

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

**Financial statements for the financial half year
ended 30 June 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 30 JUNE 2007

	Note	Group		Bank	
		30 June 2007 RM'000	31 December 2006 RM'000	30 June 2007 RM'000	31 December 2006 RM'000
Assets					
Cash and short term funds		13,270,255	5,220,283	13,270,255	5,220,283
Deposits and placements with banks and other financial institutions		3,947,361	7,189,100	3,947,361	7,189,100
Securities purchased under resale agreements		686,756	60,927	686,756	60,927
Securities held for trading	11	2,375,913	1,658,788	2,375,913	1,658,788
Securities available-for-sale	12	2,513,340	3,614,151	2,513,340	3,614,151
Loans, advances and financing	13	19,616,355	19,461,056	19,616,355	19,461,056
Other receivables	15	2,502,835	1,174,647	2,502,835	1,174,647
Statutory deposits with Bank Negara Malaysia		683,000	605,441	683,000	605,441
Investments in subsidiaries		-	-	22	22
Property, plant and equipment		61,583	57,232	61,583	57,232
Deferred tax assets		81,907	86,605	81,907	86,605
Total assets		45,739,305	39,128,230	45,739,327	39,128,252
Liabilities					
Deposits from customers	16	30,572,533	27,736,049	30,572,533	27,736,049
Deposits and placements of banks and other financial institutions	17	9,073,338	4,168,665	9,073,338	4,168,665
Obligations on securities sold under repurchase agreements		-	1,642,326	-	1,642,326
Bills and acceptances payable		682,986	687,094	682,986	687,094
Recourse obligations on loans sold to Cagamas		497,834	555,789	497,834	555,789
Other payables	18	2,523,470	1,971,265	2,523,492	1,971,287
Tax payable		27,442	12,968	27,442	12,968
Subordinated debt		380,000	380,000	380,000	380,000
Total liabilities		43,757,603	37,154,156	43,757,625	37,154,178
Equity					
Share capital		125,000	125,000	125,000	125,000
Reserves		1,856,702	1,849,074	1,856,702	1,849,074
Equity attributable to equity holders of the Bank		1,981,702	1,974,074	1,981,702	1,974,074
Total liabilities and equity		45,739,305	39,128,230	45,739,327	39,128,252
Commitments and contingencies	25	154,674,906	98,729,952	154,674,906	98,729,952
CAPITAL ADEQUACY					
<u>Excluding proposed dividend:</u>					
Core capital ratio	24	9.18%	9.60%	9.18%	9.60%
Risk-weighted capital ratio	24	12.56%	13.15%	12.56%	13.15%
<u>With proposed dividend:</u>					
Core capital ratio	24	8.09%	8.50%	8.09%	8.50%
Risk-weighted capital ratio	24	11.48%	12.06%	11.48%	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 FINANCIAL HALF YEAR ENDED 30 JUNE 2007

	Note	Group and Bank 2nd Quarter ended		Group and Bank Six months ended	
		30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Interest income	19	508,489	474,157	978,850	916,777
Interest expense	20	(273,829)	(255,475)	(520,341)	(472,304)
Net interest income		234,660	218,682	458,509	444,473
Net income from Islamic Banking operations	27	12,036	8,180	30,467	12,876
		246,696	226,862	488,976	457,349
Other operating income	21	84,048	83,632	185,175	195,135
Total net income		330,744	310,494	674,151	652,484
Other operating expenses	22	(148,402)	(136,493)	(297,732)	(265,146)
Operating profit		182,342	174,001	376,419	387,338
Allowance for bad and doubtful debts and financing	23	(32,190)	(39,781)	(66,872)	(63,442)
Profit before taxation		150,152	134,220	309,547	323,896
Tax expense		(42,642)	(37,499)	(88,427)	(94,362)
Profit for the period		107,510	96,721	221,120	229,534

