



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

**Financial statements for the nine months ended
30 September 2008**

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 SHEET AS AT 30 SEPTEMBER 2008

	Note	Group		Bank	
		30 September 2008 RM'000	31 December 2007 RM'000	30 September 2008 RM'000	31 December 2007 RM'000
Assets					
Cash and short term funds		11,515,583	14,819,024	11,515,583	14,819,024
Deposits and placements with banks and other financial institutions		1,400,000	1,205,475	1,400,000	1,205,475
Securities purchased under resale agreements		417,367	96,473	417,367	96,473
Securities held for trading	11	3,073,130	2,206,946	3,073,130	2,206,946
Securities available-for-sale	12	1,738,441	1,357,729	1,738,441	1,357,729
Loans, advances and financing	13	20,964,515	19,551,580	20,964,515	19,551,580
Other receivables	15	4,947,359	1,862,384	4,947,359	1,862,384
Prepaid lease payments		1,155	1,173	1,155	1,173
Statutory deposits with Bank Negara Malaysia		465,232	667,233	465,232	667,233
Investments in subsidiaries		-	-	22	22
Property, plant and equipment		58,957	57,674	58,957	57,674
Deferred tax assets		99,508	89,225	99,508	89,225
Total assets		44,681,247	41,914,916	44,681,269	41,914,938
Liabilities					
Deposits from customers	16	29,493,229	30,724,716	29,493,229	30,724,716
Deposits and placements of banks and other financial institutions	17	6,558,489	4,736,148	6,558,489	4,736,148
Bills and acceptances payable		1,399,113	872,710	1,399,113	872,710
Recourse obligations on loans sold to Cagamas		175,621	290,733	175,621	290,733
Other payables	18	4,266,754	2,640,389	4,266,776	2,640,411
Tax payable		61,122	22,009	61,122	22,009
Subordinated debts		878,012	875,916	878,012	875,916
Total liabilities		42,832,340	40,162,621	42,832,362	40,162,643
Equity					
Share capital		125,000	125,000	125,000	125,000
Reserves		1,723,907	1,627,295	1,723,907	1,627,295
Total equity attributable to equity holders of the Bank	19	1,848,907	1,752,295	1,848,907	1,752,295
Total liabilities and equity		44,681,247	41,914,916	44,681,269	41,914,938
Commitments and contingencies	26	210,992,886	149,290,462	210,992,886	149,290,462
CAPITAL ADEQUACY					
Core capital ratio	25	7.46%	6.11%	7.46%	6.11%
Risk-weighted capital ratio	25	12.59%	11.81%	12.59%	11.81%

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2007.

STANDARD CHARTERED BANK MALAYSIA BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2008

	Note	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
		30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Interest income	20	438,079	497,594	1,288,577	1,476,444
Interest expense	21	(235,142)	(255,445)	(691,441)	(775,787)
Net interest income		202,937	242,149	597,136	700,657
Net income from Islamic Banking operations	28	19,134	20,551	53,613	51,018
		222,071	262,700	650,749	751,675
Other operating income	22	142,215	143,630	635,805	328,806
Total net income		364,286	406,330	1,286,554	1,080,481
Other operating expenses	23	(167,035)	(164,884)	(505,715)	(462,615)
Operating profit		197,251	241,446	780,839	617,866
Allowance for bad and doubtful debts and financing	24	(44,281)	(47,391)	(104,699)	(114,264)
Profit before taxation		152,970	194,055	676,140	503,602
Tax expense		(55,914)	(63,824)	(186,163)	(152,251)
Profit for the period		<u>97,056</u>	<u>130,231</u>	<u>489,977</u>	<u>351,351</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2007.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

		Group and Bank	
		30 September	30 September
		2008	2007
	Note	RM'000	RM'000
Unrealised net gain on revaluation of securities available-for-sale		9,597	14,629
Realised gain from disposal of securities available-for-sale transferred to income statements		(8,850)	(19,056)
Unrealised loss on cash flow hedge		(29,805)	(11,357)
Realised loss/(gain) on cash flow hedge transferred to income statements		12,289	(3,551)
Tax on income and expense recognised directly in equity		<u>4,204</u>	<u>5,557</u>
Income and expense recognised directly in equity	19	(12,565)	(13,778)
Profit for the period		489,977	351,351
Total recognised income and expense for the period attributable to equity holders of the Bank		<u><u>477,412</u></u>	<u><u>337,573</u></u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2007.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

	Group and Bank	
	30 September 2008 RM'000	30 September 2007 RM'000
Profit before taxation	676,140	503,602
Adjustment for non-operating items	2,059	(484)
Adjustment for non-cash items	2,990	14,552
Operating profit before working capital changes	681,189	517,670
Changes in working capital:-		
Net changes in operating assets	(5,695,027)	(333,284)
Net changes in operating liabilities	2,630,606	1,444,306
Income taxes paid	(153,130)	(132,504)
Net cash generated from operating activities	(2,536,362)	1,496,188
Net cash used in investing activities	(386,279)	(576,762)
Net cash used in financing activities	(380,800)	(427,780)
Net (decrease)/increase in cash and cash equivalents	(3,303,441)	491,646
Cash and cash equivalent at beginning of the year	14,819,024	5,220,283
Cash and cash equivalent at end of the period	11,515,583	5,711,929

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2007.

