits from customers	23,416,758	5,418,741	574,403	399,506	6,218,311	-	36,027,719	2.54
Deposits and placements of banks and other financial institutions	4,551,327	97,366	110,051	199,613	-	-	4,958,357	1.34
Derivative financial liabilities	-	-	-	-	-	1,665,175	1,665,175	
Other balances	-	-	-	-	2,442,137	-	2,442,137	
Subordinated debts	-	500,472	-	-	-	-	500,472	4.28
	27,968,085	6,016,579	684,454	599,119	8,660,448	1,665,175	45,593,860	
On-balance sheet interest sensitivity gap	3,719,105	(1,749,794)	3,026,073	76,127	(4,876,203)	3,559,475		
Off-balance sheet interest sensitivity gap	(848,147)	(1,836,114)	(1,776,254)	59,001	-	-		
Total interest sensitivity gap	2,870,958	(3,585,908)	1,249,819	135,128	(4,876,203)	3,559,475		

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27. 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	5.55
- 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		

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27. 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 September 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	2,715,881	-	-	-	714,392	-	3,430,273	2.88
Deposits and placements with banks and other financial institutions	1,137,111	305,679	11,758	25,505	-	-	1,480,053	3.30
Securities purchased under resale agreements	235,245	-	-	-	-	-	235,245	2.70
Financial assets held for trading	-	-	-	-	-	3,353,413	3,353,413	3.16
Investment securities available-for-sale	1,361,910	440,803	1,030,472	51,607	25,845	-	2,910,637	2.88
Loans, advances and financing								
- Performing	25,032,728	3,098,702	832,235	209,105	-	-	29,172,770	5.24
- Impaired	-	-	-	-	122,473	-	122,473	
Derivative financial assets	-	-	-	-	-	1,868,529	1,868,529	
Other balances	-	-	-	-	3,245,066	-	3,245,066	
	30,482,875	3,845,184	1,874,465	286,217	4,107,776	5,221,942	45,818,458	
Financial liabilities								
Deposits from customers	21,423,528	4,341,651	546,604	306,250	6,218,311	-	32,836,344	2.60
Deposits and placements of banks and other financial institutions	4,550,436	450	110,051	196,000	-	-	4,856,937	1.39
Derivative financial liabilities	-	-	-	-	-	1,662,694	1,662,694	
Other balances	-	-	-	-	2,767,317	-	2,767,317	
Subordinated debts	-	500,472	-	-	-	-	500,472	4.28
	25,973,964	4,842,573	656,655	502,250	8,985,628	1,662,694	42,623,764	
On-balance sheet interest sensitivity gap	4,508,911	(997,389)	1,217,810	(216,033)	(4,877,852)	3,559,248		
Off-balance sheet interest sensitivity gap	(848,147)	(1,836,114)	(1,776,254)	59,001	-	-		
Total interest sensitivity gap	3,660,764	(2,833,503)	(558,444)	(157,032)	(4,877,852)	3,559,248		

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27. 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		

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28. Capital adequacy

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 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	2,494,085	2,344,579	2,344,070	2,233,388
Less: Deferred tax assets	(31,245)	(51,872)	(27,991)	(48,311)
Eligible Tier 1 capital	<u>3,342,840</u>	<u>3,172,707</u>	<u>3,196,079</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	29,645	20,049	21,007	17,979
Regulatory reserves	<u>332,001</u>	<u>332,001</u>	<u>331,457</u>	<u>331,457</u>
	861,646	852,050	852,464	849,436
Less: Investment in subsidiaries	-	-	(411,522)	(386,022)
Excess of Expected Loss over Expected Provisions under IRB approach	(364,054)	(298,623)	(244,142)	(208,747)
Exclusion of collective impairment provisions on impaired loans	(44,103)	(32,460)	(28,997)	(22,536)
Eligible Tier 2 capital	<u>453,489</u>	<u>520,967</u>	<u>167,803</u>	<u>232,131</u>
Total capital base	<u>3,796,329</u>	<u>3,693,674</u>	<u>3,363,882</u>	<u>3,297,208</u>

