

Company No. 823437K



Standard Chartered Saadiq Berhad

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

**Financial statements for the three months
ended 31 March 2011**

STANDARD CHARTERED SAADIQ BERHAD
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Note	31 March 2011 RM'000	31 December 2010 RM'000
Assets			
Cash and short term funds		1,324,459	940,388
Deposits and placements with banks and other financial institutions	11	-	-
Investment securities available-for-sale	12	169,793	623,326
Financing and advances	13	2,481,701	2,342,145
Derivative financial assets		79,393	59,781
Other assets	15	30,738	74,421
Tax recoverable		4,264	3,271
Statutory deposits with Bank Negara Malaysia		20,513	24,760
Property, plant and equipment		6,829	-
Deferred tax assets		3,534	3,486
Total assets		<u>4,121,224</u>	<u>4,071,578</u>
Liabilities			
Deposits from customers	16	1,359,910	1,321,460
Deposits and placements of banks and other financial institutions	17	1,986,885	2,092,510
Derivatives financial liabilities		78,592	58,863
Other liabilities	18	245,183	156,615
Total liabilities		<u>3,670,570</u>	<u>3,629,448</u>
Equity			
Share capital		96,500	96,500
Reserves		354,154	345,630
Total equity attributable to equity holder of the Bank		<u>450,654</u>	<u>442,130</u>
Total liabilities and equity		<u>4,121,224</u>	<u>4,071,578</u>
Commitments and contingencies	24	<u>11,684,626</u>	<u>12,645,894</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010.

STANDARD CHARTERED SAADIQ BERHAD

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER AND THREE MONTHS ENDED 31 MARCH 2011**

	Note	1st Quarter ended		Three months ended	
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Income derived from investment of depositors' funds and others	19	21,900	16,368	21,900	16,368
Income derived from investment of shareholder's funds	21	34,433	50,477	34,433	50,477
Provisions for financing	23	(4,019)	(15,172)	(4,019)	(15,172)
Total distributable income		52,314	51,673	52,314	51,673
Income attributable to depositors	20	(18,594)	(12,331)	(18,594)	(12,331)
Total net income		33,720	39,342	33,720	39,342
Other operating expenses	22	(22,008)	(15,882)	(22,008)	(15,882)
Profit before taxation		11,712	23,460	11,712	23,460
Tax expense		(3,045)	(6,099)	(3,045)	(6,099)
Profit for the period		8,667	17,361	8,667	17,361
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available for sale):					
Net change in fair value		(143)	(373)	(143)	(373)
Other comprehensive income/(loss) for the period, net of income tax		(143)	(373)	(143)	(373)
Total comprehensive income for the period		8,524	16,988	8,524	16,988
Profit for the period attributable to:-					
Equity holder of the Bank		8,667	17,361	8,667	17,361
Total comprehensive income attributable to:-					
Equity holder of the Bank		8,524	16,988	8,524	16,988

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	←——— <i>Non-Distributable Reserves</i> ———→				<i>Distributable Reserves</i>	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
At 1 January 2011	96,500	289,500	31,706	53	24,371	442,130
Profit for the period	-	-	-	-	8,667	8,667
Other comprehensive income for the period	-	-	-	(143)	-	(143)
Total comprehensive income for the period	-	-	-	(143)	8,667	8,524
At 31 March 2011	96,500	289,500	31,706	(90)	33,038	450,654

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2010

	← Non-Distributable Reserves →			→	<i>Distributable Reserves</i>	Total
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000			
At 1 January 2010	75,000	225,000	7,960	571	626	309,157
Profit for the period	-	-	-	-	17,361	17,361
Other comprehensive income for the period	-	-	-	(373)	-	(373)
Total comprehensive income for the period	-	-	-	(373)	17,361	16,988
At 31 March 2010	75,000	225,000	7,960	198	17,987	326,145

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASHFLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	31 March 2011 RM'000	31 March 2010 RM'000
Profit before taxation	11,712	23,460
Adjustment for non-cash items	3,081	(7,300)
Operating profit before working capital changes	<u>14,793</u>	<u>16,160</u>
Changes in working capital		
Net changes in operating assets	(91,509)	(567,559)
Net changes in operating liabilities	21,393	(302,045)
Income taxes paid	<u>(4,038)</u>	<u>(3,946)</u>
Net cash used in operating activities	<u>(59,361)</u>	<u>(857,390)</u>
Net cash generated from investing activities	443,432	24,998
Net cash generated from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	384,071	(832,392)
Cash and cash equivalent at beginning of the year	<u>940,388</u>	<u>2,592,117</u>
Cash and cash equivalent at end of the period	<u><u>1,324,459</u></u>	<u><u>1,759,725</u></u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010.

