

Company No. 115793P



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

**Financial statements for the financial half
year ended 30 June 2010**

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

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	Group		Bank	
		30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Assets					
Cash and short term funds		3,980,091	8,870,950	4,134,938	7,586,909
Deposits and placements with banks and other financial institutions		2,190,196	950,000	4,271,199	2,213,924
Securities purchased under resale agreements		39,971	14,199	39,971	14,199
Financial assets held for trading	11	3,467,699	1,930,498	3,467,699	1,930,498
Investment securities available-for-sale	12	6,740,772	5,505,953	5,395,971	5,320,087
Loans, advances and financing	13	25,395,812	23,057,267	22,751,134	21,145,997
Other assets	15	3,110,662	2,226,221	3,121,956	2,385,237
Tax recoverable		-	11,199	2,787	10,865
Prepaid lease payments		837	1,125	837	1,125
Statutory deposits with Bank Negara Malaysia	16	28,481	24,322	10,000	10,000
Investments in subsidiaries		-	-	300,022	300,022
Property, plant and equipment		58,341	60,570	58,341	60,570
Deferred tax assets		112,318	100,661	103,354	94,284
Total assets		45,125,180	42,752,965	43,658,209	41,073,717
Liabilities					
Deposits from customers	17	33,528,544	32,920,225	32,209,619	31,460,688
Deposits and placements of banks and other financial institutions	18	3,787,498	3,603,750	3,719,680	3,409,236
Bills and acceptances payable		7,057	11,388	7,057	11,388
Recourse obligations on loans sold to Cagamas Berhad		125,693	138,433	125,693	138,433
Other liabilities	19	4,281,065	2,883,402	4,243,750	2,879,650
Tax payable		2,726	-	-	-
Subordinated debts		889,040	891,208	889,040	891,208
Total liabilities		42,621,623	40,448,406	41,194,839	38,790,603
Equity					
Share capital		125,000	125,000	125,000	125,000
Reserves		2,378,557	2,179,559	2,338,370	2,158,114
Total equity attributable to equity holder of the Bank		2,503,557	2,304,559	2,463,370	2,283,114
Total liabilities and equity		45,125,180	42,752,965	43,658,209	41,073,717
Commitments and contingencies	27	160,486,297	160,201,010	159,924,085	159,608,997

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 2009.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2010

	Note	Group			
		2nd Quarter ended		Six months ended	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Interest income	20	325,834	313,395	642,698	679,018
Interest expense	21	(146,111)	(145,827)	(293,775)	(326,523)
Net interest income		179,723	167,568	348,923	352,495
Net income from Islamic Banking operations	22	61,780	38,367	125,386	66,238
		241,503	205,935	474,309	418,733
Other operating income	23	124,334	108,518	296,392	270,224
Total net income		365,837	314,453	770,701	688,957
Other operating expenses	24	(187,385)	(182,778)	(371,196)	(357,204)
Operating profit		178,452	131,675	399,505	331,753
Impairment provisions for loans, advances and financing	25	(57,612)	(38,523)	(97,861)	(72,530)
Profit before taxation		120,840	93,152	301,644	259,223
Tax expense		(24,642)	(29,114)	(71,650)	(73,150)
Profit for the period		96,198	64,038	229,994	186,073
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		1,186	13,176	(2,209)	15,070
Net amount transferred to profit or loss		310	(14,691)	(4,581)	(18,251)
Cash flow hedges:					
Effective portion of changes in fair value		4,016	(9,972)	(418)	234
Net amount transferred to profit or loss		573	(358)	1,916	(1,459)
Other comprehensive income for the period, net of income tax		6,085	(11,845)	(5,292)	(4,406)
Total comprehensive income for the period		102,283	52,193	224,702	181,667
Profit for the period attributable to:-					
Equity holder of the Bank		96,198	64,038	229,994	186,073
Total comprehensive income attributable to:-		102,283	52,193	224,702	181,667
Equity holder of the Bank		102,283	52,193	224,702	181,667

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 2009.

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2010

	Note	Bank			
		2nd Quarter ended		Six months ended	
		30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Interest income	20	341,122	317,553	667,078	689,561
Interest expense	21	(146,111)	(145,827)	(293,775)	(326,523)
Net interest income		195,011	171,726	373,303	363,038
Net income from Islamic Banking operations	22	-	-	-	-
Other operating income	23	195,011 124,334	171,726 108,518	373,303 296,392	363,038 270,224
Total net income		319,345	280,244	669,695	633,262
Other operating expenses	24	(167,850)	(168,951)	(335,779)	(333,662)
Operating profit		151,495	111,293	333,916	299,600
Impairment provisions for loans, advances and financing	25	(42,502)	(27,078)	(67,579)	(51,911)
Profit before taxation		108,993	84,215	266,337	247,689
Tax expense		(21,906)	(26,844)	(62,815)	(70,207)
Profit for the period		87,087	57,371	203,522	177,482
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available-for-sale):-					
Net changes in fair value		1,207	12,606	(1,815)	13,355
Net amount transferred to profit or loss		311	(14,351)	(4,580)	(17,948)
Cash flow hedges:					
Effective portion of changes in fair value		4,016	(9,972)	(418)	234
Net amount transferred to profit or loss		573	(358)	1,916	(1,459)
Other comprehensive income for the period, net of income tax		6,107	(12,075)	(4,897)	(5,818)
Total comprehensive income for the period		93,194	45,296	198,625	171,664
Profit for the period attributable to:-					
Equity holder of the Bank		87,087	57,371	203,522	177,482
Total comprehensive income attributable to:-		93,194	45,296	198,625	171,664

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 2009.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2010

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
Profit for the period	-	-	-	-	-	-	186,073	186,073
Other comprehensive income for the period	-	-	-	-	(3,181)	(1,225)	-	(4,406)
Total comprehensive income 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

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 2009.

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2010

GROUP	Note	← 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 2010, as previously stated		125,000	375,000	132,960	190	7,439	(8,669)	1,672,639	2,304,559
Effect of adoption of FRS 139	30	-	-	-	-	-	-	(25,704)	(25,704)
At 1 January 2010, as restated		125,000	375,000	132,960	190	7,439	(8,669)	1,646,935	2,278,855
Profit for the period		-	-	-	-	-	-	229,994	229,994
Other comprehensive income for the period		-	-	-	-	(6,790)	1,498	-	(5,292)
Total comprehensive income for the period		-	-	-	-	(6,790)	1,498	229,994	224,702
At 30 June 2010		125,000	375,000	132,960	190	649	(7,171)	1,876,929	2,503,557

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 2009.