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REVIEW OF PERFORMANCE

The Bank's profit before taxation for the financial nine months ended 30 September 2008 was RM 676.14 million, which is RM 172.54 million or 34.26% higher than the corresponding period last year. Net interest income declined by 14.77% to RM 597.14 million while other operating income (including income from Islamic Banking operations) increased by RM 309.59 million to RM 689.42 million. Allowance for bad and doubtful debts was lower by RM 9.57 million while overheads increased by RM 43.10 million. Total assets registered an increase of RM 2.77 billion or 6.60% to RM 44.68 billion compared to the last financial year ended 31 December 2007. The Bank's core capital ratio and risk-weighted capital ratio remained strong at 7.46% and 12.59% 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 2008 is set out below:-

- Deliver superior financial performance, consistently delivering double digit growth
- 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 nine months ended 30 September 2008

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the third quarter and the financial nine months ended 30 September 2008 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 Bank. 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 2007. 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 2007.

The MASB issued a number of new and revised Financial Reporting Standards ("FRSs"), which is applicable for the current financial reporting period. The unaudited condensed interim financial statements have been amended as required, in accordance with the relevant transitional provisions in the respective FRSs.

The adoption of these new and revised FRSs does not have significant financial impact on the Group or the Bank.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2007 was not qualified.

3. Seasonal or cyclical factors

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the third quarter and the financial nine months ended 30 September 2008.

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the third quarter and the financial nine months ended 30 September 2008.

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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 nine months ended 30 September 2008.

7. Dividend

During the financial nine months ended 30 September 2008, a special dividend (gross) of 76 sen per share less tax, totalling RM 70,000,000 and a final dividend (gross) of 336 sen per share, less income tax, amounting to RM 310,800,000 in respect of the financial year ended 31 December 2007 were paid on 17 March 2008.

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 2007.

9. Subsequent events

There were no other material events subsequent to the balance sheet date that requires disclosure or adjustments to the unaudited condensed interim financial statements except for the establishment of an Islamic Banking Subsidiary - Standard Chartered Saadiq Berhad.

Bank Negara Malaysia ("BNM") had given its approval on 11 July 2008 for Standard Chartered Bank to establish a subsidiary under the name "Standard Chartered Saadiq Berhad" ("Saadiq") to undertake the Islamic Banking business.

On 5 September 2008, the Companies Commission of Malaysia issued a Certificate of Incorporation dated 30 June 2008 to Saadiq. Saadiq has an authorised share capital of RM100 million comprising 100 million ordinary shares of RM1.00 each and an issued and paid-up share capital of RM199,999,994 comprising 49,999,998 ordinary shares of RM4.00 each and 2 ordinary shares of RM1.00 each.

Saadiq has commenced operations on 12 October 2008.

10. Changes in the composition of the Group

There were no significant changes in the composition of the Group in the financial nine months ended 30 September 2008, other than as disclosed in Note 12.

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11. Securities held for trading

	Group and Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
<u>At fair value</u>		
Quoted securities:-		
Malaysian Government treasury bills	90,827	44,889
Malaysian Government bonds/securities	1,222,820	621,551
Government Islamic bonds	-	1,156
Khazanah Islamic bonds	11,473	-
Bank Negara Malaysia bills	1,229,143	968,219
Cagamas bonds	14,175	-
Private debt securities	504,692	571,131
	<u>3,073,130</u>	<u>2,206,946</u>

