



**Standard Chartered Bank
Malaysia Berhad**
(Company No. 115793P)
(Incorporated in Malaysia)
and its subsidiaries

**Financial statements for the financial half
year ended 30 June 2009**

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

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2009

	Note	Group		Bank	
		30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Assets					
Cash and short term funds		9,359,749	4,124,252	6,743,878	1,918,776
Deposits and placements with banks and other financial institutions		1,646,800	985,270	1,966,800	985,000
Securities purchased under resale agreements		134,783	3,495,149	134,783	3,495,149
Securities held for trading	11	2,430,968	3,676,856	2,430,968	3,676,856
Securities available-for-sale	12	5,819,757	6,704,281	5,543,954	6,462,209
Loans, advances and financing	13	20,258,379	20,579,280	18,641,083	19,211,240
Other receivables	15	3,012,360	3,827,602	3,358,431	3,766,578
Prepaid lease payments		1,137	1,149	1,137	1,149
Statutory deposits with Bank Negara Malaysia		141,110	500,000	127,000	446,000
Investments in subsidiaries		-	-	200,022	200,022
Property, plant and equipment		53,129	59,375	53,129	59,375
Deferred tax assets		93,897	102,304	86,246	95,347
Total assets		42,952,069	44,055,518	39,287,431	40,317,701
Liabilities					
Deposits from customers	16	32,431,635	33,010,073	28,980,621	28,586,783
Deposits and placements of banks and other financial institutions	17	3,377,877	3,292,897	3,274,654	3,245,719
Bills and acceptances payable		15,421	135,181	15,421	106,239
Recourse obligations on loans sold to Cagamas		144,348	161,898	144,348	161,898
Other payables	18	3,869,578	4,412,329	3,780,943	5,183,859
Tax payable		23,724	52,774	20,325	51,201
Subordinated debts		892,511	900,058	892,511	900,058
Total liabilities		40,755,094	41,965,210	37,108,823	38,235,757
Equity					
Share capital		125,000	125,000	125,000	125,000
Reserves		2,071,975	1,965,308	2,053,608	1,956,944
Total equity attributable to equity holder of the Bank	19	2,196,975	2,090,308	2,178,608	2,081,944
Total liabilities and equity		42,952,069	44,055,518	39,287,431	40,317,701
Commitments and contingencies	27	175,427,552	201,688,112	174,346,634	201,382,959
CAPITAL ADEQUACY					
Core capital ratio	28	9.38%	8.30%	9.92%	8.76%
Risk-weighted capital ratio	28	14.69%	13.51%	14.49%	13.24%

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 2008.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

	Note	Group			
		2nd Quarter ended 30 June		Six months ended 30 June	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest income	20	313,395	398,477	679,018	850,498
Interest expense	21	(145,827)	(222,163)	(326,523)	(456,299)
Net interest income		<u>167,568</u>	<u>176,314</u>	<u>352,495</u>	<u>394,199</u>
Net income from Islamic Banking operations	22	38,367	19,176	66,238	34,479
		<u>205,935</u>	<u>195,490</u>	<u>418,733</u>	<u>428,678</u>
Other operating income	23	108,518	162,544	270,224	493,590
Total net income		<u>314,453</u>	<u>358,034</u>	<u>688,957</u>	<u>922,268</u>
Other operating expenses	24	(182,778)	(160,199)	(357,204)	(338,680)
Operating profit		<u>131,675</u>	<u>197,835</u>	<u>331,753</u>	<u>583,588</u>
Allowance for bad and doubtful debts and financing	25	(38,523)	(26,508)	(72,530)	(60,418)
Profit before taxation		<u>93,152</u>	<u>171,327</u>	<u>259,223</u>	<u>523,170</u>
Tax expense		(29,114)	(32,484)	(73,150)	(130,249)
Profit for the period		<u><u>64,038</u></u>	<u><u>138,843</u></u>	<u><u>186,073</u></u>	<u><u>392,921</u></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 2008.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

	Note	Bank			
		2nd Quarter ended 30 June		Six months ended 30 June	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest income	20	317,553	398,477	689,561	850,498
Interest expense	21	(145,827)	(222,163)	(326,523)	(456,299)
Net interest income		<u>171,726</u>	<u>176,314</u>	<u>363,038</u>	<u>394,199</u>
Net income from Islamic Banking operations	22	-	19,176	-	34,479
		<u>171,726</u>	<u>195,490</u>	<u>363,038</u>	<u>428,678</u>
Other operating income	23	108,518	162,544	270,224	493,590
Total net income		<u>280,244</u>	<u>358,034</u>	<u>633,262</u>	<u>922,268</u>
Other operating expenses	24	(168,951)	(160,199)	(333,662)	(338,680)
Operating profit		<u>111,293</u>	<u>197,835</u>	<u>299,600</u>	<u>583,588</u>
Allowance for bad and doubtful debts and financing	25	(27,078)	(26,508)	(51,911)	(60,418)
Profit before taxation		<u>84,215</u>	<u>171,327</u>	<u>247,689</u>	<u>523,170</u>
Tax expense		(26,844)	(32,484)	(70,207)	(130,249)
Profit for the period		<u><u>57,371</u></u>	<u><u>138,843</u></u>	<u><u>177,482</u></u>	<u><u>392,921</u></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 2008.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF RECOGNISED INCOME AND EXPENSE
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

	Note	Group		Bank	
		30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Unrealised gain on revaluation of securities available-for-sale		20,093	10,317	17,807	10,331
Realised gain from disposal of securities available-for-sale transferred to income statements		(24,335)	(3,407)	(23,932)	(3,407)
Unrealised gain/(loss) on cash flow hedge		312	(32,820)	312	(32,820)
Realised (gain)/loss on cash flow hedge transferred to income statements		(1,945)	8,817	(1,945)	8,817
Tax effect on income and expense recognised directly in equity		<u>1,469</u>	<u>4,284</u>	<u>1,940</u>	<u>4,270</u>
Income and expense recognised directly in equity	19	(4,406)	(12,809)	(5,818)	(12,809)
Profit for the period		186,073	392,921	177,482	392,921
Total recognised income and expense for the period attributable to equity holder of the Bank		<u><u>181,667</u></u>	<u><u>380,112</u></u>	<u><u>171,664</u></u>	<u><u>380,112</u></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 2008.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

	Group		Bank	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Profit before taxation	259,223	523,170	247,689	523,170
Adjustment for non-operating items	-	(1,719)	-	(1,719)
Adjustment for non-cash items	(17,505)	223	(16,882)	223
Operating profit before working capital changes	241,718	521,674	230,807	521,674
Changes in working capital:-				
Net changes in operating assets	5,438,124	(1,651,396)	4,920,125	(1,651,396)
Net changes in operating liabilities	(1,181,059)	4,077,087	(1,096,058)	4,077,087
Income taxes paid	(91,165)	(83,750)	(90,049)	(83,750)
Net cash generated from operating activities	4,407,618	2,863,615	3,964,825	2,863,615
Net cash generated from/(used in) investing activities	902,879	(3,741,338)	935,277	(3,741,338)
Net cash used in financing activities	(75,000)	(380,800)	(75,000)	(380,800)
Net increase/(decrease) in cash and cash equivalents	5,235,497	(1,258,523)	4,825,102	(1,258,523)
Cash and cash equivalent at beginning of the period	4,124,252	14,819,024	1,918,776	14,819,024
Cash and cash equivalent at end of the period	<u>9,359,749</u>	<u>13,560,501</u>	<u>6,743,878</u>	<u>13,560,501</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 2008.

