

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

**Financial statements for the nine months ended
30 September 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 SEPTEMBER 2007

	Note	Group		Bank	
		30 September 2007 RM'000	31 December 2006 RM'000	30 September 2007 RM'000	31 December 2006 RM'000
Assets					
Cash and short term funds		5,711,929	5,220,283	5,711,929	5,220,283
Deposits and placements with banks and other financial institutions		3,467,320	7,189,100	3,467,320	7,189,100
Securities purchased under resale agreements		281,907	60,927	281,907	60,927
Securities held for trading	11	2,412,109	1,658,788	2,412,109	1,658,788
Securities available-for-sale	12	4,170,670	3,614,151	4,170,670	3,614,151
Loans, advances and financing	13	21,979,138	19,461,056	21,979,138	19,461,056
Other receivables	15	1,553,281	1,174,647	1,553,281	1,174,647
Statutory deposits with Bank Negara Malaysia		775,000	605,441	775,000	605,441
Investments in subsidiaries		-	-	22	22
Property, plant and equipment		58,558	57,232	58,558	57,232
Deferred tax assets		85,633	86,605	85,633	86,605
Total assets		40,495,545	39,128,230	40,495,567	39,128,252
Liabilities					
Deposits from customers	16	30,187,183	27,736,049	30,187,183	27,736,049
Deposits and placements of banks and other financial institutions	17	4,524,221	4,168,665	4,524,221	4,168,665
Obligations on securities sold under repurchase agreements		-	1,642,326	-	1,642,326
Bills and acceptances payable		784,059	687,094	784,059	687,094
Recourse obligations on loans sold to Cagamas		298,826	555,789	298,826	555,789
Other payables	18	2,411,205	1,971,265	2,411,227	1,971,287
Tax payable		26,184	12,968	26,184	12,968
Subordinated debt		380,000	380,000	380,000	380,000
Total liabilities		38,611,678	37,154,156	38,611,700	37,154,178
Equity					
Share capital		125,000	125,000	125,000	125,000
Reserves		1,758,867	1,849,074	1,758,867	1,849,074
Equity attributable to equity holders of the Bank		1,883,867	1,974,074	1,883,867	1,974,074
Total liabilities and equity		40,495,545	39,128,230	40,495,567	39,128,252
Commitments and contingencies	25	161,728,326	98,729,952	161,728,326	98,729,952
CAPITAL ADEQUACY					
Core capital ratio	24	7.67%	9.60%	7.67%	9.60%
Risk-weighted capital ratio	24	11.05%	13.15%	11.05%	13.15%

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 3RD QUARTER ENDED 30 SEPTEMBER 2007

	Note	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
		30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Interest income	19	497,594	480,589	1,476,444	1,397,366
Interest expense	20	(255,445)	(258,716)	(775,787)	(731,019)
Net interest income		<u>242,149</u>	<u>221,873</u>	<u>700,657</u>	<u>666,347</u>
Net income from Islamic Banking operations	27	20,551	10,781	51,018	23,657
		<u>262,700</u>	<u>232,654</u>	<u>751,675</u>	<u>690,004</u>
Other operating income	21	143,630	109,661	328,806	304,796
Total net income		<u>406,330</u>	<u>342,315</u>	<u>1,080,481</u>	<u>994,800</u>
Other operating expenses	22	(164,884)	(143,395)	(462,615)	(408,541)
Operating profit		<u>241,446</u>	<u>198,920</u>	<u>617,866</u>	<u>586,259</u>
Allowance for bad and doubtful debts and financing	23	(47,391)	(22,415)	(114,264)	(85,858)
Profit before taxation		<u>194,055</u>	<u>176,505</u>	<u>503,602</u>	<u>500,401</u>
Tax expense		(63,824)	(48,322)	(152,251)	(142,684)
Profit for the period		<u><u>130,231</u></u>	<u><u>128,183</u></u>	<u><u>351,351</u></u>	<u><u>357,717</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 3RD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	23,851	-	-	23,851
Realised gain from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(16,267)	-	-	(16,267)
Unrealised gain on cash flow hedge	-	-	-	-	-	11,239	-	11,239
Net gain/(loss) recognised directly in equity	-	-	-	190	7,584	11,239	(190)	18,823
Profit for the period	-	-	-	-	-	-	357,717	357,717
Total recognised income and expense for the period	-	-	-	190	7,584	11,239	357,527	376,540
Dividends (ordinary shares):- - 2006 interim	-	-	-	-	-	-	(157,500)	(157,500)
At 30 September 2006	125,000	375,000	125,000	190	5,716	10,153	1,226,812	1,867,871
At 1 January 2007	125,000	375,000	125,000	190	9,111	22,226	1,317,547	1,974,074
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	-	10,708	-	-	10,708
Realised gain from disposal of securities available-for-sale transferred to income statements	-	-	-	-	(13,910)	-	-	(13,910)
Unrealised loss on cash flow hedge	-	-	-	-	-	(8,057)	-	(8,057)
Realised gain on cash flow hedge transferred to income statements	-	-	-	-	-	(2,519)	-	(2,519)
Net loss recognised directly in equity	-	-	-	-	(3,202)	(10,576)	-	(13,778)
Profit for the period	-	-	-	-	-	-	351,351	351,351
Total recognised income and expense for the period	-	-	-	-	(3,202)	(10,576)	351,351	337,573
Dividends (ordinary shares):- - 2006 final - 2007 interim	-	-	-	-	-	-	(208,780) (219,000)	(208,780) (219,000)
At 30 September 2007	125,000	375,000	125,000	190	5,909	11,650	1,241,118	1,883,867

