

Standard Chartered Saadiq Berhad

(Company No. 823437K)
(Incorporated in Malaysia)

**Financial statements for the three months ended
31 March 2010**

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

STANDARD CHARTERED SAADIQ BERHAD

(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	Note	31 March 2010 RM'000	31 December 2009 RM'000
Assets			
Cash and short term funds		1,759,725	2,592,117
Deposits and placements with banks and other financial institutions	10	-	-
Securities available-for-sale	11	160,336	185,866
Financing and advances	12	2,460,022	1,911,270
Other receivables	14	93,878	75,918
Tax recoverable		-	334
Statutory deposits with Bank Negara Malaysia		15,169	14,322
Deferred tax asset		1,548	1,424
Total assets		<u>4,490,678</u>	<u>4,781,251</u>
Liabilities			
Deposits from customers	15	1,290,667	1,459,537
Deposits and placements of banks and other financial institutions	16	2,540,641	2,766,514
Bills and acceptances payable		-	-
Other payables	17	331,406	238,708
Tax payable		1,819	-
Total liabilities		<u>4,164,533</u>	<u>4,464,759</u>
Equity			
Share capital		75,000	75,000
Reserves		251,145	241,492
Total equity attributable to equity holder of the Bank		<u>326,145</u>	<u>316,492</u>
Total liabilities and equity		<u>4,490,678</u>	<u>4,781,251</u>
Commitments and contingencies	23	<u>12,150,021</u>	<u>2,383,585</u>
<u>CAPITAL ADEQUACY</u>			
Core capital ratio	25	15.56%	18.59%
Risk-weighted capital ratio	25	17.01%	20.00%

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2009.

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE
1ST QUARTER ENDED 31 MARCH 2010**

	Note	1st Quarter ended		Three months ended	
		31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Income derived from investment of depositors' funds and others	18	33,217	28,836	33,217	28,836
Income derived from investment of shareholder's funds	20	33,628	26,167	33,628	26,167
Impairment provisions for financing	22	(15,172)	(9,174)	(15,172)	(9,174)
Transfer to profit equalisation reserves	17	0	(804)	-	(804)
Total distributable income		51,673	45,025	51,673	45,025
Income attributable to depositors	19	(12,331)	(32,713)	(12,331)	(32,713)
Total net income		39,342	12,312	39,342	12,312
Other operating expenses	21	(15,882)	(9,715)	(15,882)	(9,715)
Profit before taxation		23,460	2,597	23,460	2,597
Tax expense		(6,099)	(673)	(6,099)	(673)
Profit for the period		17,361	1,924	17,361	1,924
Other comprehensive income, net of income tax					
Fair value reserve (available-for-sale financial assets):					
Net change in fair value		(373)	1,141	(373)	1,141
Net amount transferred to profit or loss		-	37	-	37
Other comprehensive income/ (loss) for the period, net of income tax		(373)	1,178	(373)	1,178
Total comprehensive income for the period		16,988	3,102	16,988	3,102
Profit for the period attributable to:-					
Equity holder of the Bank		17,361	1,924	17,361	1,924
Total comprehensive income attributable to:-					
Equity holder of the Bank		16,988	3,102	16,988	3,102

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2009.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED 31 MARCH 2010

	Note	← Non Distributable Reserves →				Distributable Reserves Retained profits	Total RM'000
		Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000	RM'000	
At 1 January 2010, as previously stated		75,000	225,000	7,960	571	7,961	316,492
Effect of adoption of FRS 139, BNM/GP3 and BNM/GP8-i	26	-	-	-	-	(7,335)	(7,335)
At 1 January 2010, as restated		75,000	225,000	7,960	571	626	309,157
Profit for the period		-	-	-	-	17,361	17,361
Other comprehensive income for the period		-	-	-	(373)	-	(373)
Total comprehensive income for the period		-	-	-	(373)	17,361	16,988
At 31 March 2010		75,000	225,000	7,960	198	17,987	326,145

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2009.