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2010

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
Profit for the period	-	-	-	-	-	-	177,482	177,482
Other comprehensive income for the period	-	-	-	-	(4,593)	(1,225)	-	(5,818)
Total comprehensive income 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

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 2009.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2010

BANK	Note	← 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 2010, as previously stated		125,000	375,000	125,000	190	6,868	(8,669)	1,659,725	2,283,114
Effect of adoption of FRS 139	30	-	-	-	-	-	-	(18,369)	(18,369)
At 1 January 2010, as restated		125,000	375,000	125,000	190	6,868	(8,669)	1,641,356	2,264,745
Profit for the period		-	-	-	-	-	-	203,522	203,522
Other comprehensive income for the period		-	-	-	-	(6,395)	1,498	-	(4,897)
Total comprehensive income for the period		-	-	-	-	(6,395)	1,498	203,522	198,625
At 30 June 2010		125,000	375,000	125,000	190	473	(7,171)	1,844,878	2,463,370

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2010

	Group		Bank	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Profit before taxation	301,644	259,223	266,337	247,689
Adjustment for non-cash items	(52,554)	(17,505)	(44,790)	(16,882)
Operating profit before working capital changes	249,090	241,718	221,547	230,807
Changes in working capital:-				
Net changes in operating assets	(6,028,038)	5,438,124	(6,416,310)	4,920,125
Net changes in operating liabilities	2,168,757	(1,181,059)	2,860,717	(1,096,058)
Income taxes paid	(65,162)	(91,165)	(62,174)	(90,049)
Net cash (used in)/generated from operating activities	(3,675,353)	4,407,618	(3,396,220)	3,964,825
Net cash (used in)/generated from investing activities	(1,215,506)	902,879	(55,751)	935,277
Net cash used in financing activities	-	(75,000)	-	(75,000)
Net (decrease)/increase in cash and cash equivalents	(4,890,859)	5,235,497	(3,451,971)	4,825,102
Cash and cash equivalent at beginning of the year	8,870,950	4,124,252	7,586,909	1,918,776
Cash and cash equivalent at end of period	<u>3,980,091</u>	<u>9,359,749</u>	<u>4,134,938</u>	<u>6,743,878</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 2009.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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REVIEW OF PERFORMANCE

The Group's profit before taxation for the financial half year ended 30 June 2010 was RM 301.64 million, which is RM 42.42 million or 16.36% higher than the corresponding period last year. There was a slight decline in net interest income to RM 348.92 million as interest rates were on a declining trend up to March 2010, in line with OPR movements. Other operating income (including income from Islamic Banking operations) increased by RM 85.32 million to RM 421.78 million. Collective impairment provisions was higher by RM 40.26 million in line with strong growth in loans, advances and financing, while individual impairment provisions was lower by RM 14.93 million, resulting in net increase of RM 25.33 million in impairment provisions. Overheads has risen by RM 13.99 million or 3.92%. Total assets registered an increase of RM 2.37 billion or 5.55% to RM 45.13 billion compared to the last financial year ended 31 December 2009. The increase is mainly contributed by the growth in loans, advances and financing by RM 2.34 billion or 10.14%. The Group's core capital ratio and risk-weighted capital ratio remained strong at 9.46% and 14.45% respectively.

PROSPECTS

The Group will continue to grow its business in Malaysia in support of a focused strategic agenda to achieve 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 Group has built significant momentum to lead the way in product innovation, service, performance culture, corporate governance and enhancing shareholder value.

The Group's overall strategic focus is on accelerating asset growth momentum, continuing customer acquisition and customer-centric strategies, while maintaining a prudent approach to liquidity and capital, and re-shaping our cost base for future growth while continuing to invest for service delivery.

Barring unforeseen circumstances, the Group expects to improve earnings momentum and continue to record a satisfactory performance for 2010.

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Notes to the financial statements for the financial half year ended 30 June 2010

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 2010 have been prepared in accordance with FRS 134, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board ("MASB") 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 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, except for the adoption of new/revised Financial Reporting Standards ("FRSs") issued by the MASB which have impact on the accounting policies and financial results of the Group and the Bank for the financial period beginning on 1 January 2010:-

- (i) FRS 7, *Financial Instruments: Disclosures*
- (ii) FRS 101, *Presentation of Financial Statements*
- (iii) FRS 139, *Financial Instruments: Recognition and Measurement*

The adoption of the above FRSs did not have any material impact on the results of the Group and the Bank as the changes are presentation in nature except for FRS 139. The principal effect of changes to the accounting policies arising from the adoption of FRS 139 are disclosed in Note 30 to the financial statements.

Pursuant to the adoption of FRS 101, the Group and the Bank's income statements and statements of recognised income and expense for the financial half year ended 30 June 2010 has been combined and presented as statements of comprehensive income. The changes in equity which were previously presented in the capital and reserves disclosure note are now included in the statements of comprehensive income as other comprehensive income.

The adoption of FRS 7 has resulted in changes to the disclosure of financial instruments, whereby the disclosures are now made by categories of financial assets and liabilities. Since these changes only affect the presentation of disclosure items, there is no impact on the financial results of the Group and the Bank for the comparative period.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009. 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 2009.

2. Auditor's report on preceding annual financial statements

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

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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 2010.

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 2010.

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

There were no issuance and repayment of debt and equity securities, share-buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the second quarter and the financial half year ended 30 June 2010.

7. Dividend

There were no dividend paid during the second quarter and the financial half year ended 30 June 2010.

An interim dividend (gross) of 106 sen per share less tax, totalling RM 99,000,000 in respect of the financial half year ended 30 June 2010 will be proposed. The proposed interim dividend has not been accounted for in the financial statements of the Group and the Bank as at 30 June 2010.

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 2009.

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 second quarter and the financial half year ended 30 June 2010.

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11. Financial assets held for trading

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
<u>At fair value through profit or loss</u>				
Malaysian Government treasury bills	46,005	41,337	46,005	41,337
Malaysian Government bonds/securities	776,640	689,034	776,640	689,034
Government Islamic bonds	305	-	305	-
Bank Negara Malaysia bills	1,875,033	724,095	1,875,033	724,095
Cagamas bonds	5,000	19,769	5,000	19,769
Private debt securities	764,716	456,263	764,716	456,263
	<u>3,467,699</u>	<u>1,930,498</u>	<u>3,467,699</u>	<u>1,930,498</u>

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12. Investment securities available-for-sale

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
<u>At fair value</u>				
Malaysian Government bonds/ securities *	1,616,481	2,406,919	1,616,481	2,406,919
Bank Negara Malaysia bills	4,023,364	-	2,798,949	-
Cagamas bonds	25,081	65,250	-	-
Bankers' acceptances and Islamic acceptance bills	182,723	486,417	182,723	486,417
Negotiable instruments of deposit	795,006	2,425,167	760,006	2,390,175
Government Islamic bonds	-	25,072	-	-
Private debt securities	60,305	60,552	-	-
	6,702,960	5,469,377	5,358,159	5,283,511
Unquoted securities:-				
Equity shares, at cost	9,657	9,733	9,657	9,733
Private debt securities, at fair value	28,155	26,843	28,155	26,843
	6,740,772	5,505,953	5,395,971	5,320,087

* Included in Malaysian Government bonds/securities are Malaysian Government Securities of the Group and the Bank amounting to RM 165 million (2009: RM 136 million) being utilised to meet Statutory Reserve Requirement as further explained in Note 16.