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

	Group		Bank	
	30 September 2012 RM'000	31 December 2011 RM'000	30 September 2012 RM'000	31 December 2011 RM'000
Total risk-weighted assets:-				
Credit risk	24,215,332	22,115,835	21,321,862	19,541,898
Market risk	1,711,749	1,799,498	1,711,749	1,799,498
Operational risk	3,084,192	2,829,364	2,815,168	2,540,849
Large exposure for equity holdings	621	621	621	621
	<u>29,011,894</u>	<u>26,745,318</u>	<u>25,849,400</u>	<u>23,882,866</u>

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28. Capital adequacy (continued)

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

	Group		Bank	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Before proposed dividend:-				
Tier 1 capital ratio	11.52%	11.86%	12.36%	12.83%
Risk-weighted capital ratio	13.09%	13.81%	13.01%	13.81%
After proposed dividend:-				
Tier 1 capital ratio	11.52%	11.13%	12.36%	12.02%
Risk-weighted capital ratio	13.09%	13.08%	13.01%	12.99%

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

	30 September 2012	31 December 2011
Tier 1 capital ratio	11.65%	12.41%
Risk-weighted capital ratio	11.65%	12.41%

29. 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.

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29. 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.

29.1 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

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29. Explanation of transition to MFRSs (continued)**29.1 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

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29. Explanation of transition to MFRSs (continued)

29.1 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

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29. Explanation of transition to MFRSs (continued)

29.1 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

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29. Explanation of transition to MFRSs (continued)**29.2 Reconciliation of statements of comprehensive income**

Group	Note	3rd Quarter ended 30 September 2011			Nine months ended 30 September 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		415,973	-	415,973	1,191,356	-	1,191,356	1,625,374	-	1,625,374
Interest expense		(183,369)	(1,598)	(184,967)	(540,727)	(1,354)	(542,081)	(761,405)	1,160	(760,245)
Net interest income		232,604	(1,598)	231,006	650,629	(1,354)	649,275	863,969	1,160	865,129
Net income from Islamic Banking operations		82,229	55	82,284	186,416	19	186,435	252,971	32	253,003
		314,833	(1,543)	313,290	837,045	(1,335)	835,710	1,116,940	1,192	1,118,132
Other operating income		244,126	(2,248)	241,878	550,980	(5,128)	545,852	690,261	(1,071)	689,190
Total net income		558,959	(3,791)	555,168	1,388,025	(6,463)	1,381,562	1,807,201	121	1,807,322
Other operating expenses		(225,462)	-	(225,462)	(612,252)	-	(612,252)	(833,950)	-	(833,950)
Operating profit		333,497	(3,791)	329,706	775,773	(6,463)	769,310	973,251	121	973,372
Provisions for loans, advances and financing		(51,460)	8,058	(43,402)	(97,437)	32,023	(65,414)	(138,218)	19,999	(118,219)
Profit before taxation		282,037	4,267	286,304	678,336	25,560	703,896	835,033	20,120	855,153
Tax expense		(83,664)	183	(83,481)	(178,775)	272	(178,503)	(215,822)	(493)	(216,315)
Profit for the period		198,373	4,450	202,823	499,561	25,832	525,393	619,211	19,627	638,838

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29. Explanation of transition to MFRSs (continued)**29.2 Reconciliation of statements of comprehensive income**

Group	Note	3rd Quarter ended 30 September 2011			Nine months ended 30 September 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		(2,878)	8,960	6,082	(472)	9,798	9,326	5,027	9,346	14,373
Net amount transferred to profit or loss		2,269	(9,126)	(6,857)	2,663	(9,126)	(6,463)	1,709	(9,077)	(7,368)
Cash flow hedges:-										
Effective portion of changes in fair value		18,427	-	18,427	10,429	-	10,429	10,986	-	10,986
Net amount transferred to profit or loss		(6,058)	-	(6,058)	1,164	-	1,164	4,341	-	4,341
Actuarial gains from defined benefit plan		-	-	-	-	-	-	-	-	-
Other comprehensive income for the period, net of income tax		11,760	(166)	11,594	13,784	672	14,456	22,063	269	22,332
Total comprehensive income for the period		210,133	4,284	214,417	513,345	26,504	539,849	641,274	19,896	661,170