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CONDENSED INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED 31 MARCH 2009

	← <i>Non Distributable Reserves</i> →				<i>Distributable Reserves</i>	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
At 1 January 2009	50,000	150,000	1,539	(901)	1,539	202,177
Profit for the period	-	-	-	-	1,924	1,924
Other comprehensive income for the period	-	-	-	1,178	-	1,178
Total comprehensive income for the period	-	-	-	1,178	1,924	3,102
At 31 March 2009	50,000	150,000	1,539	277	3,463	205,279

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2008.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2010

	31 March 2010 RM'000	31 March 2009 RM'000
Profit before taxation	23,460	2,597
Adjustment for non-operating items	-	-
Adjustment for non-cash items	(7,300)	827
Operating profit before working capital changes	<u>16,160</u>	<u>3,424</u>
Changes in working capital		
Net changes in operating assets	(567,559)	476,945
Net changes in operating liabilities	(302,045)	428,878
Income taxes paid	(3,946)	(1,406)
Net cash generated from/(used in) operating activities	<u>(857,390)</u>	<u>907,841</u>
Net cash generated from/(used in) investing activities	24,998	(101,517)
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	<u>(832,392)</u>	<u>806,324</u>
Cash and cash equivalent at beginning of the year	<u>2,592,117</u>	<u>2,585,476</u>
Cash and cash equivalent at end of the period	<u><u>1,759,725</u></u>	<u><u>3,391,800</u></u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2009.

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REVIEW OF PERFORMANCE

The Bank's profit before taxation for the financial three months ended 31 March 2010 was RM23.46 million which is RM 20.86 million or 803.35% higher than the corresponding period last year. Income derived from investment of depositors' funds and others was RM33.22 million while income derived from investment of shareholder's funds was RM33.63 million. Impairment provision for financing was higher by RM6 million while overheads increased by RM6.17 million. Total assets registered an reduction of RM291 million or 6.08% to RM4.49 billion compared to the last financial year ended 31 December 2009. The Bank's core capital ratio and risk-weighted capital ratio remained strong at 15.56% and 17.01% 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. 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 2010 is set out below:-

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

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Notes to the financial statements for the financial three months ended 31 March 2010

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the first quarter and the financial three months ended 31 March 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 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 and revised guidelines issued by BNM which have impact on the accounting policies and financial results of the Bank for the financial period beginning on 1 January 2010:-

- (i) FRS 139, *Financial Instruments: Recognition and Measurement*
- (ii) Guidelines on Classification and Impairment Provision for Loans/Financing (BNM/GP3)
- (iii) Circular on the Application of FRS and Revised Financial Reporting Requirements for Islamic Banks ("BNM/GP8-i")

Significant changes to the accounting policies are discussed in Note 26 to the financial statements.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the 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 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 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 Bank in the first quarter and the financial three months ended 31 March 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 first quarter and the financial three months ended 31 March 2010.

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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 three months ended 31 March 2010.

7. Dividend

No dividend has been proposed for the first quarter and period ended 31 March 2010.

8. 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.

9. Changes in the composition of the Bank

There were no significant changes in the composition of the Bank in the financial three months ended 31 March 2010.

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10. Deposits and placements with banks and other financial institutions

	31 March 2010 RM'000	31 December 2009 RM'000
Bank Negara Malaysia	-	-

11. Securities available-for-sale

	31 March 2010 RM'000	31 December 2009 RM'000
<u>At fair value</u>		
Cagamas bonds	65,102	65,250
Islamic negotiable instruments of deposit	34,976	34,992
Government Islamic bonds	-	25,072
Islamic private debt securities	60,258	60,552
	<u>160,336</u>	<u>185,866</u>

12. Financing and advances**(i) By type**

	31 March 2010 RM'000	31 December 2009 RM'000
Term financing		
- House financing	326,446	279,564
- Hire purchase receivables	53,056	36,972
- Lease receivables	231,355	218,873
- Other term financing	1,391,068	1,331,143
Bills receivable	8,627	4,364
Trust receipts	416,000	40,020
Claims on customers under acceptance credits	-	-
Staff financing (of which advances to Directors - Nil)	3,453	3,514
Revolving credit	632,934	544,787
	<u>3,062,939</u>	<u>2,459,237</u>
Less: Unearned income	(563,669)	(522,922)
Gross financing and advances	2,499,270	1,936,315
Less: Impairment provisions on financing and advances:-		
Individual impairment provision	(10,707)	(1,304)
Collective impairment provision	(28,541)	(23,741)
Total net financing and advances	<u>2,460,022</u>	<u>1,911,270</u>