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 FINANCIAL HALF YEAR ENDED 30 JUNE 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
Redemption of Redeemable Preference shares	-	-	-	190	-	-	(190)	-
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	3,750	-	-	3,750
Realised gain from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(8,517)	-	-	(8,517)
Unrealised loss on cash flow hedge	-	-	-	-	-	(13,469)	-	(13,469)
Net gain/(loss) recognised directly in equity	-	-	-	190	(4,767)	(13,469)	(190)	(18,236)
Profit for the period	-	-	-	-	-	-	229,534	229,534
Total recognised income and expense for the period	-	-	-	190	(4,767)	(13,469)	229,344	211,298
At 30 June 2006	125,000	375,000	125,000	190	(6,635)	(14,555)	1,256,129	1,860,129
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	-	-	-	-	9,221	-	-	9,221
Realised gain from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(8,908)	-	-	(8,908)
Unrealised loss on cash flow hedge	-	-	-	-	-	(4,529)	-	(4,529)
Realised gain on cash flow hedge transferred to income statements	-	-	-	-	-	(496)	-	(496)
Net gain/(loss) recognised directly in equity	-	-	-	-	313	(5,025)	-	(4,712)
Profit for the period	-	-	-	-	-	-	221,120	221,120
Total recognised income and expense for the period	-	-	-	-	313	(5,025)	221,120	216,408
Dividends (ordinary shares):- - 2006 final	-	-	-	-	-	-	(208,780)	(208,780)
At 30 June 2007	125,000	375,000	125,000	190	9,424	17,201	1,329,887	1,981,702

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 FINANCIAL HALF YEAR ENDED 30 JUNE 2007

	Group and Bank	
	30 June 2007 RM'000	30 June 2006 RM'000
Profit before taxation	309,547	323,896
Adjustment for non-operating items	(484)	(484)
Adjustment for non-cash items	4,979	13,250
Operating profit before working capital changes	314,042	336,662
Changes in working capital		
Net changes in operating assets	330,760	(949,000)
Net changes in operating liabilities	6,588,973	4,646,230
Income taxes paid	(67,422)	(65,834)
Net cash generated from operating activities	7,166,353	3,968,058
Net cash generated from investing activities	1,092,399	1,257,956
Net cash used in financing activities	(208,780)	(190,000)
Net increase in cash and cash equivalents	8,049,972	5,036,014
Cash and cash equivalent at beginning of the period	5,220,283	5,932,189
Cash and cash equivalent at end of the period	13,270,255	10,968,203

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 half year ended 30 June 2007 was RM 309.55 million, which is RM 14.35 million or 4.43% lower than the corresponding period last year. Net interest income registered an increase of RM 14.04 million or 3.16% and other operating income (including income from Islamic Banking operations) increased by RM 7.63 million or 3.67%. Increase in allowance for bad and doubtful debts was RM 3.43 million while overheads increased by RM 32.59 million. Total assets has recorded an increase of RM 6.61 billion or 16.90% to RM 45.74 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 9.18% and 12.56% respectively.

PROSPECTS

The Bank has a very clear and ambitious strategy in Malaysia, as part of the Standard Chartered Group'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 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 current economic conditions.

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Notes to the financial statements for the financial half year ended 30 June 2007

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the second quarter and the financial six months ended 30 June 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 second quarter and the financial half year ended 30 June 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 second quarter and the financial half year ended 30 June 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 financial half year ended 30 June 2007.

7. Dividend

During the financial half year ended 30 June 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. An interim dividend (gross) of 240 sen per share less tax, totalling RM 219,000,000 in respect of the half year ended 30 June 2007 will be proposed. The proposed interim dividend has not been accounted for in the financial statements of the Bank as at 30 June 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 half year ended 30 June 2007, other than as disclosed in Note 12.