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 NINE MONTHS ENDED 30 SEPTEMBER 2007

	Group and Bank	
	30 September	30 September
	2007	2006
	RM'000	RM'000
Profit before taxation	503,602	500,401
Adjustment for non-operating items	(484)	(484)
Adjustment for non-cash items	14,552	13,089
Operating profit before working capital changes	<u>517,670</u>	<u>513,006</u>
Changes in working capital		
Net changes in operating assets	(333,284)	(3,162,620)
Net changes in operating liabilities	1,444,306	4,769,285
Income taxes paid	<u>(132,504)</u>	<u>(141,070)</u>
Net cash generated from operating activities	1,496,188	1,978,601
Net cash (used in)/generated from investing activities	(576,762)	1,326,944
Net cash used in financing activities	<u>(427,780)</u>	<u>(347,500)</u>
Net increase in cash and cash equivalents	491,646	2,958,045
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>5,711,929</u></u>	<u><u>8,890,234</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 nine months ended 30 September 2007 was RM 503.60 million, which is RM 3.20 million or 0.64% higher than the corresponding period last year. Net interest income registered an increase of RM 34.31 million or 5.15% and other operating income (including income from Islamic Banking operations) increased by RM 51.37 million or 15.64%. Increase in allowance for bad and doubtful debts was RM 28.41 million while overheads increased by RM 54.07 million. Total assets have recorded an increase of RM 1.37 billion or 3.49% to RM 40.50 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 7.67% and 11.05% 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 3rd quarter ended 30 September 2007

1. Basis of preparation of the financial statements

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

7. Dividend

During the financial nine months ended 30 September 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 financial half year ended 30 June 2007 was paid on 19 September 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 nine months ended 30 September 2007, other than as disclosed in Note 12.

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11. Securities held for trading

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
<u>At fair value</u>		
Quoted securities:-		
Malaysian Government treasury bills	134,064	89,734
Malaysian Government bonds/securities	597,825	183,442
Government Islamic bonds	123,598	295,172
Bank Negara Malaysia bills	696,768	478,712
Cagamas bonds	50,255	34,530
Negotiable instrument of deposits	39,998	-
Private debt securities	769,601	577,198
	<u>2,412,109</u>	<u>1,658,788</u>