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REVIEW OF PERFORMANCE

The Group's profit before taxation for the financial half year ended 30 June 2009 was RM 259.22 million, which is RM 263.95 million or 50.45% lower than the corresponding period last year. Net interest income declined by 10.58% to RM 352.50 million while other operating income (including income from Islamic Banking operations) decreased by RM 191.61 million to RM 336.46 million. Allowance for bad and doubtful debts was higher by RM 12.11 million while overheads increased by RM 18.52 million. Total assets registered a decrease of RM 1.10 billion or 2.50% to RM 42.95 billion compared to the last financial year ended 31 December 2008. The Group's core capital ratio and risk-weighted capital ratio remained strong at 9.38% and 14.69% respectively.

PROSPECTS

The Bank will continue to grow its business in Malaysia in support of a focused strategic agenda to achieve the Standard Chartered PLC's ambition to be the best international bank, leading the way in Asia, Africa and the Middle East. Over the past few years, the Bank has built significant momentum to lead the way in product innovation, service, performance culture, corporate governance and enhancing shareholder value. The strategic agenda for 2009 is set out below:-

- Deliver superior financial performance, in line with the market
- Continuously improve the way we work, to make things simpler, faster and better
- Massively multiply our leadership capability, attracting and retaining more talent and turning managers into true leaders
- Reinforce the brand, making it even more powerful and well-known across our footprint
- Building our Saadiq brand name to grow our Islamic Banking business

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Notes to the financial statements for the financial half year ended 30 June 2009

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 2009 have been prepared in accordance with FRS 134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB") and Bank Negara Malaysia 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 Shariah principles.

The accounting policies and methods of computation in the unaudited condensed interim financial statements are consistent with those adopted in the last audited financial statements.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. 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 year ended 31 December 2008.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2008 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 2009.

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 2009.

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 financial half year ended 30 June 2009.

7. Dividend

During the financial half year ended 30 June 2009, a final dividend (gross) of 80 sen per share, less income tax, amounting to RM 75,000,000 in respect of the financial year ended 31 December 2008 were paid on 30 March 2009.

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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 2008.

9. Subsequent events

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

10. Changes in the composition of the Group

There were no significant changes in the composition of the Group in the financial half year ended 30 June 2009.

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11. Securities held for trading

	Group		Bank	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Malaysian Government treasury bills	313,833	9,213	313,833	9,213
Malaysian Government bonds/securities	826,121	2,469,909	826,121	2,469,909
Government Islamic bonds	109,188	120,294	109,188	120,294
Khazanah Islamic bonds	-	12,678	-	12,678
Bank Negara Malaysia bills	662,205	322,271	662,205	322,271
Cagamas bonds	39,475	38,800	39,475	38,800
Private debt securities	480,146	703,691	480,146	703,691
	<u>2,430,968</u>	<u>3,676,856</u>	<u>2,430,968</u>	<u>3,676,856</u>

12. Securities available-for-sale

	Group		Bank	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	RM'000	RM'000	RM'000	RM'000
<u>At fair value</u>				
Malaysian Government bonds/ securities	2,412,433	2,966,216	2,412,433	2,966,216
Bank Negara Malaysia bills	1,282,768	1,398,304	1,222,813	1,398,304
Cagamas bonds	65,183	64,478	-	-
Bankers' acceptances and Islamic acceptance bills	45,151	-	45,151	-
Negotiable instruments of deposit	1,865,011	2,095,095	1,830,021	2,050,100
Government Islamic bonds	25,248	25,138	-	-
Private debt securities	90,427	107,461	-	-
Equity shares	-	16,211	-	16,211
	<u>5,786,221</u>	<u>6,672,903</u>	<u>5,510,418</u>	<u>6,430,831</u>
Unquoted securities:-				
Equity shares	9,098	9,098	9,098	9,098
Private debt securities	24,438	22,280	24,438	22,280
	<u>5,819,757</u>	<u>6,704,281</u>	<u>5,543,954</u>	<u>6,462,209</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 signed 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. Pursuant to these Master Shareholders' Agreements, the Bank 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. On this basis, PASB and RASB are excluded from the Group's consolidation and they are classified under securities available-for-sale.

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

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Overdrafts	708,485	754,040	708,485	754,040
Term loans/financing				
- Housing loans/financing	10,744,207	10,541,370	10,472,737	10,300,314
- Syndicated term loan/financing	83,406	94,888	83,406	94,888
- Hire purchase receivables	9,887	-	-	-
- Lease receivables	75,220	20,142	-	-
- Other term loans/financing	4,369,516	4,115,714	3,144,586	3,081,317
Bills receivable	2,700,583	2,981,597	2,669,794	2,947,728
Trust receipts	70,176	1,798	-	-
Claims on customers under acceptance credits	-	135,441	-	106,422
Staff loans/financing (of which loans to Directors - Nil for 2009 and 2008)	86,146	90,892	82,543	87,862
Loans/financing to banks and other financial institutions	-	87,588	-	87,588
Credit card receivables	1,261,762	1,331,373	1,261,762	1,331,373
Revolving credit	1,164,445	1,386,127	716,704	925,873
	<u>21,273,833</u>	<u>21,540,970</u>	<u>19,140,017</u>	<u>19,717,405</u>
Less: Unearned interest and income	(500,448)	(442,672)	(9,615)	(8,877)
Gross loans, advances and financing	20,773,385	21,098,298	19,130,402	19,708,528
Less: Allowance for bad and doubtful debts and financing:-				
- Specific	(206,185)	(203,747)	(205,229)	(202,898)
- General	(308,821)	(315,271)	(284,090)	(294,390)
Total net loans, advances and financing	<u>20,258,379</u>	<u>20,579,280</u>	<u>18,641,083</u>	<u>19,211,240</u>