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REVIEW OF PERFORMANCE

The Bank's profit before taxation for the three months ended 31 March 2011 was RM11.71 million which is RM11.75 million lower than the corresponding period last year. Income derived from investment of depositors' funds and others was RM21.90 million while income derived from investment of shareholder's funds was RM34.43 million. Impairment provisions for financing was lower by RM11.15 million while overheads increased by RM6.13 million. Total assets registered an increase of RM49.65 million or 1% to RM4.11 billion compared to the last financial year ended 31 December 2010. However, the Bank's core capital ratio and risk-weighted capital ratio remained strong at 14.20%.

PROSPECTS

The Bank will continue to grow its business in Malaysia in support of a focused strategic agenda to achieve Standard Chartered PLC's ambition to be the best international Islamic bank, leading the way in Asia, Africa and the Middle East. The bank achieved significant income momentum in a dynamic, growing market as Malaysia vies to become the international Islamic Banking hub.

The bank's strategic agenda for 2011 will be to focus on investing to maintain momentum with competitors and maximize its proposition in Malaysia. Our target business model includes full leverage of conventional infrastructure, establishing dedicated organisation structure with clear tracking of Key Performance Indicators ("KPI") and introducing a full range of product suite on par with our conventional banking business and competitors while maintaining friendly, fast and accurate service.

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Notes to the financial statements for the financial three months ended 31 March 2011

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the first quarter and financial three months ended 31 March 2011 have been prepared in accordance with FRS 134, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board ("MASB") and Bank Negara Malaysia ("BNM") guidelines.

The accounting policies and methods of computation in the unaudited condensed interim financial statements are consistent with those adopted in the last audited financial statements.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2010.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2010 was not qualified.

3. Seasonal or cyclical factors

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

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the first quarter and financial three months ended 31 March 2011.

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the first quarter and financial three months ended 31 March 2011.

6. Issuances, cancellations, repurchases, resale and repayments of securities portfolio

There were no issuance and repayment of debt and equity securities, share-buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the first quarter and financial three months ended 31 March 2011.

7. Proposed Dividend

No dividend has been proposed for the first quarter and financial three months ended 31 March 2011.

8. Subsequent events

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

9. Changes in the composition of the Bank

There were no significant changes in the composition of the Bank in the first quarter and financial three months ended 31 March 2011.

10. Significant event

On 8 February 2011, the Bank had entered into a conditional Sale and Purchase Agreement ("SPA") for the sale of non-performing financing ("NPF") to Aiqon Ehsan Sdn. Bhd., a special purpose vehicle ("SPV") incorporated as a subsidiary of Aiqon Capital Sdn. Bhd. Total consideration for the sale amounted to RM 18 million. Impact to the Bank's profit before taxation for the financial three months ended 31 March 2011 is RM11 million.

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11. Deposits and placements with banks and other financial institutions

There are no deposits and placements with banks and other financial institutions which are of a duration that is greater than one month.

12. Investment securities available-for-sale

	31 March 2011 RM'000	31 December 2010 RM'000
<u>At fair value</u>		
Bank Negara Malaysia bills	99,909	548,105
Cagamas bonds	24,763	25,077
Islamic negotiable instruments of deposit	35,000	35,000
Islamic private debt securities	10,121	15,144
	<u>169,793</u>	<u>623,326</u>

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

	31 March 2011 RM'000	31 December 2010 RM'000
<u>At amortised cost</u>		
Term financing		
- House financing	853,361	834,699
- Hire purchase receivables	135,521	101,845
- Lease receivables	375,294	365,030
- Other term financing	1,399,031	1,389,013
Bills receivable	3,455	1,700
Trust receipts	144,764	184,694
Staff financing	3,252	3,318
Revolving credit	528,466	397,767
	<u>3,443,144</u>	<u>3,278,066</u>
Less: Unearned income	(917,478)	(892,266)
Gross financing and advances	2,525,666	2,385,800
Less: Impairment provisions on financing and advances:-		
- Individual impairment provisions	(12,131)	(12,356)
- Collective impairment provisions	(31,834)	(31,299)
Total net financing and advances	<u>2,481,701</u>	<u>2,342,145</u>