12. Securities available-for-sale

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
<u>At fair value</u>		
Quoted securities:-		
Malaysian Government treasury bills	-	39,321
Malaysian Government bonds/securities	603,418	453,995
Bank Negara Malaysia bills	1,065,911	-
Cagamas bonds	99,092	84,761
Negotiable instruments of deposit	2,089,949	2,209,894
Government Islamic bonds	70,233	325,656
Private debt securities	203,869	468,091
Equity shares	8,798	-
	<u>4,141,270</u>	<u>3,581,718</u>
Unquoted securities:-		
Equity shares	9,098	12,131
Private debt securities	20,302	20,302
	<u>4,170,670</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 September 2007 RM'000	31 December 2006 RM'000
Overdrafts	893,389	946,286
Term loans/financing		
- Housing loans/financing	10,853,312	11,050,459
- Syndicated term loan/financing	1,972,737	-
- Lease receivables	22,182	26,995
- Other term loans/financing	3,988,215	4,055,844
Bills receivable	1,290,175	958,069
Claims on customers under acceptance credits	787,822	690,921
Staff loans/financing (of which loans to Directors - Nil for 2007 and 2006)	95,694	99,455
Loans/financing to banks and other financial institutions	76,431	126,455
Credit card receivables	1,443,034	1,432,387
Revolving credit	1,466,972	911,858
	<u>22,889,963</u>	<u>20,298,729</u>
Less: Unearned interest and income	(264,329)	(211,147)
Gross loans, advances and financing	<u>22,625,634</u>	<u>20,087,582</u>
Less: Allowance for bad and doubtful debts and financing:-		
Specific	(310,275)	(328,116)
General	(336,221)	(298,410)
Total net loans, advances and financing	<u><u>21,979,138</u></u>	<u><u>19,461,056</u></u>

(ii) By type of customer

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Domestic banking institutions	76,431	126,455
Domestic non-bank financial institutions	658,800	562,498
<i>Stockbroking companies</i>	-	-
<i>Others</i>	<u>658,800</u>	<u>562,498</u>
Domestic business enterprises	7,071,579	4,349,003
<i>Small medium enterprises</i>	<u>1,512,742</u>	<u>1,465,586</u>
<i>Others</i>	<u>5,558,837</u>	<u>2,883,417</u>
Government and statutory bodies	-	103
Individuals	14,558,811	14,834,371
Other domestic entities	71	173
Foreign entities	259,942	214,979
	<u>22,625,634</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 September 2007 RM'000	31 December 2006 RM'000
Fixed rate		
Housing loans/financing	79,779	94,686
Other fixed rate loan/financing	1,908,259	1,877,936
Variable rate		
BLR plus	13,297,919	13,217,367
Cost plus	5,238,385	2,519,632
Other variable rates	2,101,292	2,377,961
	<u>22,625,634</u>	<u>20,087,582</u>

(iv) By sector

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Agriculture	114,819	114,334
Mining and quarrying	8,914	3,970
Manufacturing	1,532,341	1,303,618
Electricity, gas and water	1,276	1,353
Construction	137,147	141,305
Real estate	75,351	96,102
Purchase of landed property	12,794,671	13,217,647
- Residential	10,968,696	11,299,661
- Non-residential	1,825,975	1,917,986
Wholesale & retail trade and restaurants & hotels	2,067,054	1,543,724
Transport, storage and communication	2,182,426	166,345
Finance, insurance and business services	928,680	835,882
Purchase of securities	11	11
Consumption credit	2,624,598	2,514,836
Others	158,346	148,455
	<u>22,625,634</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 September 2007 RM'000	31 December 2006 RM'000
At 1 January	797,750	763,787
Classified as non-performing during the financial period	418,791	534,798
Reclassified as performing during the financial period	(234,802)	(225,475)
Amount recovered during the financial period	(87,258)	(115,769)
Amount written off	(122,797)	(159,591)
At end of reporting period	<u>771,684</u>	<u>797,750</u>
Specific allowance	<u>(310,275)</u>	<u>(328,116)</u>
Net non-performing loans, advances and financing	<u><u>461,409</u></u>	<u><u>469,634</u></u>
Ratio of net non-performing loans, advances and financing to net loans, advances and financing	<u>2.07%</u>	<u>2.38%</u>

(ii) Movements in allowance for bad and doubtful debts

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
General Allowance		
At 1 January	298,410	295,010
Allowance made during the financial period	37,811	3,400
At end of reporting period	<u>336,221</u>	<u>298,410</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	173,242	252,241
Amount written back in respect of recoveries	(116,563)	(183,574)
Amount written off	(74,520)	(97,947)
At end of reporting period	<u>310,275</u>	<u>328,116</u>

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

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Agriculture	506	455
Mining and quarrying	540	651
Manufacturing	77,838	84,497
Construction	6,273	9,082
Purchase of landed property	609,597	601,242
- Residential	576,012	566,190
- Non-residential	33,585	35,052
Wholesale & retail trade and restaurants & hotels	10,841	20,773
Transport, storage and communication	522	1,036
Finance, insurance and business services	9,721	13,862
Consumption credit	51,032	58,932
Others	4,814	7,220
	771,684	797,750