(ii) By type of customer

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Domestic banking institutions	-	87,588	-	87,588
Domestic non-bank financial institutions	470,331	509,289	362,875	431,189
<i>Stockbroking companies</i>	-	-	-	-
<i>Others</i>	<u>470,331</u>	<u>509,289</u>	<u>362,875</u>	<u>431,189</u>
Domestic business enterprises	5,484,933	5,858,238	4,810,480	5,284,095
<i>Small medium enterprises</i>	<u>1,850,257</u>	<u>1,767,803</u>	<u>1,737,015</u>	<u>1,685,032</u>
<i>Others</i>	<u>3,634,676</u>	<u>4,090,435</u>	<u>3,073,465</u>	<u>3,599,063</u>
Individuals	14,166,020	14,094,423	13,315,439	13,362,560
Other domestic entities	431	488	431	488
Foreign entities	651,670	548,272	641,177	542,608
	<u>20,773,385</u>	<u>21,098,298</u>	<u>19,130,402</u>	<u>19,708,528</u>

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

	Group		Bank	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
Housing loans/financing	69,158	72,375	63,395	66,356
Other fixed rate loan/financing	2,318,418	2,168,588	1,426,402	1,454,366
Variable rate				
BLR plus	13,520,512	13,196,538	13,268,557	12,984,171
Cost plus	4,044,666	4,759,664	3,603,201	4,302,502
Other variable rates	820,631	901,133	768,847	901,133
	<u>20,773,385</u>	<u>21,098,298</u>	<u>19,130,402</u>	<u>19,708,528</u>

(iv) By sector

	Group		Bank	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	RM'000	RM'000	RM'000	RM'000
Agriculture	229,728	112,933	209,715	112,912
Mining and quarrying	16,323	11,202	14,573	8,202
Manufacturing	1,929,094	2,263,379	1,893,314	2,213,432
Electricity, gas and water	116,430	87,002	86,430	87,002
Construction	251,923	239,021	213,466	232,538
Real estate	173,248	120,903	80,267	59,221
Purchase of landed property	12,428,042	12,256,962	12,251,867	12,094,021
- Residential	10,740,777	10,566,523	10,611,027	10,452,946
- Non-residential	1,687,265	1,690,439	1,640,840	1,641,075
Wholesale & retail trade and restaurants & hotels	1,845,247	2,030,047	1,572,198	1,730,836
Transport, storage and communication	185,996	159,769	67,414	73,365
Finance, insurance and business services	761,376	915,394	627,853	811,019
Consumption credit	2,725,834	2,784,746	2,041,189	2,210,150
Others	110,144	116,940	72,116	75,830
	<u>20,773,385</u>	<u>21,098,298</u>	<u>19,130,402</u>	<u>19,708,528</u>

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14. Non-performing loans/financing (NPL/NPF)**(i) Movements in the non-performing loans, advances and financing**

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
At 1 January	552,325	556,673	543,071	556,673
Classified as non-performing during the financial period	339,484	430,454	315,807	421,301
Reclassified as performing during the financial period	(132,761)	(247,726)	(132,149)	(247,539)
Amount recovered during the financial period	(29,104)	(33,011)	(27,675)	(32,862)
Amount written off	(104,522)	(154,065)	(87,873)	(148,837)
Amount vested over to Standard Chartered Saadiq Berhad ("Saadiq")	-	-	-	(5,665)
At end of reporting period	<u>625,422</u>	<u>552,325</u>	<u>611,181</u>	<u>543,071</u>
Specific allowance	<u>(206,185)</u>	<u>(203,747)</u>	<u>(205,229)</u>	<u>(202,898)</u>
Net non-performing loans, advances and financing	<u>419,237</u>	<u>348,578</u>	<u>405,952</u>	<u>340,173</u>
Ratio of net non-performing loans, advances and financing to net loans, advances and financing	<u>2.04%</u>	<u>1.67%</u>	<u>2.15%</u>	<u>1.74%</u>

(ii) Movements in allowance for bad and doubtful debts

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
General Allowance				
At 1 January	315,271	300,421	294,390	300,421
Allowance made during the financial period	7,700	14,850	3,700	14,000
Amount written back	(14,150)	-	(14,000)	-
Amount vested over to Saadiq	-	-	-	(20,031)
At end of reporting period	<u>308,821</u>	<u>315,271</u>	<u>284,090</u>	<u>294,390</u>
As a percentage of gross loans, advances and financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>
Specific Allowance				
At 1 January	203,747	197,418	202,898	197,418
Allowance made during the financial period	126,130	201,730	109,232	196,688
Amount written back in respect of recoveries	(55,725)	(105,047)	(55,594)	(104,975)
Amount written off	(67,967)	(90,354)	(51,307)	(85,392)
Amount vested over to Saadiq	-	-	-	(841)
At end of reporting period	<u>206,185</u>	<u>203,747</u>	<u>205,229</u>	<u>202,898</u>

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14. Non-performing loans/financing (NPL/NPF) (continued)**(iii) NPL/NPF by sector**

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Agriculture	18,932	-	18,932	-
Mining and quarrying	500	500	500	500
Manufacturing	81,076	59,342	81,076	59,342
Construction	3,731	4,259	3,731	4,259
Real estate	203	795	203	795
Purchase of landed property	389,430	377,311	385,567	374,440
- Residential	369,895	365,496	366,032	362,625
- Non-residential	19,535	11,815	19,535	11,815
Wholesale & retail trade and restaurants & hotels	19,880	16,294	19,716	16,294
Transport, storage and communication	37	40	37	40
Finance, insurance and business services	8,224	9,863	8,224	9,863
Consumption credit	53,280	47,611	43,066	41,228
Others	50,129	36,310	50,129	36,310
	625,422	552,325	611,181	543,071

15. Other receivables

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Derivatives	2,528,518	3,461,287	2,488,308	3,458,686
Interest/Income receivables	121,661	191,205	124,787	190,156
Other receivables, deposits and prepayments	362,181	175,110	745,336	117,736
	3,012,360	3,827,602	3,358,431	3,766,578

16. Deposits from customers**(i) By type of deposit**

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Demand deposits	10,591,811	10,323,248	9,962,046	10,077,017
Savings deposits	5,766,919	4,648,283	5,699,588	4,592,411
Fixed/Investment deposits	14,738,949	16,382,211	12,423,662	12,704,035
Negotiable instruments of deposits	1,333,956	1,656,331	895,325	1,213,320
	32,431,635	33,010,073	28,980,621	28,586,783

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16. Deposits from customers (continued)**(ii) By type of customers**