12. Securities available-for-sale

	Group and Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
<u>At fair value</u>		
Quoted securities:-		
Malaysian Government bonds/securities	350,893	495,792
Bank Negara Malaysia bills	799,460	423,251
Cagamas bonds	63,892	98,999
Negotiable instruments of deposit	344,983	84,997
Government Islamic bonds	24,875	70,142
Private debt securities	107,801	156,816
Equity shares	18,914	109
	<u>1,710,818</u>	<u>1,330,106</u>
Unquoted securities:-		
Equity shares	9,098	9,098
Private debt securities	18,525	18,525
	<u>1,738,441</u>	<u>1,357,729</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 are held by Standard Chartered Bank (Hong Kong) Limited ("SCBHK"). 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 a Master Shareholders' Agreement in which the Bank had assigned its rights over all the profits or losses of PASB and RASB and the entitlement to appoint Directors of PASB and RASB to SCBHK. Pursuant to these Master Shareholders' Agreement, 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 and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Overdrafts	781,161	827,879
Term loans/financing		
- Housing loans/financing	10,510,474	10,605,666
- Syndicated term loan/financing	95,531	104,805
- Lease receivables	22,152	20,477
- Other term loans/financing	3,958,177	3,561,782
Bills receivable	2,253,379	1,426,634
Trust receipts	636	2,825
Claims on customers under acceptance credits	1,385,872	876,907
Staff loans/financing (of which loans to Directors - Nil for 2008 and 2007)	89,568	96,051
Loans/financing to banks and other financial institutions	74,838	77,380
Credit card receivables	1,305,995	1,454,096
Revolving credit	1,391,652	1,289,039
	<u>21,869,435</u>	<u>20,343,541</u>
Less unearned interest and income	(383,117)	(294,122)
Gross loans, advances and financing	21,486,318	20,049,419
Less allowance for bad and doubtful debts and financing:-		
Specific	(199,382)	(197,418)
General	(322,421)	(300,421)
Total net loans, advances and financing	<u>20,964,515</u>	<u>19,551,580</u>

(ii) By type of customer

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Domestic banking institutions	74,838	77,380
Domestic non-bank financial institutions	633,090	379,847
<i>Stockbroking companies</i>	-	-
<i>Others</i>	633,090	379,847
Domestic business enterprises	6,284,558	4,982,658
<i>Small medium enterprises</i>	1,658,027	1,611,805
<i>Others</i>	4,626,531	3,370,853
Government and statutory bodies	-	-
Individuals	14,001,122	14,313,914
Other domestic entities	484	1,136
Foreign entities	492,226	294,484
	<u>21,486,318</u>	<u>20,049,419</u>

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

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Fixed rate		
Housing loans/financing	73,322	78,659
Other fixed rate loan/financing	2,028,829	1,970,533
Variable rate		
BLR plus	13,032,675	12,942,834
Cost plus	3,978,452	2,814,564
Other variable rates	<u>2,373,040</u>	<u>2,242,829</u>
	<u>21,486,318</u>	<u>20,049,419</u>

(iv) By sector

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Agriculture	116,853	150,748
Mining and quarrying	95,043	19,498
Manufacturing	2,294,432	1,874,006
Electricity, gas and water	7,835	3,284
Construction	268,020	167,119
Real estate	50,599	76,254
Purchase of landed property	12,247,274	12,480,472
- Residential	<u>10,541,148</u>	<u>10,695,345</u>
- Non-residential	<u>1,706,126</u>	<u>1,785,127</u>
Wholesale & retail trade and restaurants & hotels	2,390,807	1,526,502
Transport, storage and communication	168,357	173,925
Finance, insurance and business services	992,844	662,300
Consumption credit	2,685,399	2,710,557
Others	168,855	204,754
	<u>21,486,318</u>	<u>20,049,419</u>

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

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
At 1 January	556,673	797,750
Classified as non-performing during the financial period	322,839	521,187
Reclassified as performing during the financial period	(191,103)	(289,357)
Amount recovered during the financial period	(37,317)	(53,183)
Amount written off	(122,129)	(153,706)
Sale of non-performing loans	-	(266,018)
At end of reporting period	<u>528,963</u>	<u>556,673</u>
Specific allowance	<u>(199,382)</u>	<u>(197,418)</u>
Net non-performing loans, advances and financing	<u><u>329,581</u></u>	<u><u>359,255</u></u>
Ratio of net non-performing loans, advances and financing to net loans, advances and financing	<u>1.55%</u>	<u>1.81%</u>

(ii) Movements in allowance for bad and doubtful debts

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
General Allowance		
At 1 January	300,421	298,410
Allowance made during the financial period	<u>22,000</u>	<u>2,011</u>
At end of reporting period	<u><u>322,421</u></u>	<u><u>300,421</u></u>
As a percentage of total gross loans less specific allowance	<u>1.5%</u>	<u>1.5%</u>
Specific Allowance		
At 1 January	197,418	328,116
Allowance made during the financial period	151,910	247,834
Amount written back in respect of recoveries	(80,641)	(149,992)
Amount written off	(69,305)	(87,702)
Sale of non-performing loans	-	(140,838)
At end of reporting period	<u><u>199,382</u></u>	<u><u>197,418</u></u>