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12. Financing and advances (continued)**(ii) By contract**

	31 March 2010 RM'000	31 December 2009 RM'000
Bai Bithaman Ajil (<i>deferred payment sale</i>)	221,293	213,580
Ijarah Thumma Al-Bai (<i>finance lease</i>)	272,937	246,145
Murabahah (<i>cost plus</i>)	412,944	39,687
Bai'Al Inah (<i>sale and buy back</i>)	1,536,495	1,379,721
Others	55,601	57,182
	<u>2,499,270</u>	<u>1,936,315</u>

(iii) By type of customer

	31 March 2010 RM'000	31 December 2009 RM'000
Domestic non-bank financial institutions	263,712	262,237
<i>Stockbroking companies</i>	-	-
<i>Others</i>	<u>263,712</u>	<u>262,237</u>
Domestic business enterprises	1,208,746	720,221
<i>Small medium enterprises</i>	<u>101,989</u>	<u>107,782</u>
<i>Others</i>	<u>1,106,757</u>	<u>612,439</u>
Individuals	1,011,142	942,075
Foreign entities	15,670	11,782
	<u>2,499,270</u>	<u>1,936,315</u>

(iv) By profit rate sensitivity

	31 March 2010 RM'000	31 December 2009 RM'000
Fixed rate		
- House financing	5,204	5,471
- Hire purchase receivables	51,385	36,972
- Other financing	1,441,994	928,279
Variable rate		
- House financing	248,768	241,302
- Revolving credit	635,039	535,393
- Other financing	<u>116,880</u>	<u>188,898</u>
	<u>2,499,270</u>	<u>1,936,315</u>

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12. Financing and advances (continued)**(v) By sector**

	31 March 2010 RM'000	31 December 2009 RM'000
Agriculture	55,600	20,005
Mining and quarrying	1,707	1,722
Manufacturing	166,301	117,420
Electricity, gas and water	-	-
Construction	103,039	84,504
Real estate	90,942	91,828
Purchase of landed property	178,889	168,140
- Residential	140,623	127,155
- Non-residential	38,266	40,985
Wholesale & retail trade and restaurants & hotels	602,058	134,510
Transport, storage and communication	130,173	202,895
Finance, insurance and business services	303,377	303,896
Consumption credit	847,924	785,728
Others	19,260	25,667
	2,499,270	1,936,315

(vi) By maturity structure

	31 March 2010 RM'000	31 December 2009 RM'000
Maturing within one year	1,207,547	799,311
One year to three years	373,038	280,050
Three years to five years	634,872	588,778
Over five years	283,813	268,176
	2,499,270	1,936,315

(vii) Analysis of foreign currency exposure

Financing, advances denominated in currencies other than the functional currency comprise RM367,125,294 (2009: RM30,715,046) of financing, advances and other loans denominated in U.S. Dollar.

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13. Impaired financing and advances**(i) Movements in impaired financing and advances**

	31 March 2010 RM'000	31 December 2009 RM'000
At 1 January, as previously stated	13,969	9,254
Effect of adoption of FRS 139, BNM/GP3 and BNM/GP8-i (Note 26)	<u>158</u>	<u>-</u>
At 1 January, as restated	14,127	9,254
Classified as impaired during the financial period	12,631	47,732
Reclassified as performing during the financial period	(294)	(1,415)
Amount recovered during the financial period	(1,559)	(3,338)
Amount written off	<u>(10,907)</u>	<u>(38,264)</u>
At end of reporting period	13,998	13,969
Individual impairment provisions	<u>(10,707)</u>	<u>(1,304)</u>
Net impaired financing and advances	<u><u>3,291</u></u>	<u><u>12,665</u></u>
Ratio of net impaired financing and advances to net financing and advances	<u>0.13%</u>	<u>0.65%</u>

(ii) Movements in impairment provisions for financing and advances

	31 March 2010 RM'000	31 December 2009 RM'000
Collective Impairment Provisions		
At 1 January	23,741	20,881
Impairment provisions made during the financial period	<u>4,800</u>	<u>2,860</u>
At end of reporting period	<u><u>28,541</u></u>	<u><u>23,741</u></u>
As a percentage of gross financing and advances less individual impairment provisions	<u>1.2%*</u>	<u>1.2%*</u>

* Under Bank Negara Malaysia's ("BNM") Guidelines on Classification of Non-Performing Loans and Provision for Bad and Doubtful Loans ("GP3"), banking institutions are required to make a general provision of 1.5% on its gross financing and advances.