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11. Securities held for trading

	Group and Bank	
	30 June	31 December
	2007	2006
	RM'000	RM'000
<u>At fair value</u>		
Quoted securities:-		
Malaysian Government treasury bills	69,412	89,734
Malaysian Government bonds/securities	644,318	183,442
Government Islamic bonds	106,539	295,172
Bank Negara Malaysia bills	392,732	478,712
Cagamas bonds	91,066	34,530
Negotiable instrument of deposits	251,008	-
Private debt securities	820,838	577,198
	<u>2,375,913</u>	<u>1,658,788</u>

12. Securities available-for-sale

	Group and Bank	
	30 June	31 December
	2007	2006
	RM'000	RM'000
<u>At fair value</u>		
Quoted securities:-		
Malaysian Government treasury bills	9,980	39,321
Malaysian Government bonds/securities	457,321	453,995
Bank Negara Malaysia bills	823,176	-
Cagamas bonds	99,301	84,761
Negotiable instrument of deposits	639,990	2,209,894
Government Islamic bonds	70,443	325,656
Private debt securities	373,962	468,091
	<u>2,474,173</u>	<u>3,581,718</u>
Unquoted securities:-		
Equity shares	18,865	12,131
Private debt securities	20,302	20,302
	<u>2,513,340</u>	<u>3,614,151</u>

Included in unquoted equity shares is a 51% shareholding held in Popular Ambience Sdn. Bhd. ('PASB'), a company incorporated in Malaysia, amounting to RM 51. The remaining 49% shareholding is held by Standard Chartered Bank (Hong Kong) Limited ('SCBHK'). The principal activity of PASB is that of a special purpose vehicle 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 have signed a Master Shareholders' Agreement in which the Bank had assigned its rights over all the profits or losses of PASB to SCBHK. Pursuant to this Master Shareholders' Agreement, the Bank therefore ceased to have control over PASB as it does not have the right to obtain any benefit from PASB's activities. On this basis, PASB is excluded from the Group's consolidation and it is classified under securities available-for-sale.

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

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Overdrafts	900,012	946,286
Term loans/financing		
- Housing loans/financing	10,909,973	11,050,459
- Syndicated term loan/financing	315,866	-
- Lease receivables	23,886	26,995
- Other term loans/financing	4,201,493	4,055,844
Bills receivable	1,024,225	958,069
Claims on customers under acceptance credits	686,477	690,921
Staff loans/financing (of which loans to Directors - Nil for 2007 and 2006)	101,495	99,455
Loans/financing to banks and other financial institutions	119,409	126,455
Credit card receivables	1,435,749	1,432,387
Revolving credit	769,403	911,858
	<u>20,487,988</u>	<u>20,298,729</u>
Less: Unearned interest and income	(244,605)	(211,147)
Gross loans, advances and financing	<u>20,243,383</u>	<u>20,087,582</u>
Less: Allowance for bad and doubtful debts and financing:-		
Specific	(325,807)	(328,116)
General	<u>(301,221)</u>	<u>(298,410)</u>
Total net loans, advances and financing	<u><u>19,616,355</u></u>	<u><u>19,461,056</u></u>

(ii) By type of customer

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Domestic banking institutions	119,409	126,455
Domestic non-bank financial institutions	576,617	562,498
<i>Stockbroking companies</i>	-	-
<i>Others</i>	<u>576,617</u>	<u>562,498</u>
Domestic business enterprises	4,754,110	4,349,003
<i>Small medium enterprises</i>	<u>1,385,388</u>	<u>1,465,586</u>
<i>Others</i>	<u>3,368,722</u>	<u>2,883,417</u>
Government and statutory bodies	-	103
Individuals	14,558,577	14,834,371
Other domestic entities	127	173
Foreign entities	234,543	214,979
	<u>20,243,383</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	
	30 June 2007 RM'000	31 December 2006 RM'000
Fixed rate		
Housing loans/financing	90,759	94,686
Other fixed rate loan/financing	1,891,545	1,877,936
Variable rate		
BLR plus	13,182,241	13,217,367
Cost plus	3,013,353	2,519,632
Other variable rates	2,065,485	2,377,961
	<u>20,243,383</u>	<u>20,087,582</u>

