

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

**Financial statements for the three months
ended 31 March 2007**

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 31 MARCH 2007

	Note	Group		Bank	
		31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 RM'000	31 December 2006 RM'000
Assets					
Cash and short term funds		8,559,095	5,220,283	8,559,095	5,220,283
Deposits and placements with banks and other financial institutions		7,784,086	7,189,100	7,784,086	7,189,100
Securities purchased under resale agreements		882,315	60,927	882,315	60,927
Securities held for trading	11	2,401,527	1,658,788	2,401,527	1,658,788
Securities available-for-sale	12	2,518,555	3,614,151	2,518,555	3,614,151
Loans, advances and financing	13	19,102,638	19,461,056	19,102,638	19,461,056
Other receivables	15	1,352,168	1,174,647	1,352,168	1,174,647
Statutory deposits with Bank Negara Malaysia		620,771	605,441	620,771	605,441
Investments in subsidiaries		-	-	22	22
Property, plant and equipment		58,129	57,232	58,129	57,232
Deferred tax assets		84,808	86,605	84,808	86,605
Total assets		43,364,092	39,128,230	43,364,114	39,128,252
Liabilities					
Deposits from customers	16	29,178,846	27,736,049	29,178,846	27,736,049
Deposits and placements of banks and other financial institutions	17	7,375,831	4,168,665	7,375,831	4,168,665
Obligations on securities sold under repurchase agreements		990,663	1,642,326	990,663	1,642,326
Bills and acceptances payable		687,919	687,094	687,919	687,094
Recourse obligations on loans sold to Cagamas		509,788	555,789	509,788	555,789
Other payables	18	2,339,145	1,971,265	2,339,167	1,971,287
Tax payable		18,378	12,968	18,378	12,968
Subordinated debt		380,000	380,000	380,000	380,000
Total liabilities		41,480,570	37,154,156	41,480,592	37,154,178
Equity					
Share capital		125,000	125,000	125,000	125,000
Reserves		1,758,522	1,849,074	1,758,522	1,849,074
Equity attributable to equity holders of the Bank		1,883,522	1,974,074	1,883,522	1,974,074
Total liabilities and equity		43,364,092	39,128,230	43,364,114	39,128,252
Commitments and contingencies	25	130,743,210	98,729,952	130,743,210	98,729,952
CAPITAL ADEQUACY					
Core capital ratio	24	8.37%	8.50%	8.37%	8.50%
Risk-weighted capital ratio	24	11.89%	12.06%	11.89%	12.06%

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 2006.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2007

	Note	Group and Bank 1st Quarter ended		Group and Bank Three months ended	
		31 March 2007	31 March 2006	31 March 2007	31 March 2006
		RM'000	RM'000	RM'000	RM'000
Interest income	19	470,361	442,619	470,361	442,619
Interest expense	20	(246,512)	(216,829)	(246,512)	(216,829)
Net interest income		<u>223,849</u>	<u>225,790</u>	<u>223,849</u>	<u>225,790</u>
Net income from Islamic Banking operations	28	18,431	4,696	18,431	4,696
		<u>242,280</u>	<u>230,486</u>	<u>242,280</u>	<u>230,486</u>
Other operating income	21	101,125	111,502	101,125	111,502
Total net income		<u>343,405</u>	<u>341,988</u>	<u>343,405</u>	<u>341,988</u>
Other operating expenses	22	(149,330)	(128,653)	(149,330)	(128,653)
Operating profit		<u>194,075</u>	<u>213,335</u>	<u>194,075</u>	<u>213,335</u>
Allowance for bad and doubtful debts and financing	23	(34,682)	(23,661)	(34,682)	(23,661)
Profit before taxation		<u>159,393</u>	<u>189,674</u>	<u>159,393</u>	<u>189,674</u>
Tax expense		(45,785)	(56,864)	(45,785)	(56,864)
Profit for the period		<u><u>113,608</u></u>	<u><u>132,810</u></u>	<u><u>113,608</u></u>	<u><u>132,810</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 2006.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2007

