

HALF-YEARLY PUBLICATION**STANDARD CHARTERED BANK MALAYSIA BERHAD
AND ITS SUBSIDIARIES
(Incorporated in Malaysia)****Unaudited Balance Sheets as at 30/06/2004**

	<u>Group</u>		<u>Bank</u>	
	<u>Current Financial Half-Year 30/06/2004 RM'000</u>	<u>Previous Financial Year-End 31/12/2003 RM'000</u>	<u>Current Financial Half-Year 30/06/2004 RM'000</u>	<u>Previous Financial Year-End 31/12/2003 RM'000</u>
<u>ASSETS</u>				
Cash and short term funds	3,219,796	2,739,582	3,219,796	2,739,582
Deposits and placements with banks and other financial institutions	1,013,614	-	1,013,614	-
Dealing securities	451,108	333,823	451,108	333,823
Investment securities	4,527,364	4,321,150	4,527,364	4,321,150
Loans, advances and financing	16,169,124	15,394,873	16,169,124	15,394,873
Other receivables	248,440	229,818	248,440	229,818
Statutory deposits with Bank Negara Malaysia	431,000	488,000	431,000	488,000
Investments in subsidiary companies	-	-	22	22
Property, plant and equipment	55,895	64,004	55,895	64,004
Deferred tax assets	117,585	116,385	117,585	116,385
Total Assets	26,233,926	23,687,635	26,233,948	23,687,657
<u>LIABILITIES AND SHAREHOLDERS' FUNDS</u>				
Deposits from customers	15,355,308	14,415,585	15,355,308	14,415,585
Deposits and placement of banks and other financial institutions	5,732,155	3,868,029	5,732,155	3,868,029
Obligations on securities sold under repurchase agreements	1,591,268	2,235,324	1,591,268	2,235,324
Bills and acceptances payable	240,038	205,276	240,038	205,276
Amount due to Cagamas	542,879	522,247	542,879	522,247
Other payables	988,335	712,577	988,357	712,599
Tax Payable	126,695	102,235	126,695	102,235
Redeemable preference shares	190,000	190,000	190,000	190,000
Total Liabilities	24,766,678	22,251,273	24,766,700	22,251,295
Share Capital	125,000	125,000	125,000	125,000
Reserves	1,342,248	1,311,362	1,342,248	1,311,362
Shareholders' Funds	1,467,248	1,436,362	1,467,248	1,436,362
Total Liabilities and Shareholders' Funds	26,233,926	23,687,635	26,233,948	23,687,657
<u>COMMITMENTS AND CONTINGENCIES</u>	37,333,338	33,762,667	37,333,338	33,762,667
<u>CAPITAL ADEQUACY</u>				
Core capital ratio	9.73%	9.86%	9.73%	9.86%
Risk-weighted capital ratio	12.79%	13.00%	12.79%	13.00%

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

**Unaudited Income Statements
For the Half-Year Ended 30/06/2004**

	<u>Group and Bank</u>	
	<u>Current</u>	<u>Previous</u>
	<u>Financial</u>	<u>Financial</u>
	<u>Half-Year</u>	<u>Half-Year</u>
	<u>30/06/2004</u>	<u>30/06/2003</u>
	<u>RM'000</u>	<u>RM'000</u>
Interest Income	610,979	569,554
Interest Expense	(264,933)	(238,302)
Net Interest Income	<u>346,046</u>	<u>331,252</u>
Net Islamic Banking Operating Income	4,585	1,749
Non-Interest Income	158,126	131,059
Total Net Income	<u>508,757</u>	<u>464,060</u>
Overhead expenses	(250,357)	(217,916)
Operating Profit	<u>258,400</u>	<u>246,144</u>
Allowance for Bad and Doubtful Debts and Financing	(6,583)	(26,730)
Profit before Taxation	<u>251,817</u>	<u>219,414</u>
Tax expense	(73,331)	(119,130)
Net profit for the period	<u><u>178,486</u></u>	<u><u>100,284</u></u>
Earnings Per Share (sen)	<u><u>143</u></u>	<u><u>80</u></u>
Dividends per ordinary share- net (sen)	<u><u>88</u></u>	<u><u>109</u></u>

**NOTES TO THE HALF YEAR FINANCIAL ACCOUNTS AS AT
30 JUNE 2004**

1 Accounting Policies

The accounting policies and methods of computation for these financial statements are consistent to those adopted for the annual financial statements for the year ended 31 December 2003. There have been no significant changes to these policies.

2 Exceptional Items

There were no exceptional items for the half year ended 30 June 2004.

3 Extraordinary Items

There were no extraordinary items for the half year ended 30 June 2004.

4 Tax Payable

There were no material transfers in respect of deferred taxation and no material adjustments made for over or under provision for taxation of prior years.