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Government and statutory bodies	38,177	14,395	38,177	14,395
Business enterprises	12,087,160	13,236,641	9,769,515	9,761,746
Individuals	17,705,880	16,769,513	17,046,487	16,453,793
Others	2,600,418	2,989,524	2,126,442	2,356,849
	<u>32,431,635</u>	<u>33,010,073</u>	<u>28,980,621</u>	<u>28,586,783</u>

17. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Licensed banks	16,817	331,276	2,001	286,625
Bank Negara Malaysia	19,488	31,103	19,488	30,779
Other financial institutions	3,341,572	2,930,518	3,253,165	2,928,315
	<u>3,377,877</u>	<u>3,292,897</u>	<u>3,274,654</u>	<u>3,245,719</u>

18. Other payables

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Derivatives	2,185,031	2,932,097	2,145,744	2,929,776
Interest/Profit payable	186,463	257,040	177,268	244,362
Amount owing to subsidiaries	-	-	22	22
Profit equalisation reserve	6,548	5,744	-	-
Other payables and accruals	1,491,536	1,217,448	1,457,909	2,009,699
	<u>3,869,578</u>	<u>4,412,329</u>	<u>3,780,943</u>	<u>5,183,859</u>

The movements in profit equalisation reserve are as follows:-

Profit equalisation reserve

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
At 1 January	5,744	1,074	-	1,074
Amount provided during the financial period	804	6,110	-	5,100
Amount written back during the financial period	-	(1,440)	-	(1,440)
Amount vested over to Saadiq	-	-	-	(4,734)
At end of reporting period	<u>6,548</u>	<u>5,744</u>	<u>-</u>	<u>-</u>

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19. Capital and reserves**Reconciliation of movement in capital and reserves**

GROUP	← Non Distributable Reserves →					→ Distributable Reserves		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory 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 2008	125,000	375,000	125,000	190	(1,102)	4,571	1,123,636	1,752,295
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	7,748	-	-	7,748
Realised gain from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(2,555)	-	-	(2,555)
Unrealised loss on cash flow hedge	-	-	-	-	-	(24,615)	-	(24,615)
Realised loss on cash flow hedge transferred to income statements	-	-	-	-	-	6,613	-	6,613
Net gains/(losses) recognised directly in equity	-	-	-	-	5,193	(18,002)	-	(12,809)
Profit for the period	-	-	-	-	-	-	392,921	392,921
Total recognised income and expense for the period	-	-	-	-	5,193	(18,002)	392,921	380,112
Dividends (ordinary shares):-								
- 2008 special	-	-	-	-	-	-	(70,000)	(70,000)
- 2007 final	-	-	-	-	-	-	(310,800)	(310,800)
At 30 June 2008	125,000	375,000	125,000	190	4,091	(13,431)	1,135,757	1,751,607

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19. Capital and reserves (continued)

Reconciliation of movement in capital and reserves (continued)

GROUP	← Non Distributable Reserves →					→ Distributable Reserves		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory 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 2009	125,000	375,000	126,539	190	9,465	(5,803)	1,459,917	2,090,308
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	15,070	-	-	15,070
Realised gain from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(18,251)	-	-	(18,251)
Unrealised gain on cash flow hedge	-	-	-	-	-	234	-	234
Realised gain on cash flow hedge transferred to income statements	-	-	-	-	-	(1,459)	-	(1,459)
Net gains/(losses) recognised directly in equity	-	-	-	-	(3,181)	(1,225)	-	(4,406)
Profit for the period	-	-	-	-	-	-	186,073	186,073
Total recognised income and expense for the period	-	-	-	-	(3,181)	(1,225)	186,073	181,667
Dividends (ordinary shares):- - 2008 final	-	-	-	-	-	-	(75,000)	(75,000)
At 30 June 2009	125,000	375,000	126,539	190	6,284	(7,028)	1,570,990	2,196,975

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19. Capital and reserves (continued)**Reconciliation of movement in capital and reserves (continued)**

BANK	← <i>Non Distributable Reserves</i> →					→ <i>Distributable Reserves</i>		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory 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 2008	125,000	375,000	125,000	190	(1,102)	4,571	1,123,636	1,752,295
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	7,748	-	-	7,748
Realised gain from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(2,555)	-	-	(2,555)
Unrealised loss on cash flow hedge	-	-	-	-	-	(24,615)	-	(24,615)
Realised loss on cash flow hedge transferred to income statements	-	-	-	-	-	6,613	-	6,613
Net gains/(losses) recognised directly in equity	-	-	-	-	5,193	(18,002)	-	(12,809)
Profit for the period	-	-	-	-	-	-	392,921	392,921
Total recognised income and expense for the period	-	-	-	-	5,193	(18,002)	392,921	380,112
Dividends (ordinary shares):-								
- 2008 special	-	-	-	-	-	-	(70,000)	(70,000)
- 2007 final	-	-	-	-	-	-	(310,800)	(310,800)
At 30 June 2008	125,000	375,000	125,000	190	4,091	(13,431)	1,135,757	1,751,607

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19. Capital and reserves (continued)**Reconciliation of movement in capital and reserves (continued)**

BANK	← Non Distributable Reserves →					→ Distributable Reserves		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory 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 2009	125,000	375,000	125,000	190	10,369	(5,803)	1,452,188	2,081,944
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	13,355	-	-	13,355
Realised gain from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(17,948)	-	-	(17,948)
Unrealised gain on cash flow hedge	-	-	-	-	-	234	-	234
Realised gain on cash flow hedge transferred to income statements	-	-	-	-	-	(1,459)	-	(1,459)
Net gains/(losses) recognised directly in equity	-	-	-	-	(4,593)	(1,225)	-	(5,818)
Profit for the period	-	-	-	-	-	-	177,482	177,482
Total recognised income and expense for the period	-	-	-	-	(4,593)	(1,225)	177,482	171,664
Dividends (ordinary shares):- - 2008 final	-	-	-	-	-	-	(75,000)	(75,000)
At 30 June 2009	125,000	375,000	125,000	190	5,776	(7,028)	1,554,670	2,178,608