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

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Mining and quarrying	500	500
Manufacturing	58,998	72,659
Construction	4,206	4,104
Real estate	768	-
Purchase of landed property	363,076	398,472
- Residential	347,389	369,834
- Non-residential	15,687	28,638
Wholesale & retail trade and restaurants & hotels	15,373	13,971
Transport, storage and communication	59	363
Finance, insurance and business services	8,953	9,743
Consumption credit	39,752	52,335
Others	37,278	4,526
	528,963	556,673

15. Other receivables

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Derivatives	2,242,364	1,216,288
Interest/Income receivable	149,064	90,098
Other receivables, deposit and prepayments	2,555,931	555,998
	4,947,359	1,862,384

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

	Group and Bank	
	30 September 2008 RM'000	31 December 2007 RM'000
Demand deposits	8,991,283	9,206,601
Savings deposits	4,185,055	3,544,097
Fixed/Investment deposits	14,555,871	16,249,026
Negotiable instruments of deposits	1,761,020	1,724,992
	29,493,229	30,724,716

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

	Group and Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
Government and statutory bodies	15,715	9,661
Business enterprises	9,502,541	12,240,336
Individuals	16,544,849	15,358,050
Others	3,430,124	3,116,669
	29,493,229	30,724,716

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
Licensed banks	1,291,982	741,911
Bank Negara Malaysia	730,256	689,028
Other financial institutions	4,536,251	3,305,209
	6,558,489	4,736,148

18. Other payables

	Group	
	30 September 2008	31 December 2007
	RM'000	RM'000
Derivatives	1,777,036	1,093,286
Interest/Profit payable	285,593	195,305
Other payables and accruals	2,204,125	1,351,798
	4,266,754	2,640,389

	Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
Derivatives	1,777,036	1,093,286
Interest/Profit payable	285,593	195,305
Amount owing to subsidiaries	22	22
Other payables and accruals	2,204,125	1,351,798
	4,266,776	2,640,411

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

GROUP AND 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 2007	125,000	375,000	125,000	190	9,111	22,226	1,317,547	1,974,074
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	10,708	-	-	10,708
Realised gain from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(13,910)	-	-	(13,910)
Unrealised loss on cash flow hedge	-	-	-	-	-	(8,057)	-	(8,057)
Realised gain on cash flow hedge transferred to income statements	-	-	-	-	-	(2,519)	-	(2,519)
Net losses recognised directly in equity	-	-	-	-	(3,202)	(10,576)	-	(13,778)
Profit for the period	-	-	-	-	-	-	351,351	351,351
Total recognised income and expense for the period	-	-	-	-	(3,202)	(10,576)	351,351	337,573
Dividends (ordinary shares):-								
- 2006 final	-	-	-	-	-	-	(208,780)	(208,780)
- 2007 interim	-	-	-	-	-	-	(219,000)	(219,000)
At 30 September 2007	125,000	375,000	125,000	190	5,909	11,650	1,241,118	1,883,867

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

GROUP AND 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	-	-	-	-	7,208	-	-	7,208
Realised gain from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(6,637)	-	-	(6,637)
Unrealised loss on cash flow hedge	-	-	-	-	-	(22,353)	-	(22,353)
Realised loss on cash flow hedge transferred to income statements	-	-	-	-	-	9,217	-	9,217
Net gains/(losses) recognised directly in equity	-	-	-	-	571	(13,136)	-	(12,565)
Profit for the period	-	-	-	-	-	-	489,977	489,977
Total recognised income and expense for the period	-	-	-	-	571	(13,136)	489,977	477,412
Dividends (ordinary shares):-								
- 2008 special	-	-	-	-	-	-	(70,000)	(70,000)
- 2007 final	-	-	-	-	-	-	(310,800)	(310,800)
At 30 September 2008	125,000	375,000	125,000	190	(531)	(8,565)	1,232,813	1,848,907

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20. Interest income

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPLs	279,624	338,521	827,429	949,652
- Recoveries from NPLs	12,673	14,885	38,480	46,200
Money at call and deposit placements with banks and other financial institutions	124,148	102,870	363,872	381,180
Securities held for trading	4,652	10,680	13,926	25,786
Securities available-for-sale	3,851	27,313	23,547	75,327
	<u>424,948</u>	<u>494,269</u>	<u>1,267,254</u>	<u>1,478,145</u>
Amortisation of premium less accretion of discount	19,964	10,371	41,376	24,707
Interest suspended	(6,833)	(7,046)	(20,053)	(26,408)
Total interest income	<u>438,079</u>	<u>497,594</u>	<u>1,288,577</u>	<u>1,476,444</u>