5 Pre-acquisition Profit

There were no pre-acquisition profits for the half year ended 30 June 2004.

6 Profit on Sale of Investments and/or Properties

There were no sale of investments or properties for the half year ended 30 June 2004 other than in the ordinary course of business.

7 Quoted Shares

There were no purchases or disposals of quoted shares for the half year ended 30 June 2004 other than in the ordinary course of business.

8 Changes in the composition of the company

There were no significant changes in the composition of the Bank for the half year ended 30 June 2004.

9 Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at the date of this report.

10 Seasonal or Cyclical Factors

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

11 Issuance and Repayment of Debt and Equity Securities

There were no issuances and repayment of debt and equity securities, share-buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current half year ended 30 June 2004.

12 Deposits and Placements of Banks and Other Financial Institutions and Debt Securities

Items	Group and Bank	
	Current Financial Half-Year 30/06/2004 RM'000	Previous Financial Year-End 31/12/2003 RM'000
Deposits from customers		
Fixed deposits and negotiable instruments of deposits		
- One year or less (short-term)	8,789,421	8,381,071
- More than one year (medium/long term)	168,601	389,030
Other Deposits	6,397,286	5,645,484
	15,355,308	14,415,585
Deposits and Placements of Banks and Other Financial Institutions		
- One year or less (short-term)	5,454,981	3,622,742
- More than one year (medium/long term)	277,174	245,287
	5,732,155	3,868,029

13 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.

Risk Weighted Exposures of the Group and Bank as at 30/06/2004

	Current Financial Half-Year 30/06/2004		Previous Financial Year-End 31/12/2003	
	Principal Amount RM'm	Credit Equivalent Amount RM'm	Principal Amount RM'm	Credit Equivalent Amount RM'm
Direct credit substitutes	636,595	636,595	752,848	752,848
Transaction-related contingent items	1,841,156	920,578	2,064,212	1,032,106
Short-term self-liquidated trade-related contingencies	159,179	31,836	110,022	22,004
Irrevocable commitments to extend credit				
- maturity more than one year	1,308,300	654,150	1,372,463	686,232
- maturity less than one year	4,613,481	-	4,934,148	-
Foreign exchange related contracts	14,228,422	301,894	8,746,787	229,571
Interest rate related contracts	13,954,435	301,707	15,128,284	274,817
Miscellaneous	591,770	-	653,903	-
Total	37,333,338	2,846,760	33,762,667	2,997,578

14 Off Balance Sheet Financial Instruments**Value of Contracts Classified by Remaining Period to Maturity / Next Repricing Date (whichever earlier).****Group and Bank**

Items	Principal Amount RM'000	1 mth or less RM'000	>1 - 3 mths RM'000	>3 - 6 mths RM'000	>6 - 12 mths RM'000	>1 - 5 yrs RM'000	>5 yrs RM'000
Foreign exchange							
- forwards	11,764,684	4,674,262	3,066,346	2,406,287	1,480,253	137,536	0
- swaps	1,223,914	50,000	99,995	441,914	0	632,005	0
- options	1,239,824	245,613	431,184	155,682	270,556	136,789	0
Interest rate related							
- futures	2,941,990	0	737,000	761,990	413,000	1,030,000	0
- swaps	11,012,445	209,786	207,244	1,128,208	1,522,703	7,876,080	68,424
Total	28,182,857	5,179,661	4,541,769	4,894,081	3,686,512	9,812,410	68,424

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

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at end of 30 June 2004, the amount of contracts which were not hedged and, hence, exposed to market risk was RM 38 million (FYE 31 Dec 2003: RM10 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. As at end of 30 June 2004, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM 133 million (FYE 31 Dec 2003: RM 143 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related accounting policies**(i) Forward Exchange Contracts**

Unmatured forward exchange contracts are valued at forward rates as at balance sheet date, applicable to their respective dates of maturity, and unrealised losses and gains are recognised in the income statements for the period.

(ii) Interest Rate Swaps, Futures, Forward and Option Contracts

The Bank acts as an intermediary with counterparties who wish to swap their interest rate obligations. The Bank also uses derivative financial instruments including interest rate swaps, futures, forward and option contracts in its trading account activities and in overall interest rate risk management.

14 Off Balance Sheet Financial Instruments (continue)

(ii) Interest Rate Swaps, Futures, Forward and Option Contracts (continue)

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Interest income or interest expense associated with interest rate swaps that qualify as hedges is recognised over the life of the swap agreement as a component of interest income or interest expense. Gains and losses on interest rate swaps, futures, forward and option contracts that qualify as hedges are generally deferred and amortised over the life of the hedged assets or liabilities as adjustments to interest income or expense. Gains and losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current year using the mark-to-market method, and are included in the net result from dealing securities.