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 investment securities available-for-sale.

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

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
<u>At amortised cost</u>				
Overdrafts	655,755	690,707	655,755	690,707
Term loans/financing				
- Housing loans/financing	12,462,254	11,387,751	11,967,077	11,108,187
- Syndicated term loan/financing	178,085	297,940	178,085	297,940
- Hire purchase receivables	62,489	36,972	-	-
- Lease receivables	293,434	218,873	-	-
- Other term loans/financing	6,569,503	5,565,070	4,974,739	4,233,927
Bills receivable	2,240,194	2,215,967	2,238,447	2,211,603
Trust receipts	1,511,862	1,117,850	1,163,174	1,077,830
Staff loans/financing	68,408	73,902	65,026	70,388
Loans/financing to banks and other financial institutions	207,471	10,654	207,471	10,654
Credit card receivables	1,341,244	1,318,027	1,341,244	1,318,027
Revolving credit	1,235,431	1,277,176	610,469	732,389
	<u>26,826,130</u>	<u>24,210,889</u>	<u>23,401,487</u>	<u>21,751,652</u>
Less: Unearned interest and income	<u>(737,626)</u>	<u>(531,851)</u>	<u>(1,554)</u>	<u>(8,929)</u>
Gross loans, advances and financing	26,088,504	23,679,038	23,399,933	21,742,723
Less: Impairment provisions on loans, advances and financing:-				
- Individual impairment provisions (2009: Specific allowance)	(306,050)	(268,940)	(295,726)	(267,636)
- Collective impairment provisions (2009: General allowance)	<u>(386,642)</u>	<u>(352,831)</u>	<u>(353,073)</u>	<u>(329,090)</u>
Total net loans, advances and financing	<u>25,395,812</u>	<u>23,057,267</u>	<u>22,751,134</u>	<u>21,145,997</u>

(ii) By type of customer

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Domestic banking institutions	777	10,654	777	10,654
Domestic non-bank financial institutions	688,946	777,134	454,972	514,897
<i>Stockbroking companies</i>	-	-	-	-
<i>Others</i>	<u>688,946</u>	<u>777,134</u>	<u>454,972</u>	<u>514,897</u>
Domestic business enterprises	7,633,574	6,611,765	6,422,231	5,891,544
<i>Small medium enterprises</i>	<u>2,568,745</u>	<u>2,273,070</u>	<u>2,499,875</u>	<u>2,165,288</u>
<i>Others</i>	<u>5,064,829</u>	<u>4,338,695</u>	<u>3,922,356</u>	<u>3,726,256</u>
Individuals	16,106,594	14,909,023	14,886,166	13,966,948
Other domestic entities	1,094	425	1,094	425
Foreign entities	1,657,519	1,370,037	1,634,693	1,358,255
	<u>26,088,504</u>	<u>23,679,038</u>	<u>23,399,933</u>	<u>21,742,723</u>

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

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Fixed rate				
Housing loans/financing	53,490	59,698	48,594	54,227
Other fixed rate loan/financing	3,323,476	2,695,174	1,804,581	1,729,923
Variable rate				
BLR plus	15,386,573	14,284,551	15,089,559	14,043,249
Cost plus	6,495,802	5,760,357	5,875,111	5,224,964
Other variable rates	829,163	879,258	582,088	690,360
	<u>26,088,504</u>	<u>23,679,038</u>	<u>23,399,933</u>	<u>21,742,723</u>

(iv) By sector

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Agriculture	188,036	118,106	161,754	98,101
Mining and quarrying	41,147	20,122	38,209	18,400
Manufacturing	3,282,160	2,567,296	3,071,173	2,449,876
Electricity, gas and water	8,846	5,237	5,500	5,237
Construction	382,842	337,617	293,342	253,113
Real estate	313,709	350,934	173,639	259,106
Purchase of landed property	14,155,234	13,112,827	13,923,809	12,944,687
- Residential	<u>12,281,023</u>	<u>11,354,990</u>	<u>12,086,903</u>	<u>11,227,835</u>
- Non-residential	<u>1,874,211</u>	<u>1,757,837</u>	<u>1,836,906</u>	<u>1,716,852</u>
Wholesale & retail trade and restaurants & hotels	2,242,012	1,945,455	1,807,425	1,810,945
Transport, storage and communication	300,453	310,199	89,375	107,304
Finance, insurance and business services	1,275,844	1,211,278	979,303	907,382
Consumption credit	3,125,825	2,833,012	2,113,996	2,047,284
Others	772,396	866,955	742,408	841,288
	<u>26,088,504</u>	<u>23,679,038</u>	<u>23,399,933</u>	<u>21,742,723</u>

(v) By maturity structure

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Maturing within one year	8,889,900	7,969,505	7,624,280	7,170,194
One year to three years	1,075,035	1,039,268	752,894	759,218
Three years to five years	1,669,898	1,464,975	917,601	876,197
Over five years	14,453,671	13,205,290	14,105,158	12,937,114
	<u>26,088,504</u>	<u>23,679,038</u>	<u>23,399,933</u>	<u>21,742,723</u>

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13. Loans, advances and financing (continued)**(vi) By geographical distribution**

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Within Malaysia	25,838,909	23,633,360	23,150,338	21,697,045
Outside Malaysia	249,595	45,678	249,595	45,678
	<u>26,088,504</u>	<u>23,679,038</u>	<u>23,399,933</u>	<u>21,742,723</u>

(vii) Analysis of foreign currency exposure

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
USD	1,410,016	951,931	1,150,977	921,216
GBP	565,676	662,769	565,676	662,769
Other foreign currencies	16,618	17,695	16,354	17,695
	<u>1,992,310</u>	<u>1,632,405</u>	<u>1,732,977</u>	<u>1,601,680</u>

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

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
At 1 January, as previously stated	448,150	552,325	434,162	543,071
Effect of adoption of FRS 139 (Note 30)	5,355	-	5,197	-
At 1 January, as restated	<u>453,505</u>	<u>552,325</u>	<u>439,359</u>	<u>543,071</u>
Classified as impaired during the financial period/year	253,015	662,395	228,059	614,663
Reclassified as performing during the financial period/year	(155,081)	(471,817)	(154,525)	(470,402)
Amount recovered during the financial period/year	(34,135)	(83,096)	(30,235)	(79,758)
Amount written off during the financial period/year	<u>(96,977)</u>	<u>(211,657)</u>	<u>(75,655)</u>	<u>(173,412)</u>
At end of reporting period/year	420,327	448,150	407,003	434,162
Individual impairment provisions (2009: Specific allowance)	<u>(306,050)</u>	<u>(268,940)</u>	<u>(295,726)</u>	<u>(267,636)</u>
Net impaired loans, advances and financing	<u>114,277</u>	<u>179,210</u>	<u>111,277</u>	<u>166,526</u>
Ratio of net impaired loans, advances and financing to net loans, advances and financing	<u>0.44%</u>	<u>0.77%</u>	<u>0.48%</u>	<u>0.78%</u>