(iv) By sector

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Agriculture	168,435	114,334
Mining and quarrying	9,773	3,970
Manufacturing	1,255,329	1,303,618
Electricity, gas and water	1,304	1,353
Construction	124,944	141,305
Real estate	92,659	96,102
Purchase of landed property	12,897,258	13,217,647
- Residential	11,050,130	11,299,661
- Non-residential	1,847,128	1,917,986
Wholesale & retail trade and restaurants & hotels	1,236,057	1,543,724
Transport, storage and communication	850,553	166,345
Finance, insurance and business services	909,848	835,882
Purchase of securities	11	11
Consumption credit	2,528,366	2,514,836
Others	168,846	148,455
	<u>20,243,383</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	
	30 June 2007 RM'000	31 December 2006 RM'000
At 1 January	797,750	763,787
Classified as non-performing during the financial period	302,178	534,798
Reclassified as performing during the financial period	(156,801)	(225,475)
Amount recovered during the financial period	(57,315)	(115,769)
Amount written off	(81,335)	(159,591)
At end of reporting period	<u>804,477</u>	<u>797,750</u>
Specific allowance	<u>(325,807)</u>	<u>(328,116)</u>
Net non-performing loans, advances and financing	<u><u>478,670</u></u>	<u><u>469,634</u></u>
Ratio of net non-performing loans, advances and financing to net loans, advances and financing	<u>2.40%</u>	<u>2.38%</u>

(ii) Movements in allowance for bad and doubtful debts

	Group and Bank	
	30 June 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>1.5%</u>	<u>1.5%</u>
Specific Allowance		
At 1 January	328,116	357,396
Allowance made during the financial period	122,181	252,241
Amount written back in respect of recoveries	(75,485)	(183,574)
Amount written off	<u>(49,005)</u>	<u>(97,947)</u>
At end of reporting period	<u><u>325,807</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	
	30 June 2007 RM'000	31 December 2006 RM'000
Agriculture	509	455
Mining and quarrying	562	651
Manufacturing	85,324	84,497
Construction	6,349	9,082
Purchase of landed property	620,185	601,242
- Residential	585,417	566,190
- Non-residential	34,768	35,052
Wholesale & retail trade and restaurants & hotels	17,513	20,773
Transport, storage and communication	895	1,036
Finance, insurance and business services	10,161	13,862
Consumption credit	59,263	58,932
Others	3,716	7,220
	804,477	797,750

15. Other receivables

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Derivatives	960,933	767,410
Interest/Income receivable	130,463	99,806
Other receivables, deposits and prepayments	1,411,439	307,431
	2,502,835	1,174,647

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

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Demand deposits	8,384,744	7,671,280
Savings deposits	3,476,878	2,776,916
Fixed/Investment deposits	17,067,621	15,649,177
Negotiable instruments of deposits	1,643,290	1,638,676
	30,572,533	27,736,049

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

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Government and statutory bodies	46,784	11,188
Business enterprises	12,581,752	12,775,292
Individuals	14,965,851	12,596,118
Others	2,978,146	2,353,451
	<u>30,572,533</u>	<u>27,736,049</u>

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Licensed banks	5,455,146	2,178,398
Bank Negara Malaysia	614,712	37,838
Other financial institutions	3,003,480	1,952,429
	<u>9,073,338</u>	<u>4,168,665</u>

18. Other payables

	Group	
	30 June 2007 RM'000	31 December 2006 RM'000
Derivatives	799,732	654,688
Interest/profit payable	183,145	190,055
Other payables and accruals	1,540,593	1,126,522
	<u>2,523,470</u>	<u>1,971,265</u>

	Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Derivatives	799,732	654,688
Interest/profit payable	183,145	190,055
Amount owing to subsidiaries	22	22
Other payables and accruals	1,540,593	1,126,522
	<u>2,523,492</u>	<u>1,971,287</u>