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 2006	125,000	375,000	125,000	-	(1,868)	(1,086)	1,026,785	1,648,831
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	8,393	-	-	8,393
Realised loss from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(7,786)	-	-	(7,786)
Unrealised loss on cash flow hedge	-	-	-	-	-	(3,606)	-	(3,606)
Net gain/(loss) recognised directly in equity	-	-	-	-	607	(3,606)	-	(2,999)
Profit for the period	-	-	-	-	-	-	132,810	132,810
Total recognised income and expense for the period	-	-	-	-	607	(3,606)	132,810	129,811
At 31 March 2006	125,000	375,000	125,000	-	(1,261)	(4,692)	1,159,595	1,778,642
At 1 January 2007	125,000	375,000	125,000	190	9,111	22,226	1,317,547	1,974,074
Redemption of Redeemable Preference shares	-	-	-	-	-	-	-	-
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	4,716	-	-	4,716
Realised loss from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(6,798)	-	-	(6,798)
Unrealised gain on cash flow hedge	-	-	-	-	-	6,702	-	6,702
Net (loss)/gain recognised directly in equity	-	-	-	-	(2,082)	6,702	-	4,620
Profit for the period	-	-	-	-	-	-	113,608	113,608
Total recognised income and expense for the period	-	-	-	-	(2,082)	6,702	113,608	118,228
Dividends (ordinary shares):- - 2006 final	-	-	-	-	-	-	(208,780)	(208,780)
At 31 March 2007	125,000	375,000	125,000	190	7,029	28,928	1,222,375	1,883,522

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 2006.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENT
FOR THE 1ST QUARTER ENDED 31 MARCH 2007

	Group and Bank	
	31 March 2007 RM'000	31 March 2006 RM'000
Profit before taxation	159,393	189,674
Adjustment for non-cash items	(778)	156
Operating profit before working capital changes	<u>158,615</u>	<u>189,830</u>
Changes in working capital		
Net changes in operating assets	(1,984,238)	(2,037,472)
Net changes in operating liabilities	4,321,004	2,282,946
Income taxes paid	(40,375)	(33,750)
Net cash generated from operating activities	<u>2,455,006</u>	<u>401,554</u>
Net cash generated from investing activities	1,092,586	976,860
Net cash used in financing activities	(208,780)	-
Net increase in cash and cash equivalents	<u>3,338,812</u>	<u>1,378,414</u>
Cash and cash equivalent at beginning of the period	<u>5,220,283</u>	<u>5,932,189</u>
Cash and cash equivalent at end of the period	<u><u>8,559,095</u></u>	<u><u>7,310,603</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 2006.

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REVIEW OF PERFORMANCE

The Bank's profit before taxation for the financial three months ended 31 March 2007 was RM 30.28 million or 15.96% lower than the corresponding period last year. Net interest income registered a decrease of RM 1.94 million or 0.86% and other operating income (including income from Islamic Banking operations) increased by RM 3.36 million or 2.89%. Increase in allowance for bad and doubtful debts was RM 11.02 million while overheads increased by RM 20.68 million. Total assets has recorded an increase of RM 4.24 billion or 10.83% to RM 43.36 billion compared to the last financial year ended 31 December 2006. The Bank's core capital ratio and risk-weighted capital ratio have continued to be strong at 8.37% and 11.89% respectively.

PROSPECTS

The Bank has a very clear and ambitious strategy in Malaysia, which is to achieve its 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 Bank will continue to accelerate its Consumer Banking growth, drive Wholesale Banking revenue, invest in human resources and the business, enhance customer experience and deliver technology benefits. The Bank remains committed to grow its business in Malaysia and will continue to play its role in the economic development of the country. Barring any unforeseen circumstances, the prospects of the Bank for the rest of the year are expected to be in line with the current economic conditions.

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Notes to the financial statements for the 1st quarter ended 31 March 2007

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 2007 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 MASB issued a number of new and revised Financial Reporting Standards ("FRS"), 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 except for the following:

1.1 Summary of effects of restatement on 31 December 2006 balances

FRS 117 Leases

Certain property, plant and equipment in the previous year were reclassified to other receivables in order to conform with the new classification and presentation of FRS 117. The effect of the restatement on the comparative figures are as follows:-

Group and Bank	As previously reported RM'000	Effect RM'000	As restated RM'000
Balance sheet			
Property, plant and equipment	58,429	(1,197)	57,232
Other receivables	1,173,450	1,197	1,174,647

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2006 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 first quarter and the financial three months ended 31 March 2007.

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 2007.

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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 first quarter and the financial three months ended 31 March 2007.

7. Dividend

During the first quarter ended 31 March 2007, a final dividend (gross) of 229 sen per share, less income tax, amounting to RM 208,780,000 in respect of the financial year ended 31 December 2006 was paid on 5 March 2007.

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 2006.

9. Subsequent events

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

10. Changes in the composition of the Group

There were no significant changes in the composition of the Group in the financial three months ended 31 March 2007.