(ii) By contract

	31 March 2011 RM'000	31 December 2010 RM'000
Bai Bithaman Ajil (<i>deferred payment sale</i>)	391,242	395,010
Ijarah Thumma Al-Bai (<i>finance lease</i>)	477,723	437,858
Murabahah (<i>cost plus</i>)	153,851	192,502
Bai'Al Inah (<i>sale and buy-back</i>)	1,453,629	1,309,606
Others	49,221	50,824
	<u>2,525,666</u>	<u>2,385,800</u>

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13. Financing and advances (continued)**(iii) By type of customer**

	31 March 2011 RM'000	31 December 2010 RM'000
Domestic non-bank financial institutions	60,040	60,133
Domestic business enterprises	1,230,044	1,103,336
<i>Small medium enterprises</i>	130,140	126,366
<i>Others</i>	1,099,904	976,970
Individuals	1,205,103	1,192,503
Foreign entities	30,479	29,828
	2,525,666	2,385,800

(iv) By profit rate sensitivity

	31 March 2011 RM'000	31 December 2010 RM'000
Fixed rate		
- House financing	4,472	4,694
- Hire purchase receivables	135,521	101,845
- Other financing	1,165,048	1,178,866
Variable rate		
- House financing	305,407	305,619
- Revolving credit	527,061	395,045
- Other financing	388,157	399,731
	2,525,666	2,385,800

(v) By sector

	31 March 2011 RM'000	31 December 2010 RM'000
Agriculture	125,846	123,635
Mining and quarrying	3,299	8,855
Manufacturing	237,365	254,196
Electricity, gas and water	177	192
Construction	19,100	17,396
Real estate	182,428	175,320
Wholesale & retail trade and restaurants & hotels	248,264	101,745
Transportation, storage and communication	232,663	232,598
Finance, insurance and business services	209,913	212,444
Household	1,235,582	1,222,331
Others	31,029	37,088
	2,525,666	2,385,800

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13. Financing and advances (continued)**(vi) By purpose**

	31 March 2011	31 December 2010
Purchase of landed property		
- Residential	311,170	311,625
- Non-residential	80,069	83,401
Fixed assets excluding land and building	68,359	53,237
Personal Use	890,173	874,854
Working Capital	1,175,895	1,062,683
	<u>2,525,666</u>	<u>2,385,800</u>

(vi) By maturity structure

	31 March 2011 RM'000	31 December 2010 RM'000
Maturing within one year	848,423	961,806
One year to three years	488,098	386,189
Three years to five years	678,196	607,758
Over five years	510,949	430,047
	<u>2,525,666</u>	<u>2,385,800</u>

(vii) By geographical distribution

	31 March 2011 RM'000	31 December 2010 RM'000
Within Malaysia	<u>2,525,666</u>	<u>2,385,800</u>

(viii) Analysis of foreign currency exposure

Financing and advances denominated in currencies other than the functional currency comprise RM122,887,204 (2010: RM132,014,366) of financing, advances and other loans denominated in U.S. Dollar and RM Nil (2010: RM272,128) denominated in other currencies.

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

	31 March 2011 RM'000	31 December 2010 RM'000
At 1 January as previously stated	22,430	13,969
Effect of adoption of FRS 139	-	158
At 1 January, as restated	<u>22,430</u>	<u>14,127</u>
Classified as impaired during the financial period/year	15,756	60,849
Reclassified as performing during the financial period/year	(195)	(887)
Amount recovered during the financial period/year	(1,495)	(7,614)
Amount written off	<u>(14,531)</u>	<u>(44,045)</u>
At end of reporting period/year	21,965	22,430
Individual impairment provisions	<u>(12,131)</u>	<u>(12,356)</u>
Net impaired financing and advances	<u><u>9,834</u></u>	<u><u>10,074</u></u>
Ratio of net impaired financing and advances to net financing and advances	<u>0.39%</u>	<u>0.42%</u>