21. Interest expense

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	30,675	46,189	109,071	129,715
Deposits from customers	196,889	205,765	558,924	631,913
Loans sold to Cagamas	2,158	3,491	7,304	14,159
Subordinated debt	5,420	-	16,142	-
	<u>235,142</u>	<u>255,445</u>	<u>691,441</u>	<u>775,787</u>

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22. Other operating income

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Fee income:-				
Commission	29,985	33,630	104,200	107,374
Service charges and fees	2,080	7,962	9,375	20,593
Guarantee fees	6,315	4,785	17,790	12,035
	<u>38,380</u>	<u>46,377</u>	<u>131,365</u>	<u>140,002</u>
(Loss)/ gain from sale of securities and other financial instruments				
- Securities held for trading and other financial instruments	(56,610)	51,559	155,177	31,728
- Securities available-for-sale	(120)	5,781	3,817	11,193
Unrealised gain/ (loss) on revaluation of securities held-for-trading and other financial instruments	112,653	(720)	145,264	22,762
Gross dividends from unquoted investments	340	-	2,059	484
	<u>56,263</u>	<u>56,620</u>	<u>306,317</u>	<u>66,167</u>
Other income:-				
Foreign exchange currency gains				
- Gain from dealing in foreign currency	57,152	124,221	138,340	181,910
- Unrealised (loss)/ gain from foreign translation	(9,717)	(83,741)	30,401	(59,700)
Rental income	137	134	388	404
Gain on disposal of property, plant and equipment	-	19	139	23
Others	-	-	28,855	-
	<u>47,572</u>	<u>40,633</u>	<u>198,123</u>	<u>122,637</u>
Total other operating income	<u>142,215</u>	<u>143,630</u>	<u>635,805</u>	<u>328,806</u>

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23. Other operating expenses

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	64,364	56,123	190,596	167,908
- Pension fund contributions	6,067	5,685	18,431	16,454
- Other staff related cost	6,415	7,267	18,172	19,406
	<u>76,846</u>	<u>69,075</u>	<u>227,199</u>	<u>203,768</u>
Establishment costs				
- Depreciation	5,674	5,874	15,713	16,350
- Amortisation of prepaid lease payments	6	6	18	18
- Rental	5,458	5,128	15,786	15,359
- Information technology and project expenses	27,787	20,983	73,013	54,864
- Others	10,253	10,615	24,023	25,568
	<u>49,178</u>	<u>42,606</u>	<u>128,553</u>	<u>112,159</u>
Marketing expenses				
- Advertisement and publicity	5,468	5,347	14,278	14,914
- Others	4,209	2,315	10,586	9,872
	<u>9,677</u>	<u>7,662</u>	<u>24,864</u>	<u>24,786</u>
Administration and general expenses				
- Communication expenses	4,128	3,090	12,057	10,480
- Group administration and business support expenses	18,509	10,386	62,866	30,235
- Outsourcing expenses	7,423	7,110	22,389	20,097
- Others	1,274	24,955	27,787	61,090
	<u>31,334</u>	<u>45,541</u>	<u>125,099</u>	<u>121,902</u>
Total other operating expenses	<u>167,035</u>	<u>164,884</u>	<u>505,715</u>	<u>462,615</u>

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24. Allowance for bad and doubtful debts and financing

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Allowance for bad and doubtful debts on loans, advances and financing:-				
Specific allowance (net)	27,611	9,983	71,269	56,679
- Made in the financial period	51,338	51,061	151,910	173,242
- Written back	(23,727)	(41,078)	(80,641)	(116,563)
General allowance				
- Made in the financial period	12,500	35,000	22,000	37,811
Bad and doubtful debts on loans and financing:-				
Written off	18,201	18,656	54,705	56,395
Recovered	(14,031)	(16,248)	(43,275)	(36,621)
	<u>44,281</u>	<u>47,391</u>	<u>104,699</u>	<u>114,264</u>

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25. Capital adequacy

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

	Group and Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
Tier 1 Capital		
Paid-up ordinary share capital	125,000	125,000
Share premium	375,000	375,000
Other reserves	1,358,003	868,027
Less: Deferred tax assets	(108,380)	(105,220)
Total Tier 1 Capital	1,749,623	1,262,807
Tier 2 Capital		
Islamic subordinated debt	380,000	380,000
Subordinated bonds	500,000	500,000
General allowance for bad and doubtful debts and financing	322,421	300,421
Total Tier 2 Capital	1,202,421	1,180,421
Total capital	2,952,044	2,443,228
Less: Investment in subsidiaries	(22)	(22)
Total Capital Base	2,952,022	2,443,206