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11. Securities held for trading

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
<u>At fair value</u>		
Quoted securities:-		
Malaysian Government treasury bills	124,905	89,734
Malaysian Government bonds/securities	280,286	183,442
Government Islamic bonds	67,906	295,172
Khazanah Islamic bonds	80,489	-
Bank Negara Malaysia bills	1,112,059	478,712
Cagamas bonds	17,920	34,530
Private debt securities	717,962	577,198
	<u>2,401,527</u>	<u>1,658,788</u>

12. Securities available-for-sale

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
<u>At fair value</u>		
Quoted securities:-		
Malaysian Government treasury bills	39,671	39,321
Malaysian Government securities	313,414	453,995
Bank Negara Malaysia bills	488,306	-
Cagamas bonds	34,901	84,761
Negotiable instruments of deposit	1,169,851	2,209,894
Government Islamic bonds	40,360	325,656
Private debt securities	396,341	468,091
	<u>2,482,844</u>	<u>3,581,718</u>
Unquoted securities:-		
Equity shares	15,409	12,131
Private debt securities	20,302	20,302
	<u>2,518,555</u>	<u>3,614,151</u>

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

	Group and Bank	
	31 March 2007	31 December 2006
	RM'000	RM'000
Overdrafts	920,191	946,286
Term loans/financing		
- Housing loans/financing	10,977,143	11,050,459
- Lease receivables	25,592	26,995
- Other term loans/financing	3,898,598	4,055,844
Bills receivable	1,022,039	958,069
Claims on customers under acceptance credits	691,522	690,921
Staff loans/financing (of which loans to Directors - Nil for 2007 and 2006)	102,720	99,455
Loans/financing to banks and other financial institutions	93,109	126,455
Credit card receivables	1,405,688	1,432,387
Revolving credit	821,345	911,858
	<u>19,957,947</u>	<u>20,298,729</u>
Less: Unearned interest and income	(227,880)	(211,147)
Gross loans, advances and financing	<u>19,730,067</u>	<u>20,087,582</u>
Less: Allowance for bad and doubtful debts and financing:-		
Specific	(326,208)	(328,116)
General	(301,221)	(298,410)
Total net loans, advances and financing	<u><u>19,102,638</u></u>	<u><u>19,461,056</u></u>

(ii) By type of customer

	Group and Bank	
	31 March 2007	31 December 2006
	RM'000	RM'000
Domestic banking institutions	93,109	126,455
Domestic non-bank financial institutions	617,983	562,498
<i>Stockbroking companies</i>	-	-
<i>Others</i>	<u>617,983</u>	<u>562,498</u>
Domestic business enterprises	4,105,903	4,349,003
<i>Small medium enterprises</i>	<u>1,409,117</u>	<u>1,465,586</u>
<i>Others</i>	<u>2,696,786</u>	<u>2,883,417</u>
Government and statutory bodies	-	103
Individuals	14,669,015	14,834,371
Other domestic entities	6,683	173
Foreign entities	237,374	214,979
	<u>19,730,067</u>	<u>20,087,582</u>

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

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Fixed rate		
Housing loans/financing	93,409	94,686
Other fixed rate loan/financing	1,877,988	1,877,936
Variable rate		
BLR plus	13,245,315	13,217,367
Cost plus	2,361,307	2,519,632
Other variable rates	2,152,048	2,377,961
	<u>19,730,067</u>	<u>20,087,582</u>

(iv) By sector

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Agriculture	157,312	114,334
Mining and quarrying	4,106	3,970
Manufacturing	1,321,537	1,303,618
Electricity, gas and water	1,221	1,353
Construction	133,371	141,305
Real estate	95,658	96,102
Purchase of landed property	13,086,882	13,217,647
- Residential	<u>11,206,369</u>	<u>11,299,661</u>
- Non-residential	<u>1,880,513</u>	<u>1,917,986</u>
Wholesale & retail trade and restaurants & hotels	1,305,370	1,543,724
Transport, storage and communication	164,132	166,345
Finance, insurance and business services	834,509	835,882
Purchase of securities	11	11
Consumption credit	2,469,746	2,514,836
Others	156,212	148,455
	<u>19,730,067</u>	<u>20,087,582</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	
	31 March 2007 RM'000	31 December 2006 RM'000
At 1 January	797,750	763,787
Classified as non-performing during the financial period	164,271	534,798
Reclassified as performing during the financial period	(77,048)	(225,475)
Amount recovered during the financial period	(35,488)	(115,769)
Amount written off	<u>(40,293)</u>	<u>(159,591)</u>
At end of reporting period	809,192	797,750
Specific allowance	<u>(326,208)</u>	<u>(328,116)</u>
Net non-performing loans, advances and financing	<u><u>482,984</u></u>	<u><u>469,634</u></u>
Ratio of net non-performing loans, advances and financing to net loans, advances and financing	<u><u>2.49%</u></u>	<u><u>2.38%</u></u>