15 Material Litigation

The Bank does not have any material litigation which in the opinion of the Directors would have a material adverse effect on the financial results of the Bank.

16 Segmental Reporting on Revenue, Profit and Assets

STANDARD CHARTERED BANK MALAYSIA BERHAD	<u>Group</u>		<u>Bank</u>	
	Current Financial Half-Year 30/06/2004 RM'000	Previous Financial Half-Year 30/06/2003 RM'000	Current Financial Half-Year 30/06/2004 RM'000	Previous Financial Half-Year 30/06/2003 RM'000
<u>Commercial Bank</u>				
Turnover	773,690	702,362	773,690	702,362
Profit Before Tax	251,817	219,414	251,817	219,414
Total Assets	26,233,926	21,954,425	26,233,948	21,954,447
<u>Grand Total</u>				
Turnover	773,690	702,362	773,690	702,362
Profit Before Tax	251,817	219,414	251,817	219,414
Total Assets	26,233,926	21,954,425	26,233,948	21,954,447

a) SEGMENTAL REPORTING ON LOANS, ADVANCES AND FINANCING ANALYSED BY THEIR ECONOMIC PURPOSES

	<u>Group and Bank</u>	
	Current Financial Half-Year 30/06/2004 RM'000	Previous Financial Year-End 31/12/2003 RM'000
Agriculture	153,168	161,584
Mining and quarrying	92,027	98,959
Manufacturing	1,461,655	1,001,675
Electricity, gas and water	524	574
Construction	120,537	189,092
Real estate	58,181	68,609
Purchase of landed property	11,164,128	10,553,542
(of which - residential	9,616,623	9,115,451
- non-residential)	1,547,505	1,438,091
General commerce	597,335	936,653
Transport, storage and communication	301,839	286,942
Finance, insurance and business services	692,332	727,514
Purchase of securities	11	49
Consumption credit	1,658,590	1,666,897
Others	750,823	707,254
Total	17,051,150	16,399,344

16 Segmental Reporting on Revenue, Profit and Assets (continue)**b) NON-PERFORMING LOANS**

	Group and Bank	
	Current Financial Half-Year 30/06/2004 RM'000	Previous Financial Year-End 31/12/2003 RM'000
Opening balance	1,383,224	1,891,261
Non-performing during the period (gross)	337,360	995,177
Performing during the period	(263,590)	(540,710)
Amount recovered	(95,967)	(445,194)
Amount written-off	(148,396)	(460,163)
Amount converted to debt securities/equities	(8,183)	(57,147)
Closing balance	1,204,448	1,383,224
Total net non-performing loans (and financing)	556,222	608,253
(as % of total loans)	3.39%	3.89%

c) LOAN LOSS ALLOWANCE

Movements in the allowance for bad and doubtful debts (and financing) and interest-in-suspense (income-in-suspense) accounts are as follows:

	Group and Bank	
	Current Financial Half-Year 30/06/2004 RM'000	Previous Financial Year-End 31/12/2003 RM'000
<u>General Allowance</u>		
Opening balance	229,500	238,995
Allowance made during the period	4,300	29,780
Amount written back to income statement	-	(39,275)
Closing balance	233,800	229,500
<u>Specific Allowance</u>		
Opening balance	478,824	808,839
Allowance made during the period	29,589	113,496
Amount recovered	(36,817)	(105,212)
Amount written-off	(72,527)	(286,012)
Amount transferred to allowance for diminution in value	(8,184)	(52,287)
Closing balance	390,885	478,824
<u>Interest-in-suspense / income-in-suspense</u>		
Opening balance	296,147	387,186
Allowance made during the period	47,308	122,473
Amount recovered	(34,236)	(87,796)
Amount written-off	(51,878)	(121,820)
Amount transferred to allowance for diminution in value	-	(3,896)
Closing balance	257,341	296,147

17 Material Changes in Profit for the Half-Year

The Bank registered a profit before tax of RM 252 million as compared to RM 219 million for the corresponding period in 2003 principally from higher net income from operations and lower allowance for bad and doubtful debts and financing.

18 Review of Group Results

This note is not applicable as all transactions of the Group are done through the Bank.

19 Prospects for the Current Financial Year

The Bank will continue to focus on its core areas of operations as well as other areas where it has the expertise and competitive strength. 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.

20 Dividends

An interim dividend (gross) of 122 sen per share less tax (Dec 2003 :164 sen per share less tax), totalling RM 109.80 million in respect of the half year ended 30 June 2004 will be proposed. The proposed interim dividend has not been accounted for in the financial statements of the Bank as at 30 June 2004.

21 Risk-weighted Capital Ratio

Profit after tax of RM178 million for the current half-year which was included in the capital base, was subjected to a limited review by the external auditors in accordance with Technical Bulletin 4.