Included in the gross financing and advances of the bank are RM591,429,000 (2009: RM358,904,000) worth of financing funded by Specific Investment Account ("SIA") placements from SCBMB. As stipulated in Note 4.4(i) of Bank Negara Malaysia's Guidelines on the Booking of Provisions for Financing Asset Funded by SIA, the proportion of collective impairment provision for financing funded by the SIA can be transferred to its immediate holding company, Standard Chartered Bank Malaysia Berhad ("SCBMB") as the fund provider. Had the abovementioned gross financing and advances been excluded from the computation, the collective impairment provision maintained by the Bank would be 1.5% (2009: 1.5%).

Individual Impairment Provisions

At 1 January, as previously stated	1,304	848
Effect of adoption of FRS 139, BNM/GP3 and BNM/GP8-i (Note 26)	<u>9,938</u>	<u>-</u>
At 1 January	11,242	848
Impairment provisions made during the financial period	10,509	38,990
Amount written back in respect of recoveries	(137)	(270)
Amount written off	<u>(10,907)</u>	<u>(38,264)</u>
At end of reporting period	<u><u>10,707</u></u>	<u><u>1,304</u></u>

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13. Impaired financing and advances (continued)**(iii) Impaired financing and advances by sector**

	31 March 2010 RM'000	31 December 2009 RM'000
Purchase of landed property (<i>Residential</i>)	4,252	4,046
Manufacturing	135	-
Consumption credit	9,611	9,923
	<u>13,998</u>	<u>13,969</u>

14. Other receivables

	31 March 2010 RM'000	31 December 2009 RM'000
Derivatives	85,863	24,481
Income receivable	3,052	2,290
Other receivables, deposit and prepayments	4,963	49,147
	<u>93,878</u>	<u>75,918</u>

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

	31 March 2010 RM'000	31 December 2009 RM'000
Non-Mudharabah		
Demand deposits	478,172	496,521
Savings deposits	87,294	69,250
Negotiable instruments of deposits	429,341	435,776
	<u>994,807</u>	<u>1,001,547</u>
Mudharabah		
General investment deposits	295,860	457,990
	<u>1,290,667</u>	<u>1,459,537</u>

The maturity structure of the general investment deposits and negotiable instrument of deposits is as follows:

	31 March 2010 RM'000	31 December 2009 RM'000
Due within six months	425,675	503,147
Six months to one year	107,212	200,064
One year to three years	96,613	89,539
Three years to five years	12,695	18,898
Over five years	83,006	82,118
	<u>83,006</u>	<u>82,118</u>

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

	31 March 2010 RM'000	31 December 2009 RM'000
Business enterprises	416,550	549,539
Individuals	421,188	451,582
Others	452,929	458,416
	<u>1,290,667</u>	<u>1,459,537</u>

16. Deposits and placements of banks and other financial institutions

	31 March 2010 RM'000	31 December 2009 RM'000
Non-Mudharabah		
Licensed banks	32,336	7,269
Other financial institutions	197,612	187,245
	<u>229,948</u>	<u>194,514</u>
Mudharabah		
Licensed banks	2,310,693	2,572,000
	<u>2,540,641</u>	<u>2,766,514</u>

17. Other payables

	31 March 2010 RM'000	31 December 2009 RM'000
Derivatives	85,666	24,248
Income payable	5,824	4,847
Profit equalisation reserve	7,478	7,478
Other payables and accruals	232,438	202,135
	<u>331,406</u>	<u>238,708</u>
 Profit equalisation reserves:-		
At 1 January	7,478	5,744
Amount provided during the financial period	-	1,734
At end of reporting period	<u>7,478</u>	<u>7,478</u>

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18. Income derived from investment of depositors' funds and others