(ii) Movements in allowance for bad and doubtful debts

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
General Allowance		
At 1 January	298,410	295,010
Allowance made during the financial period	<u>2,811</u>	<u>3,400</u>
At end of reporting period	<u><u>301,221</u></u>	<u><u>298,410</u></u>
As a percentage of total gross loans less specific allowance	<u><u>1.6%</u></u>	<u><u>1.5%</u></u>
Specific Allowance		
At 1 January	328,116	357,396
Allowance made during the financial period	61,189	252,241
Amount written back in respect of recoveries	(37,503)	(183,574)
Amount written off	<u>(25,594)</u>	<u>(97,947)</u>
At end of reporting period	<u><u>326,208</u></u>	<u><u>328,116</u></u>

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

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Agriculture	622	455
Mining and quarrying	554	651
Manufacturing	86,512	84,497
Construction	6,591	9,082
Purchase of landed property	616,436	601,242
- Residential	580,945	566,190
- Non-residential	35,491	35,052
Wholesale & retail trade and restaurants & hotels	18,301	20,773
Transport, storage and communication	907	1,036
Finance, insurance and business services	13,148	13,862
Consumption credit	62,513	58,932
Others	3,608	7,220
	809,192	797,750

15. Other receivables

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Derivatives	886,230	767,410
Interest/Income receivable	120,598	99,806
Other receivables, deposits and prepayments	345,340	307,431
	1,352,168	1,174,647

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

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Demand deposits	7,362,729	7,671,280
Savings deposits	2,864,866	2,776,916
Fixed/Investment deposits	17,169,709	15,649,177
Negotiable instruments of deposits	1,781,542	1,638,676
	29,178,846	27,736,049

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

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Government and statutory bodies	16,770	11,188
Business enterprises	13,316,908	12,775,292
Individuals	12,949,638	12,596,118
Others	2,895,530	2,353,451
	<u>29,178,846</u>	<u>27,736,049</u>

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Licensed banks	5,222,649	2,178,398
Bank Negara Malaysia	547,478	37,838
Other financial institutions	1,605,704	1,952,429
	<u>7,375,831</u>	<u>4,168,665</u>

18. Other payables

	Group	
	31 March 2007 RM'000	31 December 2006 RM'000
Derivatives	746,328	654,688
Interest/profit payable	205,991	190,055
Provision for retirement benefit scheme	-	5,502
Other payables and accruals	1,386,826	1,121,020
	<u>2,339,145</u>	<u>1,971,265</u>

	Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Derivatives	746,328	654,688
Interest/profit payable	205,991	190,055
Provision for retirement benefit scheme	-	5,502
Amount owing to subsidiaries	22	22
Other payables and accruals	1,386,826	1,121,020
	<u>2,339,167</u>	<u>1,971,287</u>

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19. Interest income

	Group and Bank		Group and Bank	
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from NPLs	296,171	301,154	296,171	301,154
- Recoveries from NPLs	15,418	32,289	15,418	32,289
Money at call and deposit placements with banks and other financial institutions	129,662	76,870	129,662	76,870
Securities held for trading	5,387	2,663	5,387	2,663
Securities available-for-sale	27,757	41,874	27,757	41,874
	<u>474,395</u>	<u>454,850</u>	<u>474,395</u>	<u>454,850</u>
Amortisation of premium less accretion of discount	5,905	(5,058)	5,905	(5,058)
Interest suspended	(9,939)	(7,173)	(9,939)	(7,173)
Total interest income	<u>470,361</u>	<u>442,619</u>	<u>470,361</u>	<u>442,619</u>

20. Interest expense

	Group and Bank		Group and Bank	
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	31,740	38,718	31,740	38,718
Deposits from customers	209,250	167,193	209,250	167,193
Dividends paid on redeemable preference shares	-	3,563	-	3,563
Loans sold to Cagamas	5,522	7,355	5,522	7,355
Total interest expense	<u>246,512</u>	<u>216,829</u>	<u>246,512</u>	<u>216,829</u>