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14. Impaired loans, advances and financing (continued)**(ii) Movements in impairment provisions for loans, advances and financing**

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Collective impairment provisions (2009: General allowance)				
At 1 January	352,831	315,271	329,090	294,390
Impairment made in the financial period/year	48,813	55,110	32,347	48,700
Amount written back	(15,002)	(17,550)	(8,364)	(14,000)
At end of reporting period/year	<u>386,642</u>	<u>352,831</u>	<u>353,073</u>	<u>329,090</u>
As a percentage of gross loans, advances and financing less individual impairment provisions	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>
Individual impairment provisions (2009: Specific allowance)				
At 1 January, as previously stated	268,940	203,747	267,636	202,898
Effect of adoption of FRS 139 (Note 30)	39,629	-	29,691	-
At 1 January, as restated	<u>308,569</u>	<u>203,747</u>	<u>297,327</u>	<u>202,898</u>
Impairment made in the financial period/year	98,635	317,420	77,625	278,430
Amount written back	(37,901)	(108,882)	(37,345)	(108,612)
Amount written off	(63,253)	(143,345)	(41,881)	(105,080)
At end of reporting period/year	<u>306,050</u>	<u>268,940</u>	<u>295,726</u>	<u>267,636</u>

(iii) Impaired loans, advances and financing by sector

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Agriculture	14,657	15,444	14,657	15,444
Mining and quarrying	-	514	-	514
Manufacturing	43,211	43,484	43,092	43,484
Construction	58,978	55,315	58,978	55,315
Purchase of landed property	215,775	246,995	211,661	242,949
- Residential	<u>198,178</u>	<u>227,247</u>	<u>194,064</u>	<u>223,201</u>
- Non-residential	<u>17,597</u>	<u>19,748</u>	<u>17,597</u>	<u>19,748</u>
Wholesale & retail trade and restaurants & hotels	49,074	44,667	48,906	44,667
Finance, insurance and business services	4,496	6,809	4,496	6,809
Consumption credit	32,372	34,494	23,449	24,552
Others	1,764	428	1,764	428
	<u>420,327</u>	<u>448,150</u>	<u>407,003</u>	<u>434,162</u>

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

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Within Malaysia	<u>420,327</u>	<u>448,150</u>	<u>407,003</u>	<u>434,162</u>

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15. Other assets

	Group		Bank	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Derivative financial instruments	2,384,845	2,023,995	2,385,594	2,026,954
Interest/Income receivables	47,517	65,826	54,109	66,492
Other receivables, deposit and prepayments	678,300	136,400	682,253	291,791
	<u>3,110,662</u>	<u>2,226,221</u>	<u>3,121,956</u>	<u>2,385,237</u>

16. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia ("BNM") in compliance 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.

In accordance with BNM's circular titled "Regulatory Treatment related to the Statutory Reserve Requirement Incentive for Principal Dealers and Islamic Principal Dealers" issued on 10 July 2009, the Bank, being a principal dealer appointed by Bank Negara Malaysia, is allowed to utilise Malaysian Government Securities ("MGS") to meet the SRR. As at 30 June 2010, MGS of the Group and the Bank with nominal amount of RM 165 million (2009: RM 136 million) are utilised for SRR purposes. These securities are included in the investment securities available-for-sale (Note 12).

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

	Group		Bank	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	RM'000	RM'000	RM'000	RM'000
Demand deposits	12,142,580	12,177,435	11,683,477	11,680,914
Savings deposits	4,308,324	5,013,170	4,203,148	4,943,920
Fixed/Investment deposits	16,231,639	14,449,518	15,800,783	13,991,528
Negotiable instruments of deposits	846,001	1,280,102	522,211	844,326
	<u>33,528,544</u>	<u>32,920,225</u>	<u>32,209,619</u>	<u>31,460,688</u>

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

Due within six months	13,496,208	11,803,462	12,949,971	11,300,315
Six months to one year	2,423,494	2,633,761	2,374,216	2,433,697
One year to three years	161,393	251,301	86,188	161,762
Three years to five years	382,984	368,644	382,984	349,746
Over five years	<u>613,561</u>	<u>672,452</u>	<u>529,635</u>	<u>590,334</u>

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

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Government and statutory bodies	24,422	13,329	24,422	13,329
Business enterprises	14,501,620	13,227,444	13,970,792	12,677,905
Individuals	16,824,580	17,185,614	16,393,405	16,734,032
Others	2,177,922	2,493,838	1,821,000	2,035,422
	<u>33,528,544</u>	<u>32,920,225</u>	<u>32,209,619</u>	<u>31,460,688</u>

18. Deposits and placements of banks and other financial institutions

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Licensed banks	134,664	30,584	117,725	23,315
Bank Negara Malaysia	77,404	58,428	77,404	58,428
Other financial institutions	3,575,430	3,514,738	3,524,551	3,327,493
	<u>3,787,498</u>	<u>3,603,750</u>	<u>3,719,680</u>	<u>3,409,236</u>

19. Other liabilities

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Derivative financial instruments	2,153,266	1,738,274	2,154,999	1,741,466
Interest/Profit payable	111,588	114,358	109,515	112,467
Amount owing to subsidiaries	-	-	22	22
Profit equalisation reserve	7,478	7,478	-	-
Other payables and accruals	2,008,733	1,023,292	1,979,214	1,025,695
	<u>4,281,065</u>	<u>2,883,402</u>	<u>4,243,750</u>	<u>2,879,650</u>

The movements in profit equalisation reserve are as follows:-

Profit equalisation reserve

	Group		Bank	
	30 June 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
At 1 January	7,478	5,744	-	-
Amount provided during the financial period/year	-	1,734	-	-
At end of reporting period/year	<u>7,478</u>	<u>7,478</u>	<u>-</u>	<u>-</u>

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20. Interest income

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries				
from impaired loans	226,934	207,260	446,593	429,314
- Recoveries from impaired loans	8,483	13,526	15,400	29,688
Money at call and deposit placements				
with banks and other financial institutions	34,956	32,353	85,213	86,473
Financial assets held for trading	21,553	21,297	32,655	50,397
Investment securities available-for-sale	33,908	38,959	62,837	83,146
	<u>325,834</u>	<u>313,395</u>	<u>642,698</u>	<u>679,018</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries				
from impaired loans	226,934	200,875	446,593	429,314
- Recoveries from impaired loans	8,483	13,526	15,400	29,688
Money at call and deposit placements				
with banks and other financial institutions	50,244	42,896	109,593	97,016
Financial assets held for trading	21,553	21,297	32,655	50,397
Investment securities available-for-sale	33,908	38,959	62,837	83,146
	<u>341,122</u>	<u>317,553</u>	<u>667,078</u>	<u>689,561</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
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	15,357	6,387	39,263	21,735
Deposits from customers	117,250	125,792	227,606	277,492
Loans sold to Cagamas	1,438	1,651	2,961	3,420
Subordinated debts	12,066	11,997	23,945	23,876
	<u>146,111</u>	<u>145,827</u>	<u>293,775</u>	<u>326,523</u>