	1st Quarter ended		Three months ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Income derived from investment of:-				
(i) General investment deposits	7,615	21,736	7,615	21,736
(ii) Other deposits	25,602	7,100	25,602	7,100
	<u>33,217</u>	<u>28,836</u>	<u>33,217</u>	<u>28,836</u>

(i) Income derived from investment of general investment deposits

	1st Quarter ended		Three months ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Finance income and hibah				
Financing and advances	3,396	7,003	3,396	7,003
Securities available-for-sale	187	633	187	633
Money at call and deposits with financial institutions	2,091	17,663	2,091	17,663
	5,674	25,299	5,674	25,299
Amortisation of premium less accretion of discount	(1,476)	(4,617)	(1,476)	(4,617)
Total finance income and hibah	4,198	20,682	4,198	20,682
Other operating income				
Fees and commission	3,417	1,054	3,417	1,054
	<u>7,615</u>	<u>21,736</u>	<u>7,615</u>	<u>21,736</u>

(ii) Income derived from investment of other deposits

	1st Quarter ended		Three months ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Finance income and hibah				
Financing and advances	11,417	2,288	11,417	2,288
Securities available-for-sale	628	207	628	207
Money at call and deposits with financial institutions	7,032	5,769	7,032	5,769
	19,077	8,264	19,077	8,264
Amortisation of premium less accretion of discount	(4,964)	(1,508)	(4,964)	(1,508)
Total finance income and hibah	14,113	6,756	14,113	6,756
Other operating income				
Fees and commission	11,489	344	11,489	344
	<u>25,602</u>	<u>7,100</u>	<u>25,602</u>	<u>7,100</u>

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19. Income attributable to depositors

	1st Quarter ended		Three months ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Deposit from customers				
- Mudharabah fund	1,948	22,804	1,948	22,804
- Non-Mudharabah fund	1,644	2,788	1,644	2,788
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	8,696	6,385	8,696	6,385
- Non-Mudharabah fund	43	736	43	736
	<u>12,331</u>	<u>32,713</u>	<u>12,331</u>	<u>32,713</u>

20. Income derived from investment of shareholder's funds

	1st Quarter ended		Three months ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Finance income and hibah				
Financing and advances	32,868	24,639	32,868	24,639
Securities available-for-sale	760	1,528	760	1,528
	<u>33,628</u>	<u>26,167</u>	<u>33,628</u>	<u>26,167</u>

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21. Other operating expenses

	1st Quarter ended		Three months ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	529	212	529	212
- Other staff related cost	99	23	99	23
	<u>628</u>	<u>235</u>	<u>628</u>	<u>235</u>
Establishment costs				
- Information technology and project expenses	6	-	6	-
- Utilities and maintenance	11	36	11	36
	<u>17</u>	<u>36</u>	<u>17</u>	<u>36</u>
Marketing expenses				
- Advertisement and publicity	61	62	61	62
- Others	2	15	2	15
	<u>63</u>	<u>77</u>	<u>63</u>	<u>77</u>
Administration and general expenses				
- Communication expenses	11	16	11	16
- Group administration fees and business support expenses	1,129	578	1,129	578
- Management fee	12,962	8,427	12,962	8,427
- Others	1,072	346	1,072	346
	<u>15,174</u>	<u>9,367</u>	<u>15,174</u>	<u>9,367</u>
Total other operating expenses	<u>15,882</u>	<u>9,715</u>	<u>15,882</u>	<u>9,715</u>

22. Impairment provisions for financing

	1st Quarter ended		Three months ended	
	31 March 2010 RM'000	31 March 2009 RM'000	31 March 2010 RM'000	31 March 2009 RM'000
Impairment provisions for financing:-				
Individual impairment provisions (net)	10,372	7,524	10,372	7,524
- Made in the financial period	10,509	7,560	10,509	7,560
- Written back in respect of recoveries	(137)	(36)	(137)	(36)
Collective impairment provisions				
- Made in the financial period	4,800	1,800	4,800	1,800
- Written back	-	(150)	-	(150)
	<u>15,172</u>	<u>9,174</u>	<u>15,172</u>	<u>9,174</u>

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23. Commitments and contingencies