(ii) Movements in impairment provisions for financing and advances

	31 March 2011 RM'000	31 December 2010 RM'000
Collective Impairment Provisions		
At 1 January	31,299	23,741
Provisions made during the financial period/year	2,962	20,997
Amount written back	<u>(2,427)</u>	<u>(13,439)</u>
At end of reporting period/year	<u><u>31,834</u></u>	<u><u>31,299</u></u>
As a percentage of gross financing and advances less impairment provisions	<u>* 1.3%</u>	<u>* 1.3%</u>

* Under Bank Negara Malaysia's ("BNM") Guidelines on Classification and Impairment Provisions for Loans/Financing, banking institutions are required to maintain at least a minimum collective impairment provision of 1.5% on its gross financing and advances.

Included in the gross financing and advances of the Bank are RM394,626,000 (2010: RM291,224,000) worth of financing funded by Specific Investment Account ("SIA") placements from Standard Chartered Bank Malaysia Berhad ("SCBMB"). As stipulated in Note 4.4(i) of Bank Negara Malaysia's Guidelines on the Booking of Provisions for Financing Asset Funded by SIA, the proportion of collective impairment provisions for financing funded by the SIA can be transferred to its immediate holding company, SCBMB as the fund provider. Had the abovementioned gross financing and advances been excluded from the computation, the collective impairment provisions maintained by the Bank would be 1.5% (2010: 1.5%).

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14. Impaired financing and advances (continued)

	31 March 2011 RM'000	31 December 2010 RM'000
Individual Impairment Provisions		
At 1 January, as previously stated	12,356	1,304
Effect of adoption of FRS 139	-	9,938
At 1 January, as restated	<u>12,356</u>	<u>11,242</u>
Provisions made during the financial period/ year	14,499	46,046
Amount written back in respect of recoveries	(169)	(887)
Amount written off	<u>(14,555)</u>	<u>(44,045)</u>
At end of reporting period/year	<u><u>12,131</u></u>	<u><u>12,356</u></u>

(iii) Impaired financing and advances by sector

	31 March 2011 RM'000	31 December 2010 RM'000
Manufacturing	14	2,013
Wholesale & retail trade and restaurants & hotels	57	-
Transportation, storage and communication	4	-
Household	<u>21,890</u>	<u>20,417</u>
	<u><u>21,965</u></u>	<u><u>22,430</u></u>

(iv) Impaired financing and advances by purpose

Purchase of landed property (<i>Residential</i>)	9,331	9,499
Personal use	12,559	12,896
Working capital	75	35
	<u>21,965</u>	<u>22,430</u>

(iv) Impaired financing and advances by geographical distribution

	31 March 2011 RM'000	31 December 2010 RM'000
Within Malaysia	<u>21,965</u>	<u>22,430</u>

15. Other assets

	31 March 2011 RM'000	31 December 2010 RM'000
Income receivable	1,061	1,451
Other receivables, deposit and prepayments	<u>29,677</u>	<u>72,970</u>
	<u><u>30,738</u></u>	<u><u>74,421</u></u>

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

	31 March 2011 RM'000	31 December 2010 RM'000
Non-Mudharabah		
Demand deposits	406,787	466,223
Savings deposits	78,300	63,768
Negotiable instruments of deposits	187,517	185,851
	<u>672,604</u>	<u>715,842</u>
Mudharabah		
General investment deposits	687,306	605,618
	<u>1,359,910</u>	<u>1,321,460</u>

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

	31 March 2011 RM'000	31 December 2010 RM'000
Due within six months	687,324	591,958
Six months to one year	70,444	87,267
One year to three years	34,248	26,398
Three years to five years	-	-
Over five years	82,807	85,846
	<u>884,823</u>	<u>791,469</u>

(ii) By type of customers

	31 March 2011 RM'000	31 December 2010 RM'000
Government and statutory bodies	105,000	100,000
Business enterprises	532,763	545,682
Individuals	477,563	445,076
Others	244,584	230,702
	<u>1,359,910</u>	<u>1,321,460</u>

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17. Deposits and placements of banks and other financial institutions