22. Net income from Islamic Banking operations

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	25,337	28,555	58,554	57,391
Transfer to profit equalisation reserves	-	-	-	(804)
Total distributable income	<u>25,337</u>	<u>28,555</u>	<u>58,554</u>	<u>56,587</u>
Income attributable to depositors	<u>(2,481)</u>	<u>(19,690)</u>	<u>(5,720)</u>	<u>(46,018)</u>
Income attributable to the Bank	22,856	8,865	52,834	10,569
Income derived from investment of shareholder's funds	38,924	29,502	72,552	55,669
	<u>61,780</u>	<u>38,367</u>	<u>125,386</u>	<u>66,238</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	-	-	-	-
Transfer to profit equalisation reserves	-	-	-	-
Total distributable income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income attributable to depositors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income attributable to the Bank	-	-	-	-
Income derived from investment of Islamic banking capital funds	-	-	-	-
Less: Income attributable to investors of subordinated debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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23. Other operating income

	Group and Bank			
	2nd Quarter ended		Six months ended	
	30 June 2010 RM'000	30 June 2009 RM'000	30 June 2010 RM'000	30 June 2009 RM'000
Fee income:-				
Commission	35,454	32,271	71,302	64,715
Service charges and fees	26,051	4,138	34,460	9,681
Guarantee fees	5,926	7,203	10,899	13,985
	<u>67,431</u>	<u>43,612</u>	<u>116,661</u>	<u>88,381</u>
Gains/(Loss) from sale of securities and other financial instruments				
- Derivative financial instruments and financial assets held for trading	22,511	56,345	(116,745)	(253,887)
- Investment securities available-for-sale	-	8,323	10,396	26,275
Unrealised (loss)/gain on revaluation of financial assets held for trading and other financial instruments	(10,138)	(56,428)	186,360	305,086
Gross dividends from unquoted investments	626	25	18,194	25
	<u>12,999</u>	<u>8,265</u>	<u>98,205</u>	<u>77,499</u>
Other income:-				
Foreign exchange currency				
- (Loss)/Gain from dealing in foreign currency	(54,635)	92,742	103,063	25,781
- Unrealised gain/(loss) from foreign exchange translation	98,233	(36,298)	(22,619)	78,309
Rental income	15	150	101	183
Gain on disposal of property, plant and equipment	15	47	403	47
Others	276	-	578	24
	<u>43,904</u>	<u>56,641</u>	<u>81,526</u>	<u>104,344</u>
Total other operating income	<u>124,334</u>	<u>108,518</u>	<u>296,392</u>	<u>270,224</u>

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24. Other operating expenses

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	57,682	55,789	115,509	110,718
- Pension fund contributions	7,272	5,182	13,250	11,798
- Other staff related cost	6,922	19,401	15,441	27,247
	<u>71,876</u>	<u>80,372</u>	<u>144,200</u>	<u>149,763</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,872	5,252	11,971	10,563
- Amortisation of prepaid lease payments	4	6	10	12
- Rental	5,708	4,631	11,005	10,056
- Information technology and project expenses	16,399	18,426	38,601	42,915
- Others	9,754	10,381	16,887	18,094
	<u>37,737</u>	<u>38,696</u>	<u>78,474</u>	<u>81,640</u>
Marketing expenses				
- Advertisement and publicity	7,054	5,479	10,865	8,425
- Others	2,792	3,729	6,267	6,913
	<u>9,846</u>	<u>9,208</u>	<u>17,132</u>	<u>15,338</u>
Administration and general expenses				
- Communication expenses	3,120	3,096	6,573	7,112
- Group administration and business support expenses	24,251	23,491	53,673	48,954
- Outsourcing expenses	14,080	9,422	27,301	18,389
- Others	26,475	18,493	43,843	36,008
	<u>67,926</u>	<u>54,502</u>	<u>131,390</u>	<u>110,463</u>
Total other operating expenses	<u><u>187,385</u></u>	<u><u>182,778</u></u>	<u><u>371,196</u></u>	<u><u>357,204</u></u>

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24. Other operating expenses (continued)

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonuses, wages and allowances	57,209	55,542	114,507	110,259
- Pension fund contributions	7,272	5,182	13,250	11,798
- Other staff related cost	6,918	19,393	15,338	27,216
	<u>71,399</u>	<u>80,117</u>	<u>143,095</u>	<u>149,273</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,872	5,252	11,971	10,563
- Amortisation of prepaid lease payments	4	6	10	12
- Rental	5,708	4,631	11,005	10,056
- Information technology and project expenses	16,396	18,424	38,592	42,913
- Others	9,750	10,328	16,872	18,005
	<u>37,730</u>	<u>38,641</u>	<u>78,450</u>	<u>81,549</u>
Marketing expenses				
- Advertisement and publicity	6,662	4,547	10,412	7,431
- Others	2,791	3,698	6,264	6,867
	<u>9,453</u>	<u>8,245</u>	<u>16,676</u>	<u>14,298</u>
Administration and general expenses				
- Communication expenses	3,110	3,090	6,552	7,090
- Group administration and business support expenses	22,324	22,386	50,617	47,271
- Outsourcing expenses	14,080	9,422	27,301	18,389
- Others	9,754	7,050	13,088	15,792
	<u>49,268</u>	<u>41,948</u>	<u>97,558</u>	<u>88,542</u>
Total other operating expenses	<u>167,850</u>	<u>168,951</u>	<u>335,779</u>	<u>333,662</u>

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25. Impairment provisions for loans, advances and financing

	Group			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Impairment provisions for loans, advances and financing:-				
Individual impairment provisions (2009: Specific allowance)	38,422	42,144	60,734	70,407
- Made in the financial period	54,384	68,065	98,635	126,132
- Written back	(15,962)	(25,921)	(37,901)	(55,725)
Collective impairment provisions (2009: General allowance)				
- Made in the financial period	32,713	2,900	48,813	7,700
- Written back	(15,002)	(8,000)	(15,002)	(14,150)
Bad and doubtful debts on loans, advances and financing:-				
Written off	16,409	19,653	33,493	38,214
Recovered	(14,930)	(18,174)	(30,177)	(29,641)
	<u>57,612</u>	<u>38,523</u>	<u>97,861</u>	<u>72,530</u>