15. Other receivables

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Derivatives	865,289	767,410
Interest/Income receivable	123,690	99,806
Other receivables, deposits and prepayments	564,302	307,431
	1,553,281	1,174,647

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

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Demand deposits	7,947,896	7,671,280
Savings deposits	3,534,263	2,776,916
Fixed/Investment deposits	17,051,139	15,649,177
Negotiable instruments of deposits	1,653,885	1,638,676
	30,187,183	27,736,049

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

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Government and statutory bodies	10,202	11,188
Business enterprises	10,789,524	12,775,292
Individuals	16,166,358	12,596,118
Others	3,221,099	2,353,451
	<u>30,187,183</u>	<u>27,736,049</u>

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Licensed banks	2,230,818	2,178,398
Bank Negara Malaysia	72,273	37,838
Other financial institutions	2,221,130	1,952,429
	<u>4,524,221</u>	<u>4,168,665</u>

18. Other payables

	Group	
	30 September 2007 RM'000	31 December 2006 RM'000
Derivatives	796,017	654,688
Interest/Profit payable	169,991	190,055
Other payables and accruals	1,445,197	1,126,522
	<u>2,411,205</u>	<u>1,971,265</u>

	Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Derivatives	796,017	654,688
Interest/Profit payable	169,991	190,055
Amount owing to subsidiaries	22	22
Other payables and accruals	1,445,197	1,126,522
	<u>2,411,227</u>	<u>1,971,287</u>

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19. Interest income

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Loans and advances				
- Interest income other than recoveries				
from NPLs	338,521	314,664	949,652	927,344
- Recoveries from NPLs	14,885	13,569	46,200	63,709
Money at call and deposit placements				
with banks and other financial institutions	102,870	119,881	381,180	311,449
Securities held for trading	10,680	6,688	25,786	13,883
Securities available-for-sale	27,313	35,046	75,327	113,065
	<u>494,269</u>	<u>489,848</u>	<u>1,478,145</u>	<u>1,429,450</u>
Amortisation of premium less accretion of discount	10,371	(826)	24,707	(8,224)
Interest suspended	(7,046)	(8,433)	(26,408)	(23,860)
Total interest income	<u>497,594</u>	<u>480,589</u>	<u>1,476,444</u>	<u>1,397,366</u>

20. Interest expense

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Deposits and placements of banks and other financial institutions	46,189	39,914	129,715	125,779
Deposits from customers	205,765	212,561	631,913	575,825
Dividends paid on redeemable preference shares	-	-	-	6,442
Loans sold to Cagamas	3,491	6,241	14,159	22,973
Total interest expense	<u>255,445</u>	<u>258,716</u>	<u>775,787</u>	<u>731,019</u>

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21. Other operating income

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Fee income:-				
Commission	33,630	33,364	107,374	83,110
Service charges and fees	7,962	9,867	20,593	23,316
Guarantee fees	4,785	2,580	12,035	8,693
	<u>46,377</u>	<u>45,811</u>	<u>140,002</u>	<u>115,119</u>
Gain from sale of securities and other financial instruments:-				
- Securities held for trading and other financial instruments	51,559	4,607	31,728	36,470
- Securities available-for-sale	5,781	9,557	11,193	21,385
Unrealised (loss)/gain on revaluation of securities held for trading and other financial instruments	(720)	7,714	22,762	14,158
Gross dividends from unquoted investments	-	-	484	484
	<u>56,620</u>	<u>21,878</u>	<u>66,167</u>	<u>72,497</u>
Other income:-				
Foreign exchange currency gain				
- Gain from dealing in foreign currency	124,221	2,367	181,910	90,035
- Unrealised (loss)/gain from foreign exchange translation	(83,741)	39,394	(59,700)	26,423
Rental income	134	211	404	641
Gain on disposal of property, plant and equipment	19	-	23	81
	<u>40,633</u>	<u>41,972</u>	<u>122,637</u>	<u>117,180</u>
Total other operating income	<u>143,630</u>	<u>109,661</u>	<u>328,806</u>	<u>304,796</u>