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19. Interest income

	Group and Bank		Group and Bank	
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries				
from NPLs	314,960	311,526	611,131	612,680
- Recoveries from NPLs	15,897	17,851	31,315	50,140
Money at call and deposit placements				
with banks and other financial institutions	148,648	114,698	278,310	191,568
Securities held for trading	9,719	4,532	15,106	7,195
Securities available-for-sale	20,257	36,144	48,014	78,019
	<u>509,481</u>	<u>484,751</u>	<u>983,876</u>	<u>939,602</u>
Amortisation of premium less accretion				
of discount	8,431	(2,340)	14,336	(7,398)
Interest suspended	(9,423)	(8,254)	(19,362)	(15,427)
Total interest income	<u>508,489</u>	<u>474,157</u>	<u>978,850</u>	<u>916,777</u>

20. Interest expense

	Group and Bank		Group and Bank	
	2nd Quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks				
and other financial institutions	51,786	47,147	83,526	85,865
Deposits from customers	216,897	196,072	426,147	363,265
Dividends paid on redeemable				
preference shares	-	2,879	-	6,442
Loans sold to Cagamas	5,146	9,377	10,668	16,732
Total interest expense	<u>273,829</u>	<u>255,475</u>	<u>520,341</u>	<u>472,304</u>

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21. Other operating income

	Group and Bank 2nd Quarter ended		Group and Bank Six months ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Fee income:-				
Commission	35,998	13,100	73,744	49,746
Service charges and fees	4,848	3,475	12,631	13,449
Guarantee fees	3,434	2,923	7,250	6,114
	<u>44,280</u>	<u>19,498</u>	<u>93,625</u>	<u>69,309</u>
(Loss)/gain from sale of securities and other financial instruments:-				
- Securities held for trading and other financial instruments	(21,329)	12,639	(19,831)	31,863
- Securities available-for-sale	2,955	1,015	5,412	11,828
Unrealised gains on revaluation of securities held for trading and other financial instruments	18,377	6,135	23,482	6,443
Gross dividends from unquoted investments	484	484	484	484
	<u>487</u>	<u>20,273</u>	<u>9,547</u>	<u>50,618</u>
Other income:-				
Foreign exchange currency gains				
- Gain from dealing in foreign currency	27,385	40,905	57,689	87,668
- Unrealised gain/(loss) from foreign exchange translation	11,776	2,776	24,041	(12,971)
Rental income	120	180	269	430
Gain on disposal of property, plant and equipment	-	-	4	81
	<u>39,281</u>	<u>43,861</u>	<u>82,003</u>	<u>75,208</u>
Total other operating income	<u>84,048</u>	<u>83,632</u>	<u>185,175</u>	<u>195,135</u>

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22. Other operating expenses

	Group and Bank 2nd Quarter ended		Group and Bank Six months ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	54,184	45,032	111,785	94,002
- Pension fund contributions	5,400	4,962	10,769	9,939
- Other staff related cost	6,619	6,578	12,139	11,475
	<u>66,203</u>	<u>56,572</u>	<u>134,693</u>	<u>115,416</u>
Establishment costs				
- Depreciation	5,442	4,611	10,488	8,890
- Rental	4,945	5,401	10,231	10,880
- Information technology and project expenses	14,108	20,122	33,881	40,286
- Others	8,822	6,679	14,955	12,843
	<u>33,317</u>	<u>36,813</u>	<u>69,555</u>	<u>72,899</u>
Marketing expenses				
- Advertisement and publicity	5,425	2,077	9,567	5,891
- Others	4,166	2,717	7,557	4,951
	<u>9,591</u>	<u>4,794</u>	<u>17,124</u>	<u>10,842</u>
Administration and general expenses				
- Communication expenses	3,709	3,470	7,390	7,202
- Group administration fees	12,247	10,445	19,849	19,948
- Outsourcing expenses	6,692	8,663	12,987	14,081
- Others	16,643	15,736	36,134	24,758
	<u>39,291</u>	<u>38,314</u>	<u>76,360</u>	<u>65,989</u>
Total other operating expenses	<u>148,402</u>	<u>136,493</u>	<u>297,732</u>	<u>265,146</u>

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23. Allowance for bad and doubtful debts and financing