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

	2008		2007	
	Principal amount RM'000	Risk weight amount RM'000	Principal amount RM'000	Risk weight amount RM'000
0%	15,575,922	-	15,318,050	-
10%	-	-	-	-
20%	5,922,888	1,184,578	7,052,759	1,410,552
50%	12,961,983	6,480,991	11,407,134	5,703,567
100%	13,092,039	13,092,039	11,905,849	11,905,849
	47,552,832	20,757,608	45,683,792	19,019,968
			2008	2007
			RM'000	RM'000
Total risk-weighted assets				
- credit risk (as above)			20,757,608	19,019,968
- market risk			2,684,789	1,663,443
			23,442,397	20,683,411
			2008	2007
Core capital ratio			7.46%	6.11%
Risk-weighted capital ratio			12.59%	11.81%

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26. 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:-

	As at 30 September 2008			As at 31 December 2007		
	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
Group and Bank						
Direct credit substitutes	920,657	920,657	792,992	1,078,978	1,078,978	796,409
Transaction-related contingent items	2,768,344	1,384,172	1,209,280	2,306,605	1,153,303	979,748
Short-term self liquidating trade-related contingencies	542,131	108,426	104,853	582,274	116,455	115,620
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	8,945,727	-	-	8,955,725	-	-
- maturity exceeding one year	2,217,956	1,108,978	675,008	788,681	394,341	197,170
Foreign exchange related contracts:-						
- less than one year	57,771,007	1,656,360	505,549	45,171,788	1,221,035	356,248
- one year to less than five years	16,863,271	1,508,708	579,268	8,870,529	784,704	290,637
- five years and above	5,398,469	586,021	134,738	1,730,417	226,568	65,011
Interest rate related contracts:-						
- less than one year	45,900,997	162,671	32,800	29,175,876	75,565	15,873
- one year to less than five years	57,493,186	1,502,123	342,940	45,174,882	1,303,118	286,127
- five years and above	8,245,669	791,350	206,871	4,304,302	389,492	88,033
Miscellaneous commitments and contingencies	3,925,472	-	-	1,150,405	-	-
	<u>210,992,886</u>	<u>9,729,466</u>	<u>4,584,299</u>	<u>149,290,462</u>	<u>6,743,559</u>	<u>3,190,876</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.

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27. Interest rate risk

GROUP As at 30 September 2008	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	11,357,276	-	-	-	-	-	-	-	158,307	-	11,515,583	3.50
Deposits and placements with banks and other financial institutions	-	1,400,000	-	-	-	-	-	-	-	-	1,400,000	3.59
Securities purchased under resale agreement	417,367	-	-	-	-	-	-	-	-	-	417,367	2.01
Securities held for trading	-	-	-	-	-	-	-	-	-	3,073,130	3,073,130	4.07
Securities available-for-sale	809,459	334,983	48,225	69,753	354,292	29,345	45,847	243	46,294	-	1,738,441	3.78
Loans, advances and financing												
- Performing	14,990,090	2,980,899	1,766,005	196,127	139,766	82,845	68,046	411,156	-	-	20,634,934	6.05
- Non performing	-	-	-	-	-	-	-	-	329,581	-	329,581	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	5,572,211	-	5,572,211	
Total assets	27,574,192	4,715,882	1,814,230	265,880	494,058	112,190	113,893	411,399	6,106,393	3,073,130	44,681,247	
Liabilities and shareholder's equity												
Deposits from customers	15,791,381	2,123,794	4,706,003	781,436	609,421	51,497	216,975	386,744	4,825,978	-	29,493,229	3.43
Deposits and placements of banks and other financial institutions	3,517,180	2,745,715	288,647	-	-	6,947	-	-	-	-	6,558,489	3.18
Bills and acceptances payable	1,399,113	-	-	-	-	-	-	-	-	-	1,399,113	3.87
Recourse obligations on loans sold to Cagamas	-	11,132	11,166	8,524	144,799	-	-	-	-	-	175,621	4.51
Subordinated debt	-	-	-	-	-	380,000	498,012	-	-	-	878,012	5.46
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	4,327,876	-	4,327,876	
Total liabilities	20,707,674	4,880,641	5,005,816	789,960	754,220	438,444	714,987	386,744	9,153,854	-	42,832,340	
Shareholder's equity	-	-	-	-	-	-	-	-	1,848,907	-	1,848,907	
Total liabilities and shareholder's equity	20,707,674	4,880,641	5,005,816	789,960	754,220	438,444	714,987	386,744	11,002,761	-	44,681,247	
On-balance sheet interest sensitivity gap	6,866,518	(164,759)	(3,191,586)	(524,080)	(260,162)	(326,254)	(601,094)	24,655	(4,896,368)	3,073,130		
Off-balance sheet interest sensitivity gap	(3,115,705)	101,369	1,356,791	325,064	1,461,391	(161,543)	244,100	(211,665)	-	-		
Total interest sensitivity gap	3,750,813	(63,390)	(1,834,795)	(199,016)	1,201,229	(487,797)	(356,994)	(187,010)	(4,896,368)	3,073,130		