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21. Other operating income

	Group and Bank 1st Quarter ended		Group and Bank Three months ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Fee income:-				
Commission	37,745	36,646	37,745	36,646
Service charges and fees	7,783	9,974	7,783	9,974
Guarantee fees	3,816	3,191	3,816	3,191
	<u>49,344</u>	<u>49,811</u>	<u>49,344</u>	<u>49,811</u>
Gains from sale of securities and other financial instruments:-				
- Securities held for trading and other financial instruments	1,498	19,224	1,498	19,224
- Securities available-for-sale	2,457	10,813	2,457	10,813
Unrealised gains on revaluation of securities held for trading and other financial instruments	5,105	308	5,105	308
	<u>9,060</u>	<u>30,345</u>	<u>9,060</u>	<u>30,345</u>
Other income:-				
Foreign exchange currency gains				
- Gain from dealing in foreign currency	30,304	46,762	30,304	46,762
- Unrealised gain/(loss) from foreign exchange translation	12,265	(15,747)	12,265	(15,747)
Rental income	148	250	148	250
Gain on disposal of property, plant and equipment	4	81	4	81
	<u>42,721</u>	<u>31,346</u>	<u>42,721</u>	<u>31,346</u>
Total other operating income	<u>101,125</u>	<u>111,502</u>	<u>101,125</u>	<u>111,502</u>

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22. Other operating expenses

	Group and Bank		Group and Bank	
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	57,601	48,970	57,601	48,970
- Pension fund contributions	5,369	4,977	5,369	4,977
- Other staff related cost	5,520	4,897	5,520	4,897
	<u>68,490</u>	<u>58,844</u>	<u>68,490</u>	<u>58,844</u>
Establishment costs				
- Depreciation	5,046	4,279	5,046	4,279
- Rental	5,286	5,479	5,286	5,479
- Information technology expenses	16,550	15,457	16,550	15,457
- Project related expenses	3,223	4,707	3,223	4,707
- Others	6,134	6,164	6,134	6,164
	<u>36,239</u>	<u>36,086</u>	<u>36,239</u>	<u>36,086</u>
Marketing expenses				
- Advertisement and publicity	4,142	3,814	4,142	3,814
- Others	3,391	2,234	3,391	2,234
	<u>7,533</u>	<u>6,048</u>	<u>7,533</u>	<u>6,048</u>
Administration and general expenses				
- Communication expenses	3,681	3,732	3,681	3,732
- Group administration fees	7,602	9,503	7,602	9,503
- Outsourcing expenses	6,295	5,418	6,295	5,418
- Others	19,490	9,022	19,490	9,022
	<u>37,068</u>	<u>27,675</u>	<u>37,068</u>	<u>27,675</u>
Total other operating expenses	<u>149,330</u>	<u>128,653</u>	<u>149,330</u>	<u>128,653</u>

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23. Allowance for bad and doubtful debts and financing

	Group and Bank		Group and Bank	
	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Allowance for bad and doubtful debts on loans, advances and financing:-				
Specific allowance (net)	23,686	6,978	23,686	6,978
- made in the financial period	61,189	46,432	61,189	46,432
- written back	(37,503)	(39,454)	(37,503)	(39,454)
General allowance				
- made in the financial period	2,811	4,100	2,811	4,100
Bad and doubtful debts on loans and financing:-				
Written off	17,849	25,019	17,849	25,019
Recovered	(9,664)	(12,436)	(9,664)	(12,436)
	<u>34,682</u>	<u>23,661</u>	<u>34,682</u>	<u>23,661</u>

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24. Capital adequacy

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

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Tier 1 Capital		
Paid-up ordinary share capital	125,000	125,000
Share premium	375,000	375,000
Other reserves	1,233,957	1,442,737
Less: Deferred tax assets	(113,388)	(113,388)
Total Tier 1 Capital	<u>1,620,569</u>	<u>1,829,349</u>
Tier 2 Capital		
Approved capital instruments	380,000	380,000
General allowance for bad and doubtful debts and financing	<u>301,221</u>	<u>298,410</u>
Total Tier 2 Capital	<u>681,221</u>	<u>678,410</u>
Total capital	2,301,790	2,507,759
Less: Investment in subsidiaries	<u>(22)</u>	<u>(22)</u>
Total Capital Base	<u><u>2,301,768</u></u>	<u><u>2,507,737</u></u>