	Group and Bank 2nd Quarter ended		Group and Bank Six months ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Allowance for bad and doubtful debts on loans, advances and financing:-				
Specific allowance (net)	23,010	25,986	46,696	32,964
- made in the financial period	60,992	84,502	122,181	130,934
- written back	(37,982)	(58,516)	(75,485)	(97,970)
General allowance				
- made in the financial period	-	3,300	2,811	7,400
Bad and doubtful debts on loans and financing:-				
Written off	19,890	19,638	37,739	44,657
Recovered	(10,710)	(9,143)	(20,374)	(21,579)
	<u>32,190</u>	<u>39,781</u>	<u>66,872</u>	<u>63,442</u>

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24. Capital adequacy

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

	Group and Bank	
	30 June 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	1,455,077	1,442,737
Less: Deferred tax assets	(106,857)	(113,388)
Total Tier 1 Capital	1,848,220	1,829,349
Tier 2 Capital		
Approved capital instruments	380,000	380,000
General allowance for bad and doubtful debts and financing	301,221	298,410
Total Tier 2 Capital	681,221	678,410
Total capital	2,529,441	2,507,759
Less: Investment in subsidiaries	(22)	(22)
Total Capital Base	2,529,419	2,507,737

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%	17,695,961	-	14,203,266	-
10%	-	-	50,996	5,100
20%	7,858,798	1,571,760	5,562,503	1,112,501
50%	11,319,193	5,659,596	11,158,654	5,579,327
100%	11,066,987	11,066,987	10,884,711	10,884,711
	47,940,939	18,298,343	41,860,130	17,581,639
			2007	2006
			RM'000	RM'000
Total risk-weighted assets				
- credit risk (as above)			18,298,343	17,581,639
- market risk			1,832,371	1,482,799
			20,130,714	19,064,438
			2007	2006
Capital Ratios				
<u>Before proposed final dividend:-</u>				
Core capital ratio			9.18%	9.60%
Risk-weighted capital ratio			12.56%	13.15%
<u>After proposed final dividend:-</u>				
Core capital ratio			8.09%	8.50%
Risk-weighted capital ratio			11.48%	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 30 June 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	1,337,106	1,337,106	1,071,942	1,333,778	1,333,778	1,075,448
Transaction-related contingent items	1,767,553	883,777	747,143	1,674,155	837,078	670,839
Short-term self liquidating trade-related contingencies	629,765	125,953	125,297	487,134	97,427	92,562
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	10,368,915	-	-	8,024,398	-	-
- maturity exceeding one year	776,362	388,181	194,091	744,364	372,182	189,486
Foreign exchange related contracts:-						
- less than one year	42,185,750	1,296,490	359,739	23,165,140	715,025	236,336
- one year to less than five years	5,403,807	443,289	143,697	2,079,367	197,147	41,353
- five years and above	1,535,956	181,072	51,035	1,144,716	128,074	48,854
Interest rate related contracts:-						
- less than one year	40,420,278	68,232	14,021	21,870,214	53,864	11,279
- one year to less than five years	45,508,414	1,263,848	278,583	34,676,433	1,099,043	253,010
- five years and above	3,816,441	339,068	80,780	2,647,677	237,446	58,863
Miscellaneous commitments and contingencies	924,559	-	-	882,576	-	-
	<u>154,674,906</u>	<u>6,327,016</u>	<u>3,066,328</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 30 June 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	13,146,181	-	-	-	-	-	-	-	124,074	-	13,270,255	3.65
Deposits and placements with banks and other financial institutions	-	2,690,468	1,156,491	-	-	-	-	-	100,402	-	3,947,361	4.30
Securities purchased under resale agreement	438,820	247,936	-	-	-	-	-	-	-	-	686,756	3.60
Securities held for trading	-	-	-	-	-	-	-	-	-	2,375,913	2,375,913	4.18
Securities available-for-sale	619,981	122,834	1,153,048	166,859	284,769	16,529	110,153	-	39,167	-	2,513,340	3.56
Loans, advances and financing												
- Performing	15,128,301	1,696,093	1,592,575	115,710	150,377	107,232	75,489	271,908	-	-	19,137,685	7.01
- Non performing	-	-	-	-	-	-	-	-	478,670	-	478,670	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,329,325	-	3,329,325	
Total assets	29,333,283	4,757,331	3,902,114	282,569	435,146	123,761	185,642	271,908	4,071,638	2,375,913	45,739,305	
Liabilities and shareholder's equity												
Deposits from customers	15,345,313	3,297,352	5,406,380	360,495	573,311	77,765	52,321	65,000	5,394,596	-	30,572,533	2.89
Deposits and placements of banks and other financial institutions	7,701,176	1,341,069	29,541	-	1,552	-	-	-	-	-	9,073,338	4.33
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	682,986	-	-	-	-	-	-	-	-	-	682,986	3.75
Recourse obligations on loans sold to Cagamas	3,334	195,612	76,320	70,714	17,252	134,602	-	-	-	-	497,834	4.11
Subordinated debt	-	-	-	-	-	-	380,000	-	-	-	380,000	7.00
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	2,550,912	-	2,550,912	
Total liabilities	23,732,809	4,834,033	5,512,241	431,209	592,115	212,367	432,321	65,000	7,945,508	-	43,757,603	
Shareholder's equity	-	-	-	-	-	-	-	-	1,981,702	-	1,981,702	
Total liabilities and shareholder's equity	23,732,809	4,834,033	5,512,241	431,209	592,115	212,367	432,321	65,000	9,927,210	-	45,739,305	
On-balance sheet interest sensitivity gap	5,600,474	(76,702)	(1,610,127)	(148,640)	(156,969)	(88,606)	(246,679)	206,908	(5,855,572)	2,375,913		
Off-balance sheet interest sensitivity gap	69,223	(374,924)	55,704	214,797	52,812	15,910	(31,596)	(1,926)	-	-		
Total interest sensitivity gap	5,669,697	(451,626)	(1,554,423)	66,157	(104,157)	(72,696)	(278,275)	204,982	(5,855,572)	2,375,913		