In the normal course of business, the Bank makes various commitments and incurs 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 31 March 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	25,778	25,778	24,983	36,203	36,203	35,316
Transaction-related contingent items	18,558	9,279	7,758	17,841	8,921	7,504
Short-term self liquidating trade-related contingencies	6,512	1,302	1,461	54,103	10,820	10,889
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	374,901	-	-	717,341	-	-
- maturity exceeding one year	41,129	17,777 **	13,693 **	52,347	19,635 **	14,471 **
Foreign exchange related contracts:-						
- less than one year	528,849	9,106	2,968	444,625	11,340	2,489
- one year to less than five years	224,516	23,503	5,550	231,347	20,793	5,042
Profit rate related contracts						
- one year to less than five years	10,300,000	264,302	22,135	200,000	6,747	1,349
- five years and above	629,778	53,634	20,133	629,778	61,425	22,615
	<u>12,150,021</u>	<u>404,681</u>	<u>98,681</u>	<u>2,383,585</u>	<u>175,884</u>	<u>99,675</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.

** Excluded in the credit equivalent and risk weighted amount of the Bank are RM2.8million (2009: RM6.5million) and RM2.8 million (2009: RM6.5million) respectively related to undrawn financing facilities funded by Specific Investment Account (SIA) placements from SCBMB as provided by BNM's guidelines on the Booking of General and Specific Provisions for Financing Asset Funded by Specific Investment Account (SIA). The facilities funded by the SIA is allowed to be transferred to SCBMB as the fund provider.

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

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24. Rate of return risk

As at 31 March 2010	Up to 1 month	> 1 - 3 months	> 3 - 12 months	Non Trading books				Over 5 years	Non profit sensitive	Total	Effective Profit Rate
				1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	(%)
Assets											
Cash and short term funds	1,746,070	-	-	-	-	-	-	-	13,655	1,759,725	2.29
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-	-	-	-
Securities available-for-sale	34,976	40,063	45,154	5,027	30,082	-	5,034	-	-	160,336	3.18
Financing and advances											
-Performing	196,657	2,926	665,847	124,411	142,252	253,277	345,105	724,846	1,410	2,456,731	9.50
-Impaired	-	-	-	-	-	-	-	-	3,291	3,291	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	110,595	110,595	-
Total assets	1,977,703	42,989	711,001	129,438	172,334	253,277	350,139	724,846	128,951	4,490,678	
Liabilities											
Deposits from customers	675,547	98,414	331,590	83,018	6,397	12,695	-	83,006	-	1,290,667	3.61
Deposits and placements of banks and other financial institutions	1,084,599	743,446	508,834	-	32,337	-	-	171,425	-	2,540,641	1.68
Bills and acceptances payable	-	-	-	-	-	-	-	-	-	-	-
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	333,224	333,224	-
Total liabilities	1,760,147	841,860	840,424	83,018	38,734	12,695	-	254,431	333,224	4,164,533	
Shareholder's equity	-	-	-	-	-	-	-	-	326,145	326,145	
Total liabilities and shareholder's equity	1,760,147	841,860	840,424	83,018	38,734	12,695	-	254,431	659,369	4,490,678	
On-balance sheet profit sensitivity gap	217,556	(798,871)	(129,423)	46,420	133,600	240,582	350,139	470,415	(530,418)		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-		
Total profit sensitivity gap	217,556	(798,871)	(129,423)	46,420	133,600	240,582	350,139	470,415	(530,418)		

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24. Rate of return risk (continued)