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20. Interest income

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPLs	203,708	253,752	444,902	547,805
- Recoveries from NPLs	13,526	12,663	29,688	25,807
Money at call and deposit placements with banks and other financial institutions	45,123	112,756	86,473	239,724
Securities held for trading	20,937	4,242	44,679	9,274
Securities available-for-sale	36,923	8,755	81,706	19,696
	<u>320,217</u>	<u>392,168</u>	<u>687,448</u>	<u>842,306</u>
Amortisation of premium less accretion of discount	2,396	15,112	7,158	21,412
Interest suspended	(9,218)	(8,803)	(15,588)	(13,220)
Total interest income	<u>313,395</u>	<u>398,477</u>	<u>679,018</u>	<u>850,498</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPLs	203,708	253,752	444,902	547,805
- Recoveries from NPLs	13,526	12,663	29,688	25,807
Money at call and deposit placements with banks and other financial institutions	49,281	112,756	97,016	239,724
Securities held for trading	20,937	4,242	44,679	9,274
Securities available-for-sale	36,923	8,755	81,706	19,696
	<u>324,375</u>	<u>392,168</u>	<u>697,991</u>	<u>842,306</u>
Amortisation of premium less accretion of discount	2,396	15,112	7,158	21,412
Interest suspended	(9,218)	(8,803)	(15,588)	(13,220)
Total interest income	<u>317,553</u>	<u>398,477</u>	<u>689,561</u>	<u>850,498</u>

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21. Interest expense

	Group and Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	6,387	32,541	21,735	78,396
Deposits from customers	125,792	182,006	277,492	362,035
Loans sold to Cagamas	1,651	2,229	3,420	5,146
Subordinated debts	11,997	5,387	23,876	10,722
	<u>145,827</u>	<u>222,163</u>	<u>326,523</u>	<u>456,299</u>

22. Net income from Islamic Banking operations

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	28,555	55,738	57,391	115,234
Transfer to profit equalisation reserves	-	700	(804)	340
Total distributable income	<u>28,555</u>	<u>56,438</u>	<u>56,587</u>	<u>115,574</u>
Income attributable to depositors	<u>(19,690)</u>	<u>(31,314)</u>	<u>(46,018)</u>	<u>(69,487)</u>
Income attributable to the Bank	8,865	25,124	10,569	46,087
Income derived from investment of Islamic banking capital funds and shareholder's funds	29,502	702	55,669	1,692
Less: Income attributable to investors of subordinated debt	-	(6,650)	-	(13,300)
	<u>38,367</u>	<u>19,176</u>	<u>66,238</u>	<u>34,479</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	-	55,738	-	115,234
Transfer to profit equalisation reserves	-	700	-	340
Total distributable income	<u>-</u>	<u>56,438</u>	<u>-</u>	<u>115,574</u>
Income attributable to depositors	<u>-</u>	<u>(31,314)</u>	<u>-</u>	<u>(69,487)</u>
Income attributable to the Bank	-	25,124	-	46,087
Income derived from investment of Islamic banking capital funds	-	702	-	1,692
Less: Income attributable to investors of subordinated debt	-	(6,650)	-	(13,300)
	<u>-</u>	<u>19,176</u>	<u>-</u>	<u>34,479</u>

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23. Other operating income

	Group and Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Fee income:-				
Commission	32,271	36,096	64,715	74,215
Service charges and fees	4,138	1,498	9,681	7,295
Guarantee fees	7,203	5,938	13,985	11,475
	<u>43,612</u>	<u>43,532</u>	<u>88,381</u>	<u>92,985</u>
Gains from sale of securities and other financial instruments				
- Securities held for trading and other financial instruments	26,132	201,644	145,391	211,787
- Securities available-for-sale	8,323	238	26,275	3,937
Unrealised (loss)/gain on revaluation of securities held-for-trading and other financial instruments	(26,215)	(137,251)	(94,192)	32,611
Gross dividends from unquoted investments	25	1,442	25	1,719
	<u>8,265</u>	<u>66,073</u>	<u>77,499</u>	<u>250,054</u>
Other income:-				
Foreign exchange currency gains				
- Gain from dealing in foreign currency	96,290	1,776	138,387	81,188
- Unrealised (loss)/gain from foreign exchange translation	(39,846)	51,066	(34,297)	40,118
Rental income	150	97	183	251
Gain on disposal of property, plant and equipment	47	-	47	139
Others	-	-	24	28,855
	<u>56,641</u>	<u>52,939</u>	<u>104,344</u>	<u>150,551</u>
Total other operating income	<u>108,518</u>	<u>162,544</u>	<u>270,224</u>	<u>493,590</u>

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24. Other operating expenses

	Group			
	2nd Quarter ended		Six months ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	55,789	63,015	110,718	126,232
- Pension fund contributions	5,182	5,987	11,798	12,364
- Other staff related cost	19,401	6,517	27,247	11,757
	<u>80,372</u>	<u>75,519</u>	<u>149,763</u>	<u>150,353</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,252	5,064	10,563	10,039
- Amortisation of prepaid lease payments	6	6	12	12
- Rental	4,631	4,744	10,056	10,328
- Information technology and project expenses	18,426	25,439	42,915	45,226
- Others	10,381	7,610	18,094	13,770
	<u>38,696</u>	<u>42,863</u>	<u>81,640</u>	<u>79,375</u>
Marketing expenses				
- Advertisement and publicity	5,479	2,747	8,425	8,810
- Others	3,729	3,952	6,913	6,377
	<u>9,208</u>	<u>6,699</u>	<u>15,338</u>	<u>15,187</u>
Administration and general expenses				
- Communication expenses	3,096	3,874	7,112	7,929
- Group administration and business support expenses	23,491	18,745	48,954	44,357
- Outsourcing expenses	9,422	7,377	18,389	14,966
- Others	18,493	5,122	36,008	26,513
	<u>54,502</u>	<u>35,118</u>	<u>110,463</u>	<u>93,765</u>
Total other operating expenses	<u>182,778</u>	<u>160,199</u>	<u>357,204</u>	<u>338,680</u>

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24. Other operating expenses (continued)

	Bank			
	2nd Quarter ended		Six months ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	55,542	63,015	110,259	126,232
- Pension fund contributions	5,182	5,987	11,798	12,364
- Other staff related cost	19,393	6,517	27,216	11,757
	<u>80,117</u>	<u>75,519</u>	<u>149,273</u>	<u>150,353</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,252	5,064	10,563	10,039
- Amortisation of prepaid lease payments	6	6	12	12
- Rental	4,631	4,744	10,056	10,328
- Information technology and project expenses	18,424	25,439	42,913	45,226
- Others	10,328	7,610	18,005	13,770
	<u>38,641</u>	<u>42,863</u>	<u>81,549</u>	<u>79,375</u>
Marketing expenses				
- Advertisement and publicity	4,547	2,747	7,431	8,810
- Others	3,698	3,952	6,867	6,377
	<u>8,245</u>	<u>6,699</u>	<u>14,298</u>	<u>15,187</u>
Administration and general expenses				
- Communication expenses	3,090	3,874	7,090	7,929
- Group administration and business support expenses	22,386	18,745	47,271	44,357
- Outsourcing expenses	9,422	7,377	18,389	14,966
- Others	7,050	5,122	15,792	26,513
	<u>41,948</u>	<u>35,118</u>	<u>88,542</u>	<u>93,765</u>
Total other operating expenses	<u>168,951</u>	<u>160,199</u>	<u>333,662</u>	<u>338,680</u>