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26. Interest rate risk (continued)

GROUP As at 31 December 2006	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	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. The operations of Islamic Banking

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEET AS AT 30 JUNE 2007

	Note	Group and Bank	
		30 June 2007 RM'000	31 December 2006 RM'000
Assets			
Cash and short term funds		5,004,677	380,119
Deposits and placements with banks and other financial institutions		-	150,000
Securities available-for-sale		879,819	843,739
Financing, advances and other loans	(a)	734,510	634,863
Other receivables	(c)	21,668	16,971
Statutory deposits with Bank Negara Malaysia		-	18,441
Deferred tax asset		5,425	2,660
Total assets		6,646,099	2,046,793
Liabilities			
Deposits from customers	(d)	1,694,371	1,180,706
Deposits and placements of banks and other financial institutions	(e)	4,284,342	228,663
Other payables	(f)	59,295	32,220
Subordinated debt		380,000	380,000
Tax payable		4,986	7,676
Total liabilities		6,422,994	1,829,265
Islamic Banking capital funds			
Islamic Banking funds		183,000	183,000
Reserves		40,105	34,528
Total Islamic Banking capital funds		223,105	217,528
Total liabilities and Islamic Banking capital funds		6,646,099	2,046,793
Commitments and contingencies		627,827	591,416

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27. The operations of Islamic Banking (continued)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2007