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

	2007		2006	
	Principal amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Risk weighted amount RM'000
0%	15,575,412	-	14,203,266	-
10%	302	30	50,996	5,100
20%	8,071,949	1,614,390	5,562,503	1,112,501
50%	11,372,754	5,686,377	11,158,654	5,579,327
100%	<u>10,663,441</u>	<u>10,663,441</u>	<u>10,884,711</u>	<u>10,884,711</u>
	<u>45,683,858</u>	<u>17,964,238</u>	<u>41,860,130</u>	<u>17,581,639</u>
2007				
RM'000				
Total risk-weighted assets			17,964,238	17,581,639
- credit risk (as above)			1,387,715	1,482,799
- market risk			<u>19,351,953</u>	<u>19,064,438</u>
2007				
2006				
Core capital ratio			8.37%	8.50%
Risk-weighted capital ratio			11.89%	12.06%

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25. 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 31 March 2007			As at 31 December 2006		
	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	1,236,777	1,236,777	978,021	1,333,778	1,333,778	1,075,448
Transaction-related contingent items	1,788,344	894,172	757,518	1,674,155	837,078	670,839
Short-term self liquidating trade-related contingencies	634,981	126,996	125,739	487,134	97,427	92,562
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	8,502,511	-	-	8,024,398	-	-
- maturity exceeding one year	710,999	355,500	182,697	744,364	372,182	189,486
Foreign exchange related contracts:-						
- less than one year	29,231,149	758,401	239,693	23,165,140	715,025	236,336
- one year to less than five years	5,336,463	446,280	146,869	2,079,367	197,147	41,353
- five years and above	1,463,746	166,828	45,468	1,144,716	128,074	48,854
Interest rate related contracts:-						
- less than one year	35,869,554	52,423	10,760	21,870,214	53,864	11,279
- one year to less than five years	41,970,640	1,132,858	253,524	34,676,433	1,099,043	253,010
- five years and above	3,188,745	287,340	69,393	2,647,677	237,446	58,863
Miscellaneous commitments and contingencies	809,301	-	-	882,576	-	-
	<u>130,743,210</u>	<u>5,457,575</u>	<u>2,809,682</u>	<u>98,729,952</u>	<u>5,071,064</u>	<u>2,678,030</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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26. Interest rate risk

GROUP As at 31 March 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	8,408,929	-	-	-	-	-	-	-	150,166	-	8,559,095	3.75
Deposits and placements with banks and other financial institutions	-	7,403,181	380,905	-	-	-	-	-	-	-	7,784,086	3.86
Securities purchased under resale agreement	197,498	684,817	-	-	-	-	-	-	-	-	882,315	3.44
Securities held for trading	-	-	-	-	-	-	-	-	-	2,401,527	2,401,527	4.09
Securities available-for-sale	644,969	549,791	959,133	142,610	119,129	67,213	-	-	35,710	-	2,518,555	3.59
Loans, advances and financing												
- Performing	15,034,008	1,384,134	1,495,541	133,491	132,234	121,625	68,463	256,232	-	-	18,625,728	7.09
- Non performing	-	-	-	-	-	-	-	-	476,910	-	476,910	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	2,115,876	-	2,115,876	
Total assets	24,285,404	10,021,923	2,835,579	276,101	251,363	188,838	68,463	256,232	2,778,662	2,401,527	43,364,092	
Liabilities and shareholder's equity												
Deposits from customers	13,377,748	5,175,493	4,724,518	826,074	493,033	81,181	80,096	65,000	4,355,703	-	29,178,846	2.53
Deposits and placements of banks and other financial institutions	6,807,261	440,242	126,791	1,537	-	-	-	-	-	-	7,375,831	3.18
Obligations on securities sold under repurchase agreements	764,666	225,997	-	-	-	-	-	-	-	-	990,663	3.23
Bills and acceptances payable	687,919	-	-	-	-	-	-	-	-	-	687,919	3.71
Recourse obligations on loans sold to Cagamas	3,301	6,634	242,183	102,231	17,369	138,070	-	-	-	-	509,788	4.11
Subordinated debt	-	-	-	-	-	-	-	380,000	-	-	380,000	7.00
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	2,357,523	-	2,357,523	
Total liabilities	21,640,895	5,848,366	5,093,492	929,842	510,402	219,251	80,096	445,000	6,713,226	-	41,480,570	
Shareholder's equity	-	-	-	-	-	-	-	-	1,883,522	-	1,883,522	
Total liabilities and shareholder's equity	21,640,895	5,848,366	5,093,492	929,842	510,402	219,251	80,096	445,000	8,596,748	-	43,364,092	
On-balance sheet interest sensitivity gap	2,644,509	4,173,557	(2,257,913)	(653,741)	(259,039)	(30,413)	(11,633)	(188,768)	(5,818,086)	2,401,527		
Off-balance sheet interest sensitivity gap	(1,894,081)	(2,090,660)	1,005,276	1,955,379	1,024,740	41,529	(23,158)	(19,025)	-	-		
Total interest sensitivity gap	750,428	2,082,897	(1,252,637)	1,301,638	765,701	11,116	(34,791)	(207,793)	(5,818,086)	2,401,527		