	31 March 2011 RM'000	31 December 2010 RM'000
Non-Mudharabah		
Licensed banks	25,459	25,574
Other financial institutions	82,600	75,823
	<u>108,059</u>	<u>101,397</u>
Mudharabah		
Licensed banks	1,878,826	1,991,113
	<u>1,986,885</u>	<u>2,092,510</u>

18. Other liabilities

	31 March 2011 RM'000	31 December 2010 RM'000
Income payable	10,674	6,840
Profit equalisation reserve	7,478	7,478
Other payables and accruals	227,031	142,297
	<u>245,183</u>	<u>156,615</u>
 Profit equalisation reserves:-		
At 1 January	7,478	7,478
Amount provided during the financial period/year	-	-
At end of reporting period/year	<u>7,478</u>	<u>7,478</u>

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

	1st Quarter ended		Three months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Income derived from investment of:-				
(i) General investment deposits	11,068	3,753	11,068	3,753
(ii) Other deposits	10,832	12,615	10,832	12,615
	<u>21,900</u>	<u>16,368</u>	<u>21,900</u>	<u>16,368</u>

(i) Income derived from investment of general investment deposits

	1st Quarter ended		Three months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Finance income and hibah				
Financing and advances	10,167	3,396	10,167	3,396
Investment securities available-for-sale	116	187	116	187
Money at call and deposits with financial institutions	2,425	2,091	2,425	2,091
	12,708	5,674	12,708	5,674
Amortisation of premium less accretion of discount	(1,299)	(1,476)	(1,299)	(1,476)
Total finance income and hibah	11,409	4,198	11,409	4,198
Other operating income				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	1,953	1,249	1,953	1,249
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(2,294)	(1,694)	(2,294)	(1,694)
	(341)	(445)	(341)	(445)
	<u>11,068</u>	<u>3,753</u>	<u>11,068</u>	<u>3,753</u>

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19. Income derived from investment of depositors' funds and others (continued)

(ii) **Income derived from investment of other deposits**

	1st Quarter ended		Three months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Finance income and hibah				
Financing and advances	9,950	11,417	9,950	11,417
Investment securities available-for-sale	113	628	113	628
Money at call and deposits with financial institutions	2,373	7,032	2,373	7,032
	12,436	19,077	12,436	19,077
Amortisation of premium less accretion of discount	(1,271)	(4,964)	(1,271)	(4,964)
Total finance income and hibah	11,165	14,113	11,165	14,113
Other operating income				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	1,912	4,199	1,912	4,199
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(2,245)	(5,697)	(2,245)	(5,697)
	(333)	(1,498)	(333)	(1,498)
	10,832	12,615	10,832	12,615

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20. Income attributable to depositors

	1st Quarter ended		Three months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Deposits from customers				
- Mudharabah fund	3,988	1,948	3,988	1,948
- Non-Mudharabah fund	1,401	1,644	1,401	1,644
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	12,781	8,696	12,781	8,696
- Non-Mudharabah fund	424	43	424	43
	<u>18,594</u>	<u>12,331</u>	<u>18,594</u>	<u>12,331</u>

21. Income derived from investment of shareholder's funds

	1st Quarter ended		Three months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Finance income and hibah				
Financing and advances	33,676	32,868	33,676	32,868
Investment securities available-for-sale	398	760	398	760
Other operating income				
Other income	359	16,849	359	16,849
	<u>34,433</u>	<u>50,477</u>	<u>34,433</u>	<u>50,477</u>

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22. Other operating expenses

	1st Quarter ended		Three months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	1,623	529	1,623	529
- Other staff related cost	235	99	235	99
	<u>1,858</u>	<u>628</u>	<u>1,858</u>	<u>628</u>
Establishment costs				
- Depreciation of property, plant and equipment	512	-	512	-
- Rental	283	-	283	-
- Information technology expenses	33	6	33	6
- Utilities and maintenance	377	11	377	11
	<u>1,205</u>	<u>17</u>	<u>1,205</u>	<u>17</u>
Marketing expenses				
- Advertisement and publicity	104	61	104	61
- Others	46	2	46	2
	<u>150</u>	<u>63</u>	<u>150</u>	<u>63</u>
Administration and general expenses				
- Communication expenses	34	11	34	11
- Group administration fees and business support expenses	1,224	1,129	1,224	1,129
- Management fee	15,750	12,962	15,750	12,962
- Others	1,787	1,072	1,787	1,072
	<u>18,795</u>	<u>15,174</u>	<u>18,795</u>	<u>15,174</u>
	<u>22,008</u>	<u>15,882</u>	<u>22,008</u>	<u>15,882</u>