	Group and Bank 2nd Quarter ended		Group and Bank Six months ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Income derived from investment of depositors' funds and others	56,237	20,130	90,791	34,389
Transfer to profit equalisation reserves	<u>(720)</u>	<u>(2,033)</u>	<u>(1,865)</u>	<u>(2,583)</u>
Total distributable income	55,517	18,097	88,926	31,806
Income attributable to depositors	<u>(37,590)</u>	<u>(3,947)</u>	<u>(48,039)</u>	<u>(6,590)</u>
Income attributable to the Bank	17,927	14,150	40,887	25,216
Income derived from investment of Islamic banking capital funds	755	676	2,803	883
Less: Income attributable to investors of subordinated debt	<u>(6,646)</u>	<u>(6,646)</u>	<u>(13,223)</u>	<u>(13,223)</u>
Total net income	12,036	8,180	30,467	12,876
Other operating expenses	<u>(4,288)</u>	<u>(2,391)</u>	<u>(8,621)</u>	<u>(4,718)</u>
	7,748	5,789	21,846	8,158
Allowance for bad and doubtful debts and financing	<u>(3,669)</u>	<u>(3,125)</u>	<u>(6,754)</u>	<u>(5,677)</u>
Profit before taxation	4,079	2,664	15,092	2,481
Tax expense	<u>(2,733)</u>	<u>(720)</u>	<u>(4,263)</u>	<u>(720)</u>
Profit for the financial period	<u><u>1,346</u></u>	<u><u>1,944</u></u>	<u><u>10,829</u></u>	<u><u>1,761</u></u>

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

	Group and Bank	
	30 June	31 December
	2007	2006
	RM'000	RM'000
Term loans/financing		
- House financing	145,911	98,759
- Lease receivables	23,886	26,995
- Other term loans/financing	499,200	463,582
Staff loans/ financing (of which loans to Directors - Nil for 2007 and 2006)	1,899	-
Revolving credit	311,483	258,654
Less: Unearned income	<u>(234,948)</u>	<u>(201,905)</u>
	747,431	646,085
Less: Allowances for bad and doubtful financing:-		
- General	(11,185)	(9,674)
- Specific	<u>(1,736)</u>	<u>(1,548)</u>
Total net financing, advances and other loans	<u><u>734,510</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	
	30 June	31 December
	2007	2006
	RM'000	RM'000
At 1 January	5,552	1,766
Classified as non-performing during the financial period	6,978	7,036
Amount recovered during the financial period	(107)	(10)
Amount written off	<u>(5,219)</u>	<u>(3,240)</u>
At end of reporting period	7,204	5,552
Specific allowance	<u>(1,736)</u>	<u>(1,548)</u>
Net non-performing financing, advances and other loans	<u><u>5,468</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	
	30 June 2007 RM'000	31 December 2006 RM'000
General Allowance		
At 1 January	9,674	2,817
Allowance made during the financial period	1,511	6,857
At end of reporting period	<u>11,185</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	
	30 June 2007 RM'000	31 December 2006 RM'000
Specific Allowance		
At 1 January	1,548	1,212
Allowance made during the financial period	5,295	3,562
Allowance written back in respect of recoveries	(53)	(90)
Amount written off	(5,054)	(3,136)
At end of reporting period	<u>1,736</u>	<u>1,548</u>

(c) Other receivables

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Derivatives	3,439	2,867
Other receivables, deposits and prepayments	18,229	14,104
	<u>21,668</u>	<u>16,971</u>

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

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Non-Mudharabah fund		
Demand deposits	124,431	63,805
Savings deposits	24,202	21,776
Negotiable instruments of deposits	170,248	223,962
Mudharabah fund		
General investment deposits	1,375,490	871,163
	<u>1,694,371</u>	<u>1,180,706</u>

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

27. Operations of Islamic Banking (continued)**(e) Deposits and placements of banks and other financial institutions**

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Non-Mudharabah fund		
Licensed banks	4,076,809	42,759
Bank Negara Malaysia	2,283	2,334
Other financial institutions	205,250	183,570
	<u>4,284,342</u>	<u>228,663</u>

(f) Other payables

	Group and Bank	
	30 June 2007 RM'000	31 December 2006 RM'000
Derivatives	644	-
Income/dividend payable	12,452	4,669
Accruals	1,187	1,187
Profit equalisation reserve	10,984	9,119
Other payables	34,028	17,245
	<u>59,295</u>	<u>32,220</u>