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25. Allowance for bad and doubtful debts and financing

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans, advances and financing:-				
Specific allowance (net)	42,144	24,230	70,407	43,658
- Made in the financial period	68,065	53,478	126,132	100,572
- Written back	(25,921)	(29,248)	(55,725)	(56,914)
General allowance				
- Made in the financial period	2,900	-	7,700	9,500
- Written back	(8,000)	-	(14,150)	-
Bad and doubtful debts on loans, advances and financing:-				
Written off	19,653	18,394	38,214	36,504
Recovered	(18,174)	(16,116)	(29,641)	(29,244)
	<u>38,523</u>	<u>26,508</u>	<u>72,530</u>	<u>60,418</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans, advances and financing:-				
Specific allowance (net)	32,899	24,230	53,638	43,658
- Made in the financial period	58,725	53,478	109,232	100,572
- Written back	(25,826)	(29,248)	(55,594)	(56,914)
General allowance				
- Made in the financial period	700	-	3,700	9,500
- Written back	(8,000)	-	(14,000)	-
Bad and doubtful debts on loans, advances and financing:-				
Written off	19,653	18,394	38,214	36,504
Recovered	(18,174)	(16,116)	(29,641)	(29,244)
	<u>27,078</u>	<u>26,508</u>	<u>51,911</u>	<u>60,418</u>

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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 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Aggregate value of outstanding credit exposures to connected parties	1,319,239	2,211,181	1,315,407	2,247,188
As a percentage of total credit exposures	3.3%	5.7%	3.6%	6.0%
Aggregate value of outstanding credit exposures to connected parties which is non-performing or in default	-	100	-	100
As a percentage of total credit exposures	0.0%	0.0%	0.0%	0.0%

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27. Commitments and contingencies

In the normal 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	As at 30 June 2009			As at 31 December 2008		
	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	961,624	961,624	614,489	939,093	939,093	801,697
Transaction-related contingent items	3,009,966	1,504,983	1,354,791	2,947,907	1,473,954	1,325,170
Short-term self liquidating trade-related contingencies	334,660	66,932	66,441	111,852	22,370	21,542
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	9,867,384	-	-	9,376,773	-	-
- maturity exceeding one year	3,201,940	1,600,970	1,076,195	2,590,767	1,295,384	801,654
Foreign exchange related contracts:-						
- less than one year	36,931,411	726,721	271,919	48,090,999	1,148,429	376,314
- one year to less than five years	10,260,528	915,697	265,465	16,132,696	1,110,193	359,055
- five years and above	5,393,265	761,859	171,254	5,494,202	1,098,023	232,465
Interest rate related contracts						
- less than one year	37,275,697	186,685	40,809	45,503,529	173,784	34,983
- one year to less than five years	51,375,437	1,757,028	430,425	58,559,749	1,985,350	470,080
- five years and above	8,547,741	846,330	228,030	8,559,229	1,081,285	288,121
Miscellaneous commitments and contingencies	8,267,899	-	-	3,381,316	-	-
	<u>175,427,552</u>	<u>9,328,829</u>	<u>4,519,818</u>	<u>201,688,112</u>	<u>10,327,865</u>	<u>4,711,081</u>

* The credit equivalent amount and the risk weighted amount are arrived at using the credit conversion factor and risk weights respectively, as per Bank Negara Malaysia guidelines.

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

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27. Commitments and contingencies (continued)

	As at 30 June 2009			As at 31 December 2008		
	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	942,393	942,393	596,190	919,474	919,474	782,078
Transaction-related contingent items	3,003,310	1,501,655	1,352,159	2,943,400	1,471,700	1,323,544
Short-term self liquidating trade-related contingencies	323,274	64,655	63,977	105,785	21,157	20,832
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	9,300,480	-	-	9,197,474	-	-
- maturity exceeding one year	3,060,985	1,530,493	1,009,787	2,554,831	1,277,416	789,010
Foreign exchange related contracts:-						
- less than one year	36,979,998	727,152	272,005	48,090,999	1,148,488	376,327
- one year to less than five years	10,200,155	908,499	262,583	16,072,971	1,103,036	356,205
- five years and above	5,393,265	761,859	171,254	5,494,202	1,098,023	232,465
Interest rate related contracts						
- less than one year	37,275,697	186,675	40,807	45,503,529	173,784	34,983
- one year to less than five years	50,736,549	1,655,352	383,963	58,559,749	1,989,625	470,424
- five years and above	8,862,629	880,572	234,879	8,559,229	1,078,731	288,121
Miscellaneous commitments and contingencies	8,267,899	-	-	3,381,316	-	-
	<u>174,346,634</u>	<u>9,159,305</u>	<u>4,387,604</u>	<u>201,382,959</u>	<u>10,281,434</u>	<u>4,673,989</u>

* The credit equivalent amount and the risk weighted amount are arrived at using the credit conversion factor and risk weights respectively, as per Bank Negara Malaysia guidelines.

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

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28. Capital adequacy

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

	Group		Bank	
	30 June 2009 RM'000	31 December 2008 RM'000	30 June 2009 RM'000	31 December 2008 RM'000
Tier 1 Capital				
Paid-up ordinary share capital	125,000	125,000	125,000	125,000
Share premium	375,000	375,000	375,000	375,000
Other reserves	1,689,127	1,586,646	1,679,860	1,577,378
Less: Deferred tax assets	(92,794)	(103,834)	(86,137)	(97,178)
Total Tier 1 Capital	<u>2,096,333</u>	<u>1,982,812</u>	<u>2,093,723</u>	<u>1,980,200</u>
Tier 2 Capital				
Islamic subordinated debt	380,000	380,000	380,000	380,000
Subordinated bonds	500,000	500,000	500,000	500,000
General allowance for bad and doubtful debts and financing	308,821	315,271	284,090	294,390
Total Tier 2 Capital	<u>1,188,821</u>	<u>1,195,271</u>	<u>1,164,090</u>	<u>1,174,390</u>
Total capital	3,285,154	3,178,083	3,257,813	3,154,590
Less: Investment in subsidiaries	-	-	(200,022)	(200,022)
Total Capital Base	<u>3,285,154</u>	<u>3,178,083</u>	<u>3,057,791</u>	<u>2,954,568</u>