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22. Other operating expenses

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	56,123	46,457	167,908	140,459
- Pension fund contributions	5,685	4,648	16,454	14,587
- Other staff related cost	7,267	4,303	19,406	15,778
	<u>69,075</u>	<u>55,408</u>	<u>203,768</u>	<u>170,824</u>
Establishment costs				
- Depreciation	5,880	4,460	16,368	13,350
- Rental	5,128	5,475	15,359	16,355
- Information technology and project expenses	20,983	17,498	54,864	57,784
- Others	10,615	10,384	25,568	23,227
	<u>42,606</u>	<u>37,817</u>	<u>112,159</u>	<u>110,716</u>
Marketing expenses				
- Advertisement and publicity	5,347	7,216	14,914	13,107
- Others	2,315	4,393	9,872	9,344
	<u>7,662</u>	<u>11,609</u>	<u>24,786</u>	<u>22,451</u>
Administration and general expenses				
- Communication expenses	3,090	3,821	10,480	11,023
- Group administration fees	10,386	10,542	30,235	30,490
- Outsourcing expenses	7,110	5,326	20,097	19,407
- Others	24,955	18,872	61,090	43,630
	<u>45,541</u>	<u>38,561</u>	<u>121,902</u>	<u>104,550</u>
Total other operating expenses	<u>164,884</u>	<u>143,395</u>	<u>462,615</u>	<u>408,541</u>

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23. Allowance for bad and doubtful debts and financing

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Allowance for bad and doubtful debts on loans, advances and financing:-				
Specific allowance (net)	9,983	14,648	56,679	47,613
- made in the financial period	51,061	53,624	173,242	184,558
- written back	(41,078)	(38,976)	(116,563)	(136,945)
General allowance				
- made in the financial period	35,000	-	37,811	7,400
Bad and doubtful debts on loans and financing:-				
Written off	18,656	17,979	56,395	62,636
Recovered	(16,248)	(10,212)	(36,621)	(31,791)
	<u>47,391</u>	<u>22,415</u>	<u>114,264</u>	<u>85,858</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 September 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	1,236,077	1,442,737
Less: Deferred tax assets	(106,857)	(113,388)
Total Tier 1 Capital	<u>1,629,220</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	336,221	298,410
Total Tier 2 Capital	<u>716,221</u>	<u>678,410</u>
Total capital	2,345,441	2,507,759
Less: Investment in subsidiaries	(22)	(22)
Total Capital Base	<u><u>2,345,419</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%	10,110,862	-	14,203,266	-
10%	-	-	50,996	5,100
20%	10,399,068	2,079,814	5,562,503	1,112,501
50%	11,272,399	5,636,199	11,158,654	5,579,327
100%	11,765,403	11,765,403	10,884,711	10,884,711
	<u>43,547,732</u>	<u>19,481,416</u>	<u>41,860,130</u>	<u>17,581,639</u>
			2007 RM'000	2006 RM'000
Total risk-weighted assets			19,481,416	17,581,639
- credit risk (as above)			1,751,327	1,482,799
- market risk			<u>21,232,743</u>	<u>19,064,438</u>
			2007	2006
Capital Ratios				
Core capital ratio			7.67%	9.60%
Risk-weighted capital ratio			11.05%	13.15%