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26. Interest rate risk (continued)

GROUP As at 31 December 2006	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	5,039,053	-	-	-	-	-	-	-	181,230	-	5,220,283	3.47
Deposits and placements with banks and other financial institutions	-	7,189,100	-	-	-	-	-	-	-	-	7,189,100	3.67
Securities purchased under resale agreement	60,927	-	-	-	-	-	-	-	-	-	60,927	3.40
Securities held for trading	-	-	-	-	-	-	-	-	-	1,658,788	1,658,788	4.80
Securities available-for-sale	1,305,030	974,934	465,335	163,119	290,362	87,235	295,703	-	32,433	-	3,614,151	3.68
Loans, advances and financing												
- Performing	15,213,708	1,371,104	1,519,982	170,960	172,592	149,729	106,762	286,585	-	-	18,991,422	7.16
- Non performing	-	-	-	-	-	-	-	-	469,634	-	469,634	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,923,925	-	1,923,925	
Total assets	21,618,718	9,535,138	1,985,317	334,079	462,954	236,964	402,465	286,585	2,607,222	1,658,788	39,128,230	
Liabilities and shareholder's equity												
Deposits from customers	12,227,770	3,519,749	5,507,451	618,077	527,223	184,288	55,035	288,962	4,807,494	-	27,736,049	2.48
Deposits and placements of banks and other financial institutions	3,261,166	794,796	111,181	-	1,522	-	-	-	-	-	4,168,665	4.50
Obligations on securities sold under repurchase agreements	1,504,471	137,855	-	-	-	-	-	-	-	-	1,642,326	3.03
Bills and acceptances payable	687,094	-	-	-	-	-	-	-	-	-	687,094	3.77
Recourse obligations on loans sold to Cagamas	3,711	42,249	213,630	126,453	20,157	67,874	81,715	-	-	-	555,789	4.10
Subordinated debt	-	-	-	-	-	-	-	380,000	-	-	380,000	7.00
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,984,233	-	1,984,233	
Total liabilities	17,684,212	4,494,649	5,832,262	744,530	548,902	252,162	136,750	668,962	6,791,727	-	37,154,156	
Shareholder's equity	-	-	-	-	-	-	-	-	1,974,074	-	1,974,074	
Total liabilities and shareholder's equity	17,684,212	4,494,649	5,832,262	744,530	548,902	252,162	136,750	668,962	8,765,801	-	39,128,230	
On-balance sheet interest sensitivity gap	3,934,506	5,040,489	(3,846,945)	(410,451)	(85,948)	(15,198)	265,715	(382,377)	(6,158,579)	1,658,788		
Off-balance sheet interest sensitivity gap	(2,106,914)	845,022	(361,617)	473,623	948,341	(67,622)	797,663	(528,497)	-	-		
Total interest sensitivity gap	1,827,592	5,885,511	(4,208,562)	63,172	862,393	(82,820)	1,063,378	(910,874)	(6,158,579)	1,658,788		

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27. Operations of Islamic Banking

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEET AS AT 31 MARCH 2007

	Note	Group and Bank	
		31 March 2007 RM'000	31 December 2006 RM'000
Assets			
Cash and short term funds		1,025,047	380,119
Deposits and placements with banks and other financial institutions		300,000	150,000
Securities available-for-sale		486,692	843,739
Financing, advances and other loans	(a)	688,842	634,863
Other receivables	(c)	14,411	16,971
Statutory deposits with Bank Negara Malaysia		17,771	18,441
Deferred tax asset		4,324	2,660
Total assets		<u>2,537,087</u>	<u>2,046,793</u>
Liabilities			
Deposits from customers	(d)	1,407,499	1,180,706
Deposits and placements of banks and other financial institutions	(e)	486,764	228,663
Other payables	(f)	36,902	32,220
Subordinated debt		380,000	380,000
Tax payable		3,193	7,676
Total liabilities		<u>2,314,358</u>	<u>1,829,265</u>
Islamic Banking capital funds			
Islamic Banking funds		183,000	183,000
Reserves		39,729	34,528
Total Islamic Banking capital funds		<u>222,729</u>	<u>217,528</u>
Total liabilities and Islamic Banking capital funds		<u>2,537,087</u>	<u>2,046,793</u>
Commitments and contingencies		<u>706,938</u>	<u>591,416</u>