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

	Group			
	2009		2008	
	Principal amount RM'000	Risk weight amount RM'000	Principal amount RM'000	Risk weight amount RM'000
0%	15,194,480	-	13,228,567	-
10%	-	-	-	-
20%	7,468,589	1,493,718	8,957,912	1,791,582
50%	12,543,847	6,271,924	12,652,897	6,326,449
100%	12,761,750	12,761,750	12,952,557	12,952,557
	<u>47,968,666</u>	<u>20,527,392</u>	<u>47,791,933</u>	<u>21,070,588</u>
		2009 RM'000		2008 RM'000
Total risk-weighted assets				
- credit risk (as above)		20,527,392		21,070,588
- market risk		1,831,082		1,905,438
		<u>22,358,474</u>		<u>22,976,026</u>

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28. Capital adequacy (continued)

	Bank			
	2009		2008	
	Principal amount RM'000	Risk weight amount RM'000	Principal amount RM'000	Risk weight amount RM'000
0%	12,034,293	-	10,294,384	-
10%	-	-	-	-
20%	8,114,438	1,622,888	9,217,374	1,843,475
50%	12,300,180	6,150,090	12,540,344	6,270,172
100%	11,497,077	11,497,077	11,737,069	11,737,069
	<u>43,945,988</u>	<u>19,270,055</u>	<u>43,789,171</u>	<u>19,850,716</u>
		2009		2008
		RM'000		RM'000
Total risk-weighted assets				
- credit risk (as above)		19,270,055		19,850,716
- market risk		<u>1,831,082</u>		<u>1,905,438</u>
		<u>21,101,137</u>		<u>21,756,154</u>
		Group		Bank
	2009	2008	2009	2008
Core capital ratio	9.38%	8.30%	9.92%	8.76%
Risk-weighted capital ratio	14.69%	13.51%	14.49%	13.24%

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29. Interest rate risk

Group As at 30 June 2009	← Non Trading books →								Non interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate (%)
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	Over 5 years RM'000				
Assets												
Cash and short term funds	9,174,370	-	-	-	-	-	-	-	185,379	-	9,359,749	1.98
Deposits and placements with banks and other financial institutions	-	1,646,800	-	-	-	-	-	-	-	-	1,646,800	2.07
Securities purchased under resale agreements	134,783	-	-	-	-	-	-	-	-	-	134,783	1.46
Securities held for trading	-	-	-	-	-	-	-	-	-	2,430,968	2,430,968	3.13
Securities available-for-sale	1,546,412	1,706,205	883,862	484,469	796,599	328,996	39,678	243	33,293	-	5,819,757	1.77
Loans, advances and financing												
- Performing	14,685,824	1,540,164	2,123,315	217,876	289,692	627,346	58,454	294,231	2,240	-	19,839,142	5.27
- Non performing	-	-	-	-	-	-	-	-	419,237	-	419,237	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,301,633	-	3,301,633	
Total assets	25,541,389	4,893,169	3,007,177	702,345	1,086,291	956,342	98,132	294,474	3,941,782	2,430,968	42,952,069	
Liabilities and shareholder's equity												
Deposits from customers	18,704,004	2,454,647	4,618,479	326,391	88,601	24,468	50,882	382,500	5,781,663	-	32,431,635	1.90
Deposits and placements of banks and other financial institutions	3,240,390	82,175	48,175	-	-	-	7,137	-	-	-	3,377,877	1.27
Bills and acceptances payable	15,421	-	-	-	-	-	-	-	-	-	15,421	2.84
Recourse obligations on loans sold to Cagamas	-	-	7,905	136,443	-	-	-	-	-	-	144,348	4.48
Subordinated debts	-	-	-	-	380,000	512,511	-	-	-	-	892,511	5.43
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,893,302	-	3,893,302	
Total liabilities	21,959,815	2,536,822	4,674,559	462,834	468,601	536,979	58,019	382,500	9,674,965	-	40,755,094	
Shareholder's equity	-	-	-	-	-	-	-	-	2,196,975	-	2,196,975	
Total liabilities and shareholder's equity	21,959,815	2,536,822	4,674,559	462,834	468,601	536,979	58,019	382,500	11,871,940	-	42,952,069	
On-balance sheet interest sensitivity	3,581,574	2,356,347	(1,667,382)	239,511	617,690	419,363	40,113	(88,026)	(7,930,158)	2,430,968		
Off-balance sheet interest sensitivity	(3,005,993)	89,130	1,736,860	1,438,937	718,642	(730,015)	743,100	(990,665)	-	-		
Total interest sensitivity gap	575,581	2,445,477	69,478	1,678,448	1,336,332	(310,652)	783,213	(1,078,691)	(7,930,158)	2,430,968		

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29. Interest rate risk (continued)

Group As at 31 December 2008	← Non Trading books →								Non interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate (%)
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	Over 5 years RM'000				
Assets												
Cash and short term funds	3,958,447	-	-	-	-	-	-	-	165,805	-	4,124,252	3.00
Deposits and placements with banks and other financial institutions	-	985,270	-	-	-	-	-	-	-	-	985,270	3.31
Securities purchased under resale agreements	3,495,149	-	-	-	-	-	-	-	-	-	3,495,149	2.95
Securities held for trading	-	-	-	-	-	-	-	-	-	3,676,856	3,676,856	3.70
Securities available-for-sale	1,314,523	1,892,804	1,245,773	129,716	1,998,782	213	74,880	243	47,347	-	6,704,281	3.23
Loans, advances and financing												
- Performing	14,847,866	1,894,467	2,241,870	187,030	198,669	138,043	342,042	364,238	16,477	-	20,230,702	6.18
- Non performing	-	-	-	-	-	-	-	-	348,578	-	348,578	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	4,490,430	-	4,490,430	
Total assets	23,615,985	4,772,541	3,487,643	316,746	2,197,451	138,256	416,922	364,481	5,068,637	3,676,856	44,055,518	
Liabilities and shareholder's equity												
Deposits from customers	17,392,077	3,683,622	4,757,904	497,382	478,671	19,862	234,877	379,015	5,566,663	-	33,010,073	2.30
Deposits and placements of banks and other financial institutions	2,981,915	20,823	271,497	11,652	-	-	7,010	-	-	-	3,292,897	2.70
Bills and acceptances payable	135,181	-	-	-	-	-	-	-	-	-	135,181	3.89
Recourse obligations on loans sold to Cagamas	-	11,002	-	64,693	86,203	-	-	-	-	-	161,898	4.47
Subordinated debts	-	-	-	-	-	380,000	520,058	-	-	-	900,058	5.43
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	4,465,103	-	4,465,103	
Total liabilities	20,509,173	3,715,447	5,029,401	573,727	564,874	399,862	761,945	379,015	10,031,766	-	41,965,210	
Shareholder's equity	-	-	-	-	-	-	-	-	2,090,308	-	2,090,308	
Total liabilities and shareholder's equity	20,509,173	3,715,447	5,029,401	573,727	564,874	399,862	761,945	379,015	12,122,074	-	44,055,518	
On-balance sheet interest sensitivity	3,106,812	1,057,094	(1,541,758)	(256,981)	1,632,577	(261,606)	(345,023)	(14,534)	(7,053,437)	3,676,856		
Off-balance sheet interest sensitivity	(3,120,705)	89,130	(1,100,934)	3,307,698	1,272,391	(370,015)	364,100	(441,665)	-	-		
Total interest sensitivity gap	(13,893)	1,146,224	(2,642,692)	3,050,717	2,904,968	(631,621)	19,077	(456,199)	(7,053,437)	3,676,856		