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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 September 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	1,127,910	1,127,910	842,419	1,333,778	1,333,778	1,075,448
Transaction-related contingent items	2,163,825	1,081,913	918,785	1,674,155	837,078	670,839
Short-term self liquidating trade-related contingencies	466,754	93,351	92,779	487,134	97,427	92,562
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	8,951,648	-	-	8,024,398	-	-
- maturity exceeding one year	835,430	417,715	208,857	744,364	372,182	189,486
Foreign exchange related contracts:-						
- less than one year	44,473,752	762,477	359,739	23,165,140	715,025	236,336
- one year to less than five years	9,186,429	802,975	143,696	2,079,367	197,147	41,353
- five years and above	3,446,155	403,835	51,035	1,144,716	128,074	48,854
Interest rate related contracts:-						
- less than one year	41,013,507	81,544	16,897	21,870,214	53,864	11,279
- one year to less than five years	44,567,791	1,236,714	274,018	34,676,433	1,099,043	253,010
- five years and above	4,329,102	369,676	85,411	2,647,677	237,446	58,863
Miscellaneous commitments and contingencies	1,166,023	-	-	882,576	-	-
	<u>161,728,326</u>	<u>6,378,110</u>	<u>2,993,636</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 September 2007	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	5,570,764	-	-	-	-	-	-	-	141,165	-	5,711,929	3.73
Deposits and placements with banks and other financial institutions	-	3,467,320	-	-	-	-	-	-	-	-	3,467,320	4.05
Securities purchased under resale agreement	206,946	74,961	-	-	-	-	-	-	-	-	281,907	3.54
Securities held for trading	-	-	-	-	-	-	-	-	-	2,412,109	2,412,109	4.04
Securities available-for-sale	1,625,009	1,447,180	525,432	88,622	186,087	-	260,143	243	37,954	-	4,170,670	3.62
Loans, advances and financing												
- Performing	17,213,273	1,917,835	1,694,619	107,443	141,533	102,774	57,967	282,285	-	-	21,517,729	6.60
- Non performing	-	-	-	-	-	-	-	-	461,409	-	461,409	
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	2,472,472	-	2,472,472	
Total assets	24,615,992	6,907,296	2,220,051	196,065	327,620	102,774	318,110	282,528	3,113,000	2,412,109	40,495,545	
Liabilities and shareholder's equity												
Deposits from customers	14,986,338	4,389,185	4,965,351	450,322	555,544	53,111	47,046	65,000	4,675,286	-	30,187,183	2.82
Deposits and placements of banks and other financial institutions	4,354,339	142,600	19,006	1,568	-	-	6,708	-	-	-	4,524,221	3.62
Obligations on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	784,059	-	-	-	-	-	-	-	-	-	784,059	3.81
Recourse obligations on loans sold to Cagamas	1,649	3,313	112,779	31,497	17,250	132,338	-	-	-	-	298,826	4.11
Subordinated debt	-	-	-	-	-	-	380,000	-	-	-	380,000	7.00
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	2,437,389	-	2,437,389	
Total liabilities	20,126,385	4,535,098	5,097,136	483,387	572,794	185,449	433,754	65,000	7,112,675	-	38,611,678	
Shareholder's equity	-	-	-	-	-	-	-	-	1,883,867	-	1,883,867	
Total liabilities and shareholder's equity	20,126,385	4,535,098	5,097,136	483,387	572,794	185,449	433,754	65,000	8,996,542	-	40,495,545	
On-balance sheet interest sensitivity gap	4,489,607	2,372,198	(2,877,085)	(287,322)	(245,174)	(82,675)	(115,644)	217,528	(5,883,542)	2,412,109		
Off-balance sheet interest sensitivity gap	(565,300)	(27,300)	398,800	156,700	64,000	29,000	(47,000)	(8,900)	-	-		
Total interest sensitivity gap	3,924,307	2,344,898	(2,478,285)	(130,622)	(181,174)	(53,675)	(162,644)	208,628	(5,883,542)	2,412,109		

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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 SEPTEMBER 2007

	Note	Group and Bank	
		30 September 2007 RM'000	31 December 2006 RM'000
Assets			
Cash and short term funds		931,809	380,119
Deposits and placements with banks and other financial institutions		2,574,905	150,000
Securities available-for-sale		685,901	843,739
Financing, advances and other loans	(a)	735,987	634,863
Other receivables	(c)	10,881	16,971
Statutory deposits with Bank Negara Malaysia		-	18,441
Deferred tax assets		6,685	2,660
Total assets		4,946,168	2,046,793
Liabilities			
Deposits from customers	(d)	2,178,775	1,180,706
Deposits and placements of banks and other financial institutions	(e)	2,092,147	228,663
Other payables	(f)	55,534	32,220
Subordinated debt		380,000	380,000
Tax payable		9,024	7,676
Total liabilities		4,715,480	1,829,265
Islamic Banking capital funds			
Islamic Banking funds		183,000	183,000
Reserves		47,688	34,528
Total Islamic Banking capital funds		230,688	217,528
Total liabilities and Islamic Banking capital funds		4,946,168	2,046,793
Commitments and contingencies		580,946	591,416

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27. The operations of Islamic Banking (continued)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2007