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27. Interest rate risk (continued)

GROUP As at 31 December 2007	← 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	14,670,997	-	-	-	-	-	-	-	148,027	-	14,819,024	3.83
Deposits and placements with banks and other financial institutions	-	1,205,475	-	-	-	-	-	-	-	-	1,205,475	3.60
Securities purchased under resale agreement	96,473	-	-	-	-	-	-	-	-	-	96,473	2.90
Securities held for trading	-	-	-	-	-	-	-	-	-	2,206,946	2,206,946	3.99
Securities available-for-sale	269,688	147,660	189,320	88,237	225,743	50,175	259,624	99,550	27,732	-	1,357,729	3.47
Loans, advances and financing												
- Performing	14,337,822	1,926,298	1,723,064	164,836	214,275	132,634	103,550	589,846	-	-	19,192,325	6.80
- Non performing	-	-	-	-	-	-	-	-	359,255	-	359,255	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	2,677,689	-	2,677,689	
Total assets	29,374,980	3,279,433	1,912,384	253,073	440,018	182,809	363,174	689,396	3,212,703	2,206,946	41,914,916	
Liabilities and shareholder's equity												
Deposits from customers	14,718,030	3,871,178	5,238,732	442,500	600,115	76,602	22,914	65,000	5,689,645	-	30,724,716	2.46
Deposits and placements of banks and other financial institutions	3,944,947	745,254	37,596	1,584	-	-	6,767	-	-	-	4,736,148	4.09
Bills and acceptances payable	872,710	-	-	-	-	-	-	-	-	-	872,710	3.81
Recourse obligations on loans sold to Cagamas	7,291	31,041	87,324	19,817	66,006	79,254	-	-	-	-	290,733	4.15
Subordinated debt	-	-	-	-	-	-	875,916	-	-	-	875,916	5.46
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	2,662,398	-	2,662,398	
Total liabilities	19,542,978	4,647,473	5,363,652	463,901	666,121	155,856	905,597	65,000	8,352,043	-	40,162,621	
Shareholder's equity	-	-	-	-	-	-	-	-	1,752,295	-	1,752,295	
Total liabilities and shareholder's equity	19,542,978	4,647,473	5,363,652	463,901	666,121	155,856	905,597	65,000	10,104,338	-	41,914,916	
On-balance sheet interest sensitivity gap	9,832,002	(1,368,040)	(3,451,268)	(210,828)	(226,103)	26,953	(542,423)	624,396	(6,891,635)	2,206,946		
Off-balance sheet interest sensitivity gap	(5,835,526)	1,183,638	3,162,102	1,288,673	259,864	304,944	(275,216)	(88,480)	-	-		
Total interest sensitivity gap	3,996,476	(184,402)	(289,166)	1,077,845	33,761	331,897	(817,639)	535,916	(6,891,635)	2,206,946		

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28. The operations of Islamic Banking

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEET AS AT 30 SEPTEMBER 2008

	Note	Group and Bank	
		30 September 2008 RM'000	31 December 2007 RM'000
Assets			
Cash and short term funds		1,600,085	2,466,662
Deposits and placements with banks and other financial institutions		-	900,475
Securities available-for-sale		241,560	484,917
Financing, advances and other loans	(a)	1,118,398	823,806
Other receivables	(c)	6,183	39,318
Statutory deposits with Bank Negara Malaysia		9,232	233
Deferred tax asset		5,523	3,635
Total assets		2,980,981	4,719,046
Liabilities			
Deposits from customers	(d)	1,998,010	3,408,096
Deposits and placements of banks and other financial institutions		34,818	657,142
Bills and acceptances payable		98,747	-
Other payables	(e)	214,474	22,464
Subordinated debt		380,000	380,000
Tax payable		532	10,228
Total liabilities		2,726,581	4,477,930
Islamic Banking capital funds			
Islamic Banking funds		183,000	183,000
Reserves		71,400	58,116
Total Islamic Banking capital funds		254,400	241,116
Total liabilities and Islamic Banking capital funds		2,980,981	4,719,046
Commitments and contingencies		660,918	585,585

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28. The operations of Islamic Banking (continued)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2008