	Bank			
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Impairment provisions for loans, advances and financing:-				
Individual impairment provisions (2009: Specific allowance)	28,340	32,899	40,280	53,638
- Made in the financial period	43,883	58,725	77,625	109,232
- Written back	(15,543)	(25,826)	(37,345)	(55,594)
Collective impairment provisions (2009: General allowance)				
- Made in the financial period	21,047	700	32,347	3,700
- Written back	(8,364)	(8,000)	(8,364)	(14,000)
Bad and doubtful debts on loans, advances and financing:-				
Written off	16,409	19,653	33,493	38,214
Recovered	(14,930)	(18,174)	(30,177)	(29,641)
	<u>42,502</u>	<u>27,078</u>	<u>67,579</u>	<u>51,911</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 2010 RM'000	31 2009 RM'000	30 June 2010 RM'000	31 December 2009 RM'000
Aggregate value of outstanding credit exposures to connected parties	1,498,505	1,352,593	1,522,571	1,358,747
As a percentage of total credit exposures	3.5%	3.0%	3.8%	3.2%

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

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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 2010			As at 31 December 2009		
	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	1,212,926	1,212,926	1,009,274	1,391,319	1,391,319	1,073,254
Transaction-related contingent items	2,916,889	1,458,445	1,335,783	3,375,057	1,687,529	1,588,568
Short-term self liquidating trade-related contingencies	241,939	48,388	47,715	187,256	37,451	35,886
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	8,136,697	-	-	12,007,178	-	-
- maturity exceeding one year	2,816,606	1,408,304	992,168	4,315,234	2,157,617	1,348,447
Foreign exchange related contracts:-						
- less than one year	38,758,744	1,096,533	314,029	31,814,682	696,810	205,346
- one year to less than five years	10,240,714	999,520	280,647	9,978,585	885,488	249,265
- five years and above	4,130,438	788,016	172,021	4,853,126	712,878	164,879
Interest rate related contracts:-						
- less than one year	27,606,585	196,401	44,438	26,198,589	171,045	35,817
- one year to less than five years	49,378,447	1,425,847	320,960	47,997,956	1,491,016	361,692
- five years and above	7,627,908	782,529	204,926	8,228,711	791,844	213,728
Miscellaneous commitments and contingencies	7,418,404	-	-	9,853,317	-	-
	<u>160,486,297</u>	<u>9,416,909</u>	<u>4,721,961</u>	<u>160,201,010</u>	<u>10,022,997</u>	<u>5,276,882</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 2010			As at 31 December 2009		
	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	1,194,138	1,194,138	991,735	1,355,116	1,355,116	1,037,938
Transaction-related contingent items	2,896,715	1,448,358	1,327,364	3,357,216	1,678,608	1,581,064
Short-term self liquidating trade-related contingencies	231,680	46,336	45,413	133,153	26,631	24,997
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	7,550,803	-	-	11,289,837	-	-
- maturity exceeding one year	2,757,265	1,378,633	969,967	4,262,887	2,131,444	1,327,437
Foreign exchange related contracts:-						
- less than one year	38,747,508	1,096,129	313,395	32,160,314	705,814	206,926
- one year to less than five years	10,184,194	994,934	278,951	9,918,775	880,441	247,373
- five years and above	4,130,438	788,016	172,021	4,853,126	712,878	164,879
Interest rate related contracts:-						
- less than one year	27,606,585	196,401	44,438	26,198,589	171,045	35,817
- one year to less than five years	49,578,447	1,429,848	346,323	47,997,956	1,491,016	361,692
- five years and above	7,627,908	782,529	195,634	8,228,711	791,844	203,398
Miscellaneous commitments and contingencies	7,418,404	-	-	9,853,317	-	-
	159,924,085	9,355,322	4,685,241	159,608,997	9,944,837	5,191,521

* 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 2010 RM'000	31 December 2009 RM'000	30 June 2010 RM'000	31 December 2009 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	2,010,079	1,805,789	1,970,068	1,784,915
Less: Deferred tax assets	(110,453)	(100,559)	(101,430)	(93,993)
Total Tier 1 Capital	<u>2,399,626</u>	<u>2,205,230</u>	<u>2,368,638</u>	<u>2,190,922</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
Collective impairment provisions	386,642	352,831	353,073	329,090
Total Tier 2 Capital	<u>1,266,642</u>	<u>1,232,831</u>	<u>1,233,073</u>	<u>1,209,090</u>
Total capital	3,666,268	3,438,061	3,601,711	3,400,012
Less: Investment in subsidiaries	-	-	(300,022)	(300,022)
Total Capital Base	<u>3,666,268</u>	<u>3,438,061</u>	<u>3,301,689</u>	<u>3,099,990</u>

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

	Group			
	2010		2009	
	Principal amount RM'000	Risk weight amount RM'000	Principal amount RM'000	Risk weight amount RM'000
0%	9,260,247	-	12,549,248	-
10%	-	-	-	-
20%	9,866,973	1,973,395	9,613,527	1,922,705
50%	11,352,014	5,676,007	11,163,914	5,581,957
100%	15,164,562	15,164,562	14,191,298	14,191,298
	<u>45,643,796</u>	<u>22,813,964</u>	<u>47,517,987</u>	<u>21,695,960</u>
		2010 RM'000		2009 RM'000
Total risk-weighted assets:-				
- credit risk (as above)		22,813,964		21,695,960
- market risk		2,556,229		1,260,063
		<u>25,370,193</u>		<u>22,956,023</u>

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28. Capital adequacy (continued)

	Bank			
	2010		2009	
	Principal amount RM'000	Risk weight amount RM'000	Principal amount RM'000	Risk weight amount RM'000
0%	7,165,737	-	9,931,615	-
10%	-	-	-	-
20%	11,829,198	2,365,840	11,286,145	2,257,229
50%	11,074,058	5,537,029	10,969,120	5,484,560
100%	13,680,938	13,680,938	13,182,566	13,182,566
	<u>43,749,931</u>	<u>21,583,807</u>	<u>45,369,446</u>	<u>20,924,355</u>
		2010		2009
		RM'000		RM'000
Total risk-weighted assets:-				
- credit risk (as above)		21,583,807		20,924,355
- market risk		<u>2,556,229</u>		<u>1,260,063</u>
		<u>24,140,036</u>		<u>22,184,418</u>
		Group	Bank	
	2010	2009	2010	2009
<u>Before proposed dividend:-</u>				
Core capital ratio	9.46%	9.61%	9.81%	9.88%
Risk-weighted capital ratio	14.45%	14.98%	13.68%	13.97%
<u>After proposed dividend:-</u>				
Core capital ratio	9.07%	9.61%	9.40%	9.88%
Risk-weighted capital ratio	14.06%	14.98%	13.27%	13.97%