	Group and Bank 3rd Quarter ended		Group and Bank Nine months ended	
	30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Income derived from investment of depositors' funds and others	68,945	24,341	159,736	58,730
Transfer to profit equalisation reserves	<u>(2,400)</u>	<u>(1,713)</u>	<u>(4,265)</u>	<u>(4,296)</u>
Total distributable income	66,545	22,628	155,471	54,434
Income attributable to depositors	<u>(40,302)</u>	<u>(8,301)</u>	<u>(88,341)</u>	<u>(14,891)</u>
Income attributable to the Bank	26,243	14,327	67,130	39,543
Income derived from investment of Islamic Banking capital funds	994	3,140	3,797	4,023
Less: Income attributable to investors of subordinated debt	<u>(6,686)</u>	<u>(6,686)</u>	<u>(19,909)</u>	<u>(19,909)</u>
Total net income	20,551	10,781	51,018	23,657
Other operating expenses	<u>(4,328)</u>	<u>(2,416)</u>	<u>(12,949)</u>	<u>(7,134)</u>
	16,223	8,365	38,069	16,523
Allowance for bad and doubtful debts and financing	<u>(3,693)</u>	<u>(2,434)</u>	<u>(10,447)</u>	<u>(8,111)</u>
Profit before taxation	12,530	5,931	27,622	8,412
Tax expense	<u>(3,383)</u>	<u>(1,635)</u>	<u>(7,646)</u>	<u>(2,355)</u>
Profit for the financial period	<u><u>9,147</u></u>	<u><u>4,296</u></u>	<u><u>19,976</u></u>	<u><u>6,057</u></u>

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

	Group and Bank	
	30 September 2007	31 December 2006
	RM'000	RM'000
Term loans/financing		
- House financing	156,306	98,759
- Lease receivables	22,182	26,995
- Other term loans/financing	540,683	463,582
Staff loans/financing (of which loans to Directors - Nil for 2007 and 2006)	2,819	-
Revolving credit	280,464	258,654
Less: Unearned income	<u>(253,353)</u>	<u>(201,905)</u>
	749,101	646,085
Less: Allowances for bad and doubtful financing:-		
- General	(11,208)	(9,674)
- Specific	<u>(1,906)</u>	<u>(1,548)</u>
Total net financing, advances and other loans	<u><u>735,987</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 September 2007	31 December 2006
	RM'000	RM'000
At 1 January	5,552	1,766
Classified as non-performing during the financial period	11,218	7,036
Amount recovered during the financial period	201	(10)
Amount written off	<u>(8,823)</u>	<u>(3,240)</u>
At end of reporting period	8,148	5,552
Specific allowance	<u>(1,906)</u>	<u>(1,548)</u>
Net non-performing financing, advances and other loans	<u><u>6,242</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>0.8%</u></u>	<u><u>0.6%</u></u>

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

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
General Allowance		
At 1 January	9,674	2,817
Allowance made during the financial period	1,534	6,857
At end of reporting period	<u>11,208</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 September 2007 RM'000	31 December 2006 RM'000
Specific Allowance		
At 1 January	1,548	1,212
Allowance made during the financial period	9,030	3,562
Allowance written back in respect of recoveries	(117)	(90)
Amount written off	(8,555)	(3,136)
At end of reporting period	<u>1,906</u>	<u>1,548</u>

(c) Other receivables

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Derivatives	3,568	2,867
Other receivables, deposits and prepayments	7,313	14,104
	<u>10,881</u>	<u>16,971</u>

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

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Non-Mudharabah fund		
Demand deposits	105,309	63,805
Savings deposits	29,644	21,776
Negotiable instruments of deposits	233,569	223,962
Mudharabah fund		
General investment deposits	<u>1,810,253</u>	<u>871,163</u>
	<u>2,178,775</u>	<u>1,180,706</u>

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

27. The operations of Islamic Banking (continued)

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

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Non-Mudharabah fund		
Licensed banks	2,091,199	42,759
Bank Negara Malaysia	948	2,334
Other financial institutions	-	183,570
	2,092,147	228,663

(f) Other payables

	Group and Bank	
	30 September 2007 RM'000	31 December 2006 RM'000
Derivatives	890	-
Income/Dividend payable	17,581	4,669
Accruals	1,187	1,187
Profit equalisation reserve	13,384	9,119
Other payables	22,492	17,245
	55,534	32,220