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29. Explanation of transition to MFRSs (continued)**29.2 Reconciliation of statements of comprehensive income**

Bank	Note	3rd Quarter ended 30 September 2011			Nine months ended 30 September 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		429,836	-	429,836	1,232,378	-	1,232,378	1,681,058	-	1,681,058
Interest expense		(183,369)	(1,598)	(184,967)	(540,727)	(1,354)	(542,081)	(761,405)	1,160	(760,245)
Net interest income		246,467	(1,598)	244,869	691,651	(1,354)	690,297	919,653	1,160	920,813
Net income from Islamic Banking operations		-	-	-	-	-	-	-	-	-
		246,467	(1,598)	244,869	691,651	(1,354)	690,297	919,653	1,160	920,813
Other operating income		258,386	(2,248)	256,138	594,200	(5,128)	589,072	749,343	(1,071)	748,272
Total net income		504,853	(3,846)	501,007	1,285,851	(6,482)	1,279,369	1,668,996	89	1,669,085
Other operating expenses		(218,358)	-	(218,358)	(592,071)	-	(592,071)	(804,281)	-	(804,281)
Operating profit		286,495	(3,846)	282,649	693,780	(6,482)	687,298	864,715	89	864,804
Provisions for loans, advances and financing		(36,118)	8,044	(28,074)	(67,470)	30,384	(37,086)	(99,679)	26,516	(73,163)
Profit before taxation		250,377	4,198	254,575	626,310	23,902	650,212	765,036	26,605	791,641
Tax expense		(75,429)	249	(75,180)	(165,293)	174	(165,119)	(198,547)	(583)	(199,130)
Profit for the period		174,948	4,447	179,395	461,017	24,076	485,093	566,489	26,022	592,511

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29. Explanation of transition to MFRSs (continued)**29.2 Reconciliation of statements of comprehensive income**

Bank	Note	3rd Quarter ended 30 September 2011			Nine months ended 30 September 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		(2,899)	8,960	6,061	(515)	9,798	9,283	5,023	9,346	14,369
Net amount transferred to profit or loss		2,269	(9,126)	(6,857)	2,663	(9,126)	(6,463)	1,709	(9,077)	(7,368)
Cash flow hedges:-										
Effective portion of changes in fair value		18,427	-	18,427	10,429	-	10,429	10,986	-	10,986
Net amount transferred to profit or loss		(6,058)	-	(6,058)	1,164	-	1,164	4,341	-	4,341
Other comprehensive income for the period, net of income tax		11,739	(166)	11,573	13,741	672	14,413	22,059	269	22,328
Total comprehensive income for the period		186,687	4,281	190,968	474,758	24,748	499,506	588,548	26,291	614,839

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29. Explanation of transition to MFRSs (continued)**29.3 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.

29.4 Comparative notes

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

	31 December 2011			
	Group FRSs RM'000	MFRSs RM'000	FRSs RM'000	Bank 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	<u>374,713</u>	<u>374,713</u>	<u>356,203</u>	<u>356,203</u>
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>0.26%</u>	<u>0.40%</u>	<u>0.27%</u>	<u>0.38%</u>

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29.4 Comparative notes to the interim financial statements (continued)

	31 December 2011			
	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>1.50%</u>	<u>0.43%</u>	<u>1.50%</u>	<u>0.32%</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
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>

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29. Explanation of transition to MFRSs (continued)**29.4 Comparative notes to the interim financial statements (continued)****(f) Note 21 Interest expense**