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29. Interest rate risk

Group As at 30 June 2010	← 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	3,866,178	-	-	-	-	-	-	-	113,913	-	3,980,091	1.74
Deposits and placements with banks and other financial institutions	-	1,292,934	788,415	108,847	-	-	-	-	-	-	2,190,196	0.78
Securities purchased under resale agreements	39,971	-	-	-	-	-	-	-	-	-	39,971	2.25
Financial assets held for trading	-	-	-	-	-	-	-	-	-	3,467,699	3,467,699	3.22
Investment securities available-for-sale	3,183,519	1,673,796	294,787	848,042	238,451	103,796	325,058	35,754	37,569	-	6,740,772	2.70
Loans, advances and financing												
- Performing	17,015,325	3,466,014	2,394,745	344,107	461,563	613,619	747,980	236,772	1,410	-	25,281,535	5.32
- Impaired	-	-	-	-	-	-	-	-	114,277	-	114,277	
Other balances	-	-	-	-	-	-	-	-	1,043,106	2,267,533	3,310,639	
Total assets	24,104,993	6,432,744	3,477,947	1,300,996	700,014	717,415	1,073,038	272,526	1,310,275	5,735,232	45,125,180	
Liabilities and shareholder's equity												
Deposits from customers	18,257,091	3,028,206	4,973,598	119,221	42,708	121,014	501,412	379,983	6,105,311	-	33,528,544	1.37
Deposits and placements of banks and other financial institutions	2,349,159	103,126	222,341	-	7,407	-	-	1,105,465	-	-	3,787,498	2.80
Bills and acceptances payable	7,057	-	-	-	-	-	-	-	-	-	7,057	3.00
Recourse obligations on loans sold to Cagamas	-	-	125,693	-	-	-	-	-	-	-	125,693	4.48
Subordinated debts	-	-	-	380,000	509,040	-	-	-	-	-	889,040	5.44
Other balances	-	-	-	-	-	-	-	-	2,142,116	2,141,675	4,283,791	
Total liabilities	20,613,307	3,131,332	5,321,632	499,221	559,155	121,014	501,412	1,485,448	8,247,427	2,141,675	42,621,623	
Shareholder's equity	-	-	-	-	-	-	-	-	2,503,557	-	2,503,557	
Total liabilities and shareholder's equity	20,613,307	3,131,332	5,321,632	499,221	559,155	121,014	501,412	1,485,448	10,750,984	2,141,675	45,125,180	
On-balance sheet interest sensitivity	3,491,686	3,301,412	(1,843,685)	801,775	140,859	596,401	571,626	(1,212,922)	(9,440,709)	3,593,557		
Off-balance sheet interest sensitivity	(1,852,166)	(3,684,325)	5,197,025	(2,939,520)	(253,390)	(423,975)	848,376	(331,644)	-	-		
Total interest sensitivity gap	1,639,520	(382,913)	3,353,340	(2,137,745)	(112,531)	172,426	1,420,002	(1,544,566)	(9,440,709)	3,593,557		

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29. Interest rate risk (continued)

Group As at 31 December 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	8,717,467	-	-	-	-	-	-	-	153,483	-	8,870,950	2.00
Deposits and placements with banks and other financial institutions	-	950,000	-	-	-	-	-	-	-	-	950,000	2.13
Securities purchased under resale agreements	14,199	-	-	-	-	-	-	-	-	-	14,199	1.60
Financial assets held for trading	-	-	-	-	-	-	-	-	-	1,930,498	1,930,498	2.93
Investment securities available-for-sale	803,744	2,067,502	447,412	1,141,427	964,211	40,050	5,031	243	36,333	-	5,505,953	2.38
Loans, advances and financing												
- Performing	16,350,381	2,207,812	2,535,811	228,766	357,126	307,724	498,818	390,209	1,410	-	22,878,057	5.04
- Impaired	-	-	-	-	-	-	-	-	179,210	-	179,210	
Other balances	-	-	-	-	-	-	-	-	557,749	1,866,349	2,424,098	
Total assets	25,885,791	5,225,314	2,983,223	1,370,193	1,321,337	347,774	503,849	390,452	928,185	3,796,847	42,752,965	
Liabilities and shareholder's equity												
Deposits from customers	17,579,804	2,634,365	4,801,196	225,910	25,874	73,898	586,611	386,192	6,606,375	-	32,920,225	1.64
Deposits and placements of banks and other financial institutions	2,817,626	93,260	685,594	-	-	-	7,270	-	-	-	3,603,750	2.55
Bills and acceptances payable	11,388	-	-	-	-	-	-	-	-	-	11,388	2.60
Recourse obligations on loans sold to Cagamas	-	7,486	51,722	79,225	-	-	-	-	-	-	138,433	4.48
Subordinated debts	-	-	-	380,000	511,208	-	-	-	-	-	891,208	5.44
Other balances	-	-	-	-	-	-	-	-	1,164,112	1,719,290	2,883,402	
Total liabilities	20,408,818	2,735,111	5,538,512	685,135	537,082	73,898	593,881	386,192	7,770,487	1,719,290	40,448,406	
Shareholder's equity	-	-	-	-	-	-	-	-	2,304,559	-	2,304,559	
Total liabilities and shareholder's equity	20,408,818	2,735,111	5,538,512	685,135	537,082	73,898	593,881	386,192	10,075,046	1,719,290	42,752,965	
On-balance sheet interest sensitivity	5,476,973	2,490,203	(2,555,289)	685,058	784,255	273,876	(90,032)	4,260	(9,146,861)	2,077,557		
Off-balance sheet interest sensitivity	(2,097,762)	(1,779,420)	4,010,059	(746,770)	63,180	59,884	(16,612)	(647,534)	-	-		
Total interest sensitivity gap	3,379,211	710,783	1,454,770	(61,712)	847,435	333,760	(106,644)	(643,274)	(9,146,861)	2,077,557		

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29. Interest rate risk (continued)