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29. Interest rate risk (continued)

Bank As at 30 June 2009	← Non Trading books →									Trading books RM'000	Total RM'000	Effective interest rate (%)
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	Over 5 years RM'000	Non interest sensitive RM'000			
Assets												
Cash and short term funds	6,565,700	-	-	-	-	-	-	-	178,178	-	6,743,878	1.99
Deposits and placements with banks and other financial institutions		1,646,800	320,000	-	-	-	-	-	-	-	1,966,800	2.24
Securities purchased under resale agreements	134,783	-	-	-	-	-	-	-	-	-	134,783	1.46
Securities held for trading	-	-	-	-	-	-	-	-	-	2,430,968	2,430,968	3.13
Securities available-for-sale	1,481,455	1,646,238	858,614	439,030	716,407	328,996	39,678	243	33,293	-	5,543,954	1.71
Loans, advances and financing												
- Performing	14,626,642	1,525,802	1,675,291	84,664	84,243	67,694	41,148	129,647	-	-	18,235,131	4.91
- Non performing	-	-	-	-	-	-	-	-	405,952	-	405,952	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,825,965	-	3,825,965	
Total assets	22,808,580	4,818,840	2,853,905	523,694	800,650	396,690	80,826	129,890	4,443,388	2,430,968	39,287,431	
Liabilities and shareholder's equity												
Deposits from customers	16,302,302	2,031,591	4,323,858	140,923	42,108	5,154	50,882	302,140	5,781,663	-	28,980,621	1.78
Deposits and placements of banks and other financial institutions	3,145,992	80,487	48,175	-	-	-	-	-	-	-	3,274,654	1.32
Bills and acceptances payable	15,421	-	-	-	-	-	-	-	-	-	15,421	2.84
Recourse obligations on loans sold to Cagamas			7,905	136,443							144,348	4.48
Subordinated debts					380,000	512,511					892,511	5.43
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,801,268	-	3,801,268	
Total liabilities	19,463,715	2,112,078	4,379,938	277,366	422,108	517,665	50,882	302,140	9,582,931	-	37,108,823	
Shareholder's equity	-	-	-	-	-	-	-	-	2,178,608	-	2,178,608	
Total liabilities and shareholder's equity	19,463,715	2,112,078	4,379,938	277,366	422,108	517,665	50,882	302,140	11,761,539	-	39,287,431	
On-balance sheet interest sensitivity gap	3,344,865	2,706,762	(1,526,033)	246,328	378,542	(120,975)	29,944	(172,250)	(7,318,151)	2,430,968		
Off-balance sheet interest sensitivity gap	(3,005,993)	89,130	1,736,860	1,438,937	718,642	(730,015)	743,100	(990,665)	-	-		
Total interest sensitivity gap	338,872	2,795,892	210,827	1,685,265	1,097,184	(850,990)	773,044	(1,162,915)	(7,318,151)	2,430,968		

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29. Interest rate risk (continued)

Bank As at 31 December 2008	← Non Trading books →								Non interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate (%)
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	Over 5 years RM'000				
Assets												
Cash and short term funds	1,759,311	-	-	-	-	-	-	-	159,465	-	1,918,776	2.70
Deposits and placements with banks and other financial institutions	-	785,000	200,000	-	-	-	-	-	-	-	985,000	3.40
Securities purchased under resale agreements	3,495,149	-	-	-	-	-	-	-	-	-	3,495,149	2.95
Securities held for trading	-	-	-	-	-	-	-	-	-	3,676,856	3,676,856	3.70
Securities available-for-sale	1,299,526	1,844,800	1,220,656	15,083	1,993,841	213	40,500	243	47,347	-	6,462,209	3.19
Loans, advances and financing												
- Performing	14,816,679	1,833,114	1,811,991	97,562	64,291	50,920	51,474	145,036	-	-	18,871,067	5.90
- Non performing	-	-	-	-	-	-	-	-	340,173	-	340,173	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	4,568,471	-	4,568,471	
Total assets	21,370,665	4,462,914	3,232,647	112,645	2,058,132	51,133	91,974	145,279	5,115,456	3,676,856	40,317,701	
Liabilities and shareholder's equity												
Deposits from customers	15,128,301	2,283,536	4,441,539	497,331	133,278	12,932	222,890	300,313	5,566,663	-	28,586,783	2.39
Deposits and placements of banks and other financial institutions	2,953,399	20,823	271,497	-	-	-	-	-	-	-	3,245,719	2.72
Bills and acceptances payable	106,239	-	-	-	-	-	-	-	-	-	106,239	3.89
Recourse obligations on loans sold to Cagamas	-	11,002	-	64,693	86,203	-	-	-	-	-	161,898	4.47
Subordinated debts	-	-	-	-	-	380,000	520,058	-	-	-	900,058	5.43
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	5,235,060	-	5,235,060	
Total liabilities	18,187,939	2,315,361	4,713,036	562,024	219,481	392,932	742,948	300,313	10,801,723	-	38,235,757	
Shareholder's equity	-	-	-	-	-	-	-	-	2,081,944	-	2,081,944	
Total liabilities and shareholder's equity	18,187,939	2,315,361	4,713,036	562,024	219,481	392,932	742,948	300,313	12,883,667	-	40,317,701	
On-balance sheet interest sensitivity gap	3,182,726	2,147,553	(1,480,389)	(449,379)	1,838,651	(341,799)	(650,974)	(155,034)	(7,768,211)	3,676,856		
Off-balance sheet interest sensitivity gap	(3,120,705)	89,130	(1,100,934)	3,307,698	1,272,391	(370,015)	364,100	(441,665)	-	-		
Total interest sensitivity gap	62,021	2,236,683	(2,581,323)	2,858,319	3,111,042	(711,814)	(286,874)	(596,699)	(7,768,211)	3,676,856		