As at 31 December 2009	Up to 1 month	> 1 - 3 months	> 3 - 12 months	Non Trading books				Over 5 years	Non profit sensitive	Total	Effective Profit Rate
				1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years				
	RM'000	RM'000	RM'000	RM'000				RM'000	RM'000	RM'000	(%)
Assets											
Cash and short term funds	2,580,300	-	-	-	-	-	-	-	11,817	2,592,117	3.26
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-	-	-	3.29
Securities available-for-sale	34,992	25,072	110,693	5,032	5,046	-	5,031	-	-	185,866	4.47
Financing and advances											
-Performing	477,714	91,198	245,955	108,105	156,252	228,066	360,666	229,239	1,410	1,898,605	10.10
-Impaired	-	-	-	-	-	-	-	-	12,665	12,665	
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	91,998	91,998	
Total assets	3,093,006	116,270	356,648	113,137	161,298	228,066	365,697	229,239	117,890	4,781,251	
Liabilities											
Deposits from customers	707,557	207,931	353,437	82,407	7,188	18,899	-	82,118	-	1,459,537	2.49
Deposits and placements of banks and other financial institutions	1,495,320	600,000	500,000	-	-	-	7,270	163,924	-	2,766,514	3.33
Other non-profit sensitive balances	-	-	-	-	-	-	-	-	238,708	238,708	
Total liabilities	2,202,877	807,931	853,437	82,407	7,188	18,899	7,270	246,042	238,708	4,464,759	
Shareholder's equity	-	-	-	-	-	-	-	-	316,492	316,492	
Total liabilities and shareholder's equity	2,202,877	807,931	853,437	82,407	7,188	18,899	7,270	246,042	555,200	4,781,251	
On-balance sheet profit sensitivity gap	890,129	(691,661)	(496,789)	30,730	154,110	209,167	358,427	(16,803)	(437,310)		
Off-balance sheet profit sensitivity gap	-	-	-	-	-	-	-	-	-		
Total profit sensitivity gap	890,129	(691,661)	(496,789)	30,730	154,110	209,167	358,427	(16,803)	(437,310)		

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25. Capital adequacy

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

	31 March 2010 RM'000	31 December 2009 RM'000
Tier 1 Capital		
Paid-up ordinary share capital	75,000	75,000
Share premium	225,000	225,000
Other reserves	8,586	15,921
Less: Deferred tax asset	(1,613)	(1,613)
Total Tier 1 Capital	<u>306,973</u>	<u>314,308</u>
Tier 2 Capital		
Collective impairment provisions	<u>28,541</u>	<u>23,741</u>
Total Tier 2 Capital	<u>28,541</u>	<u>23,741</u>
Total Capital Base	<u><u>335,514</u></u>	<u><u>338,049</u></u>

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

	31 March 2010		31 December 2009	
	Principal amount RM'000	Risk weight amount RM'000	Principal amount RM'000	Risk weight amount RM'000
0%	1,910,572	-	2,617,634	-
10%	-	-	-	-
20%	322,433	64,487	213,792	42,758
50%	208,868	104,434	194,794	97,397
100%	1,803,312	1,803,312	1,550,289	1,550,289
	<u>4,245,185</u>	<u>1,972,233</u>	<u>4,576,509</u>	<u>1,690,444</u>
			31 March 2010 RM'000	31 December 2009 RM'000
Total risk-weighted assets				
- credit risk (as above)			1,972,233	1,690,444
- market risk			-	-
			<u>1,972,233</u>	<u>1,690,444</u>
Capital Ratios				
Core capital ratio			15.56%	18.59%
Risk-weighted capital ratio			17.01%	20.00%

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26. Significant changes in accounting policies

The adoption of FRS 139, Financial Instruments: Recognition and Measurement ("FRS 139"), Revised Guidelines on Classification and Impairment Provisions for Loans/Financing ("BNM/GP3") and Circular on the Application of FRS and Revised Financial Reporting Requirements for Islamic Banks ("BNM/GP8-i"), with effect from 1 January 2010 have resulted in several changes to accounting policies relating to the recognition of income for impaired financings and impairment provisions.

Prior to FRS 139, BNM/GP3 and BNM/GP8-i, income accrued and recognised as income prior to the date the financings are classified as impaired are reversed out of income. Impairment provisions is made on principal outstanding.

With the adoption of FRS 139, BNM/GP3 and BNM/GP8-i, such reversal of income accrued are no longer required. When financings are impaired, impairment provisions is made on principal outstanding and income/fee accrued. Upon impairment, subsequent contractual income due will not be recognised as income as income accrued will be suspended in the balance sheet.

	RM'000
Retained earnings	
At 31 December 2009, as previously stated	7,961
Change in treatment of income accrued on impaired financing	
- Impact on impaired loans, advances and financing	158
- Impact on impairment provision on financing and advances	(36)
Additional impairment provision on financing and advances required due to financing impairment classification	(9,902)
	(1,819)
Tax effect at 25%	2,445
At 31 December 2009, as restated	626