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27. Operations of Islamic Banking (continued)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2007

	Group and Bank 1st Quarter ended		Group and Bank Three months ended	
	31 March 2007 RM'000	31 March 2006 RM'000	31 March 2007 RM'000	31 March 2006 RM'000
Income derived from investment of depositors' funds and others	34,554	14,259	34,554	14,259
Transfer to profit equalisation reserves	(1,145)	(550)	(1,145)	(550)
Total distributable income	<u>33,409</u>	<u>13,709</u>	<u>33,409</u>	<u>13,709</u>
Income attributable to depositors	(10,449)	(2,643)	(10,449)	(2,643)
Income attributable to the Bank	<u>22,960</u>	<u>11,066</u>	<u>22,960</u>	<u>11,066</u>
Income derived from investment of Islamic banking capital funds	2,048	207	2,048	207
Less: Income attributable to investors of subordinated debt	(6,577)	(6,577)	(6,577)	(6,577)
Total net income	<u>18,431</u>	<u>4,696</u>	<u>18,431</u>	<u>4,696</u>
Other operating expenses	(4,333)	(2,327)	(4,333)	(2,327)
	<u>14,098</u>	<u>2,369</u>	<u>14,098</u>	<u>2,369</u>
Allowance for bad and doubtful debts and financing	(3,085)	(2,554)	(3,085)	(2,554)
Profit before taxation	<u>11,013</u>	<u>(185)</u>	<u>11,013</u>	<u>(185)</u>
Tax expense	(1,530)	-	(1,530)	-
Profit for the period	<u><u>9,483</u></u>	<u><u>(185)</u></u>	<u><u>9,483</u></u>	<u><u>(185)</u></u>

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27. Operations of Islamic Banking (continued)**(a) Financing, advances and other loans****(i) By type**

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Term loans/financing		
- House financing	124,535	98,759
- Lease receivables	25,592	26,995
- Other term loans/financing	483,811	463,582
Revolving credit	285,817	258,654
Unearned income	(218,786)	(201,905)
	<u>700,969</u>	<u>646,085</u>
Less: Allowances for bad and doubtful financing:-		
- General	(10,490)	(9,674)
- Specific	(1,637)	(1,548)
Total net financing, advances and other loans	<u><u>688,842</u></u>	<u><u>634,863</u></u>

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

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
At 1 January	5,552	1,766
Classified as non-performing during the financial period	3,339	7,036
Amount recovered during the financial period	(2)	(10)
Amount written off	(2,259)	(3,240)
At end of reporting period	6,630	5,552
Specific allowance	(1,637)	(1,548)
Net non-performing financing, advances and other loans	<u><u>4,993</u></u>	<u><u>4,004</u></u>
Ratio of net non-performing financing, advances and other loans to net financing, advances and other loans	<u><u>0.7%</u></u>	<u><u>0.6%</u></u>

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27. 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	
	31 March 2007 RM'000	31 December 2006 RM'000
General Allowance		
At 1 January	9,674	2,817
Allowance made during the financial period	816	6,857
At end of reporting period	<u>10,490</u>	<u>9,674</u>
As a percentage of total financing less specific allowance	<u>1.5%</u>	<u>1.5%</u>

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Specific Allowance		
At 1 January	1,548	1,212
Allowance made during the financial period	2,280	3,562
Allowance written back in respect of recoveries	(11)	(90)
Amount written off	(2,180)	(3,136)
At end of reporting period	<u>1,637</u>	<u>1,548</u>

(c) Other receivables

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Derivatives	3,781	2,867
Other receivables, deposits and prepayments	10,630	14,104
	<u>14,411</u>	<u>16,971</u>

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

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Non-Mudharabah fund		
Demand deposits	124,611	63,805
Savings deposits	24,441	21,776
Negotiable instruments of deposits	223,487	223,962
Mudharabah fund		
General investment deposits	1,034,960	871,163
	<u>1,407,499</u>	<u>1,180,706</u>

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27. Operations of Islamic Banking (continued)

(e) Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Non-Mudharabah fund		
Licensed banks	484,476	226,329
Bank Negara Malaysia	2,288	2,334
	486,764	228,663

(f) Other payables

	Group and Bank	
	31 March 2007 RM'000	31 December 2006 RM'000
Derivatives	439	-
Income/dividend payable	10,520	4,669
Accruals	1,187	1,187
Profit equalisation reserve	10,264	9,119
Other payables	14,492	17,245
	36,902	32,220