	Group and Bank			
	3rd Quarter ended		Nine months ended	
	30 September 2011		30 September 2011	
	FRSs	MFRSs	FRSs	MFRSs
	RM'000	RM'000	RM'000	RM'000
Deposits and placement of banks and other financial institutions	9,002	10,600	42,593	43,947
Deposits from customers	162,261	162,261	461,433	461,433
Loans sold to Cagamas	-	-	708	708
Subordinated debts	12,106	12,106	35,993	35,993
	<u>183,369</u>	<u>184,967</u>	<u>540,727</u>	<u>542,081</u>

(g) Note 22 Net income from Islamic banking

	Group			
	3rd Quarter ended		Nine months ended	
	30 September 2011		30 September 2011	
	FRSs	MFRSs	FRSs	MFRSs
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	22,922	22,936	67,255	67,265
Transfer from profit equalisation reserve	3,950	3,950	3,950	3,950
Total distributable income	26,872	26,886	71,205	71,215
Income attributable to depositors	(7,675)	(7,634)	(19,754)	(19,745)
Income attributable to the Group	19,197	19,252	51,451	51,470
Income derived from investment of Islamic banking capital funds and shareholder's fund's	63,032	63,032	134,965	134,965
	<u>82,229</u>	<u>82,284</u>	<u>186,416</u>	<u>186,435</u>

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29. Explanation of transition to MFRSs (continued)**29.4 Comparative notes to the interim financial statements (continued)**

	Group and Bank			
	3rd Quarter ended		Nine months ended	
	30 September 2011		30 September 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	154,752	152,504	147,804	142,676
(i) Note 25 Provision for loans, advances and financing				

	Group			
	3rd Quarter ended		Nine months ended	
	30 September 2011		30 September 2011	
	FRSs	MFRSs	FRSs	MFRSs
	RM'000	RM'000	RM'000	RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	33,872	30,817	97,067	92,565
- Made in the financial period	46,154	42,652	125,485	120,536
- Discounting of collaterals	7,486	7,486	26,756	26,756
- Written back	(19,768)	(19,321)	(55,174)	(54,727)
Collective impairment provisions				
- Made in the financial period	16,820	11,820	50,803	24,153
- Written back	(3,643)	(3,646)	(13,491)	(14,362)
Bad and doubtful debts on loans, advances and financing:-				
Written off	20,856	20,856	56,771	56,771
Recovered	(16,445)	(16,445)	(93,713)	(93,713)
	<u>51,460</u>	<u>43,402</u>	<u>97,437</u>	<u>65,414</u>

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29. Explanation of transition to MFRSs (continued)**29.4 Comparative notes to the interim financial statements (continued)****(i) Note 25 Provision for loans, advances and financing**

	Bank			
	3rd Quarter ended 30 September 2011		Nine months ended 30 September 2011	
	FRSs RM'000	MFRSs RM'000	FRSs RM'000	MFRSs RM'000
Provisions for loans, advances and financing:-				
Individual impairment provisions	21,054	18,206	58,848	53,824
- Made in the financial period	33,107	29,812	86,726	81,255
- Discounting of collaterals	7,486	7,486	26,756	26,756
- Written back	(19,539)	(19,092)	(54,634)	(54,187)
Collective impairment provisions				
- Made in the financial period	12,270	7,270	42,100	17,500
- Written back	(3,400)	(3,596)	(10,821)	(11,581)
Bad and doubtful debts on loans, advances and financing:-				
Written off	20,856	20,856	56,771	56,771
Recovered	(14,662)	(14,662)	(79,428)	(79,428)
	<u>36,118</u>	<u>28,074</u>	<u>67,470</u>	<u>37,086</u>

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29. Explanation of transition to MFRSs (continued)**29.4 Comparative notes to the interim financial statements (continued)**

	31 December 2011			
	Group		Bank	
	FRSs RM'000	MFRSs RM'000	FRSs RM'000	MFRSs RM'000
(j) Note 28 Capital adequacy				
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	2,391,513	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%

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29. Explanation of transition to MFRSs (continued)

29.4 Comparative notes to the interim financial statements (continued)

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

	31 December 2011	
	Bank	
	FRSs	MFRSs
Tier 1 capital ratio	12.83%	12.41%
Risk-weighted capital ratio	12.83%	12.41%