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2008 RM'000	30 September 2007 RM'000	30 September 2008 RM'000	30 September 2007 RM'000
Income derived from investment of depositors' funds and others	53,481	68,945	168,715	159,736
Transfer to profit equalisation reserves	<u>(2,500)</u>	<u>(2,400)</u>	<u>(2,160)</u>	<u>(4,265)</u>
Total distributable income	50,981	66,545	166,555	155,471
Income attributable to depositors	<u>(25,755)</u>	<u>(40,302)</u>	<u>(95,242)</u>	<u>(88,341)</u>
Income attributable to the Bank	25,226	26,243	71,313	67,130
Income derived from investment of Islamic banking capital funds	631	994	2,323	3,797
Less: Income attributable to investors of subordinated debt	<u>(6,723)</u>	<u>(6,686)</u>	<u>(20,023)</u>	<u>(19,909)</u>
Total net income	19,134	20,551	53,613	51,018
Other operating expenses	<u>(6,199)</u>	<u>(4,328)</u>	<u>(19,761)</u>	<u>(12,949)</u>
	12,935	16,223	33,852	38,069
Allowance for bad and doubtful debts and financing	<u>(6,313)</u>	<u>(3,693)</u>	<u>(16,764)</u>	<u>(10,447)</u>
Profit before taxation	6,622	12,530	17,088	27,622
Tax expense	<u>(374)</u>	<u>(3,383)</u>	<u>(3,123)</u>	<u>(7,646)</u>
Profit for the period	<u>6,248</u>	<u>9,147</u>	<u>13,965</u>	<u>19,976</u>

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28. The operations of Islamic Banking (continued)**(a) Financing, advances and other loans****(i) By type**

	Group and Bank	
	30 September	31 December
	2008	2007
	RM'000	RM'000
Term loans/financing		
- House financing	220,170	173,353
- Lease receivables	22,152	20,477
- Other term loans/financing	864,437	618,682
- Bills receivable	1,502	-
- Claims on customers under acceptance credits	98,747	-
- Trust receipt	636	2,825
- Staff loan	2,793	3,252
Revolving credit	299,196	302,425
Unearned income	(373,402)	(284,058)
	<u>1,136,231</u>	<u>836,956</u>
Allowances for bad and doubtful financing:-		
- General	(17,031)	(12,545)
- Specific	(802)	(605)
Total net financing, advances and other loans	<u>1,118,398</u>	<u>823,806</u>

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

	Group and Bank	
	30 September	31 December
	2008	2007
	RM'000	RM'000
At 1 January	5,264	5,552
Classified as non-performing during the period	15,948	13,803
Amount recovered during the period	(1,181)	(511)
Amount written off	(12,436)	(13,580)
At end of reporting period	<u>7,595</u>	<u>5,264</u>
Specific allowance	(802)	(605)
Net non-performing financing, advances and other loans	<u>6,793</u>	<u>4,659</u>
Ratio of net non-performing financing, advances and other loans to net financing, advances and other loans	<u>0.6%</u>	<u>0.6%</u>

STANDARD CHARTERED BANK MALAYSIA BERHAD
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28. The operations of Islamic Banking (continued)**(b) Non-performing loans/financing (NPL/NPF) (continued)****(ii) Movements in allowance for bad and doubtful debts**

	Group and Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
General Allowance		
At 1 January	12,545	9,674
Allowance made during the period	4,486	2,871
At end of reporting period	<u>17,031</u>	<u>12,545</u>
As a percentage of total financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>
Specific Allowance		
At 1 January	605	1,548
Allowance made during the period	12,575	12,607
Allowance written back in respect of recoveries	(299)	(687)
Amount written off	(12,079)	(12,863)
At end of reporting period	<u>802</u>	<u>605</u>

(c) Other receivables

	Group and Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
Derivatives	3,206	3,033
Other receivables, deposits and prepayments	2,977	36,285
	<u>6,183</u>	<u>39,318</u>

(d) Deposits from customers**(i) By type of deposit**

	Group and Bank	
	30 September 2008	31 December 2007
	RM'000	RM'000
Non-Mudharabah fund		
Demand deposits	156,034	135,907
Savings deposits	27,294	28,601
Negotiable instruments of deposits	480,313	326,796
Mudharabah fund		
General investment deposits	<u>1,334,369</u>	<u>2,916,792</u>
	<u>1,998,010</u>	<u>3,408,096</u>

STANDARD CHARTERED BANK MALAYSIA BERHAD
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28. The operations of Islamic Banking (continued)

(e) Other payables

	Group and Bank	
	30 September	31 December
	2008	2007
	RM'000	RM'000
Derivatives	1,864	977
Income/Dividend payable	12,043	10,763
Accruals	1,209	1,382
Profit equalisation reserve	3,234	1,074
Other payables	196,124	8,268
	<u>214,474</u>	<u>22,464</u>