Bank As at 30 June 2010	← 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	4,033,727	-	-	-	-	-	-	-	101,211	-	4,134,938	1.77
Deposits and placements with banks and other financial institutions	-	2,309,455	1,295,897	488,847	-	-	-	177,000	-	-	4,271,199	1.56
Securities purchased under resale agreements	39,971	-	-	-	-	-	-	-	-	-	39,971	2.25
Financial assets held for trading	-	-	-	-	-	-	-	-	-	3,467,699	3,467,699	3.22
Investment securities available-for-sale	3,088,949	652,729	105,843	817,942	233,405	103,796	319,984	35,754	37,569	-	5,395,971	2.70
Loans, advances and financing												
- Performing	16,646,899	3,259,212	2,094,029	159,939	115,518	76,148	133,927	154,185	-	-	22,639,857	4.86
- Impaired	-	-	-	-	-	-	-	-	111,277	-	111,277	
Other balances	-	-	-	-	-	-	-	-	1,329,764	2,267,533	3,597,297	
Total assets	23,809,546	6,221,396	3,495,769	1,466,728	348,923	179,944	453,911	366,939	1,579,821	5,735,232	43,658,209	
Liabilities and shareholder's equity												
Deposits from customers	17,403,265	2,907,649	4,787,560	71,256	16,093	121,014	501,412	296,059	6,105,311	-	32,209,619	1.37
Deposits and placements of banks and other financial institutions	2,555,340	911,688	252,652	-	-	-	-	-	-	-	3,719,680	2.83
Bills and acceptances payable	7,057	-	-	-	-	-	-	-	-	-	7,057	3.00
Recourse obligations on loans sold to Cagamas	-	-	125,693	-	-	-	-	-	-	-	125,693	4.48
Subordinated debts	-	-	-	380,000	509,040	-	-	-	-	-	889,040	5.44
Other balances	-	-	-	-	-	-	-	-	2,102,075	2,141,675	4,243,750	
Total liabilities	19,965,662	3,819,337	5,165,905	451,256	525,133	121,014	501,412	296,059	8,207,386	2,141,675	41,194,839	
Shareholder's equity	-	-	-	-	-	-	-	-	2,463,370	-	2,463,370	
Total liabilities and shareholder's equity	19,965,662	3,819,337	5,165,905	451,256	525,133	121,014	501,412	296,059	10,670,756	2,141,675	43,658,209	
On-balance sheet interest sensitivity gap	3,843,884	2,402,059	(1,670,136)	1,015,472	(176,210)	58,930	(47,501)	70,880	(9,090,935)	3,593,557		
Off-balance sheet interest sensitivity gap	(1,852,166)	(3,684,325)	5,197,025	(2,939,520)	(253,390)	(423,975)	848,376	(331,644)	-	-		
Total interest sensitivity gap	1,991,718	(1,282,266)	3,526,889	(1,924,048)	(429,600)	(365,045)	800,875	(260,764)	(9,090,935)	3,593,557		

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29. Interest rate risk (continued)

Bank As at 31 December 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	7,445,243	-	-	-	-	-	-	-	141,666	-	7,586,909	2.00
Deposits and placements with banks and other financial institutions	-	1,550,000	500,000	-	-	-	-	163,924	-	-	2,213,924	2.00
Securities purchased under resale agreements	14,199	-	-	-	-	-	-	-	-	-	14,199	1.60
Financial assets held for trading	-	-	-	-	-	-	-	-	-	1,930,498	1,930,498	2.93
Investment securities available-for-sale	768,752	2,042,430	336,719	1,136,395	959,165	40,050	-	243	36,333	-	5,320,087	2.36
Loans, advances and financing												
- Performing	15,872,667	2,116,614	2,289,856	120,661	200,874	79,658	138,152	160,989	-	-	20,979,471	4.71
- Impaired	-	-	-	-	-	-	-	-	166,526	-	166,526	
Other balances	-	-	-	-	-	-	-	-	992,795	1,869,308	2,862,103	
Total assets	24,100,861	5,709,044	3,126,575	1,257,056	1,160,039	119,708	138,152	325,156	1,337,320	3,799,806	41,073,717	
Liabilities and shareholder's equity												
Deposits from customers	16,872,246	2,426,434	4,447,759	143,503	18,686	55,000	586,611	304,074	6,606,375	-	31,460,688	1.53
Deposits and placements of banks and other financial institutions	2,630,382	93,260	685,594	-	-	-	-	-	-	-	3,409,236	2.71
Bills and acceptances payable	11,388	-	-	-	-	-	-	-	-	-	11,388	2.60
Recourse obligations on loans sold to Cagamas	-	7,486	51,722	79,225	-	-	-	-	-	-	138,433	4.48
Subordinated debts	-	-	-	380,000	511,208	-	-	-	-	-	891,208	5.44
Other balances	-	-	-	-	-	-	-	-	1,157,168	1,722,482	2,879,650	
Total liabilities	19,514,016	2,527,180	5,185,075	602,728	529,894	55,000	586,611	304,074	7,763,543	1,722,482	38,790,603	
Shareholder's equity	-	-	-	-	-	-	-	-	2,283,114	-	2,283,114	
Total liabilities and shareholder's equity	19,514,016	2,527,180	5,185,075	602,728	529,894	55,000	586,611	304,074	10,046,657	1,722,482	41,073,717	
On-balance sheet interest sensitivity gap	4,586,845	3,181,864	(2,058,500)	654,328	630,145	64,708	(448,459)	21,082	(8,709,337)	2,077,324		
Off-balance sheet interest sensitivity gap	(2,097,762)	(1,779,420)	4,010,059	(746,770)	63,180	59,884	(16,612)	(647,534)	-	-		
Total interest sensitivity gap	2,489,083	1,402,444	1,951,559	(92,442)	693,325	124,592	(465,071)	(626,452)	(8,709,337)	2,077,324		

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30. Significant changes in accounting policies

BNM's revised Guidelines on Financial Reporting for Licensed Institutions issued on 1 January 2005 adopted certain principles in connection with the recognition, derecognition and measurement of financial instruments, including derivative instruments, and hedge accounting that are in line FRS 139 principles, which has already been adopted by the Group and the Bank. With effect from 1 January 2010, the full adoption of FRS 139, *Financial Instruments: Recognition and Measurement* ("FRS 139") have resulted in several changes to accounting policies relating to the recognition of interest income for impaired loans and impairment provisions.

Prior to the adoption of FRS 139, interest accrued and recognised as income prior to the date the loans are classified as impaired are reversed out of income and interest in suspense was created. Thereafter, interest on impaired loans were only recognised as income upon recovery. Impairment provisions is made on principal outstanding.

With the adoption of FRS 139, such reversal of interest accrued are no longer required. When loans are impaired, impairment provisions is made on principal outstanding and interest/fee accrued. Upon impairment, subsequent contractual interest due will not be recognised as income as interest accrued will be suspended in the balance sheet.

As for collective impairment provisions (previously known as general allowance), BNM's "Guidelines on Classification and Impairment Provisions for Loans/Financing" issued on 8 January 2010 prescribes that banking institutions are required to maintain collective impairment provisions of at least 1.5% of total outstanding loans, advances and financing, net of individual impairment provisions. This is similar to the previous regulatory requirement whereby banking institutions are required to maintain general allowance of at least 1.5% of total outstanding loans, advances and financing, net of specific allowance. The determination of individual impairment provisions is required to be based on reasonable and well documented estimates of the net present value of the future cash flows that the banking institutions expect to recover. Previously, BNM allowed specific allowance to be made based on number of days in arrears of the loans, advances and financing.

	Group RM'000	Bank RM'000
Retained earnings		
At 31 December 2009, as previously stated	1,672,639	1,659,725
Change in treatment of interest accrued on impaired loans		
- Impact on impaired loans, advances and financing	5,355	5,197
- Impact on impairment provision on loans, advances and financing	(4,748)	(4,712)
Additional impairment provision on loans, advances and financing required due to loan impairment classification	(34,881)	(24,979)
	<u>1,638,365</u>	<u>1,635,231</u>
Tax effect @ 25%	8,570	6,125
At 31 December 2009, as restated	<u><u>1,646,935</u></u>	<u><u>1,641,356</u></u>