23. Provisions for financing

	1st Quarter ended		Three months ended	
	31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Provisions for financing:-				
Individual impairment provisions	14,330	10,372	14,330	10,372
- Made in the financial period	14,499	10,509	14,499	10,509
- Written back in respect of recoveries	(169)	(137)	(169)	(137)
Collective impairment provisions				
- Made in the financial period	2,962	4,800	2,962	4,800
- Written back	(2,427)	-	(2,427)	-
Bad and doubtful debts on financing and advances:-				
- Recovered	(10,846)	-	(10,846)	-
	<u>4,019</u>	<u>15,172</u>	<u>4,019</u>	<u>15,172</u>

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24. Commitments and contingencies

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies are as follows:-

	As at 31 March 2011			As at 31 December 2010		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	12,222	12,222	5,970	33,827	33,827	14,105
Transaction-related contingent items	19,573	19,573	3,017	24,687	24,687	7,273
Short-term self liquidating trade-related contingencies	32,249	32,249	12,895	10,596	10,596	3,312
Obligations under underwriting agreement	-	-	-	30,825	30,825	1,442
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	120,024	44,943 **	26,706 **	966,546	51,351 **	38,176 **
- maturity exceeding one year	356,814	16,249	14,216	371,082	20,780	16,961
Foreign exchange related contracts:-						
- less than one year	-	-	-	2,155	32	20
- one year to less than five years	224,960	26,269	4,874	282,837	29,556	6,042
Profit rate related contracts:-						
- one year to less than five years	10,300,000	157,020	16,678	10,300,000	139,031	21,105
- five years and above	618,784	48,696	51,556	623,339	51,939	57,820
	<u>11,684,626</u>	<u>357,221</u>	<u>135,912</u>	<u>12,645,894</u>	<u>392,624</u>	<u>166,256</u>

** Excluded in the credit equivalent and risk weighted amount of the Bank are RM26.1million (2010: RM39.8million) and RM16.9million (2010: RM23.7million) respectively related to undrawn financing facilities funded by Specific Investment Account ("SIA") placements from SCBMB as provided by BNM's guidelines on the Booking of General and Specific Provisions for Financing Asset Funded by Specific Investment Account (SIA). The facilities funded by the SIA is allowed to be transferred to SCBMB as the fund provider.

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

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25. Rate of return risk

As at 31 March 2011	Non Trading books					Total RM'000	Effective Profit Rate (%)
	3 months or less RM'000	> 3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non profit sensitive RM'000		
Financial assets							
Cash and short term funds	1,106,500	-	-	-	209,309	1,315,809	2.73
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
Investment securities available-for-sale	35,000	99,908	34,885	-	-	169,793	3.09
Financing and advances							
- Performing	1,029,867	52,831	999,962	387,549	1,658	2,471,867	9.66
- Impaired	-	-	-	-	9,834	9,834	-
Derivative financial assets	-	-	77,832	1,561	-	79,393	-
Other balances	-	-	-	-	58,080	58,080	-
	2,171,367	152,739	1,112,679	389,110	278,881	4,104,776	
Financial liabilities							
Deposits from customers	951,375	291,422	26,684	90,429	-	1,359,910	2.34
Deposits and placements of banks and other financial institutions	1,481,540	320,721	7,623	177,001	-	1,986,885	2.66
Derivative financial liabilities	-	-	77,031	1,561	-	78,592	-
Other balances	-	-	-	-	236,533	236,533	-
	2,432,915	612,143	111,338	268,991	236,533	3,661,920	
On-balance sheet profit sensitivity gap	(261,548)	(459,404)	1,001,341	120,119	42,348		
Off-balance sheet profit sensitivity gap	-	-	-	-	-		
Total profit sensitivity gap	(261,548)	(459,404)	1,001,341	120,119	42,348		

As at 31 December 2010	Non Trading books					Total RM'000	Effective Profit Rate (%)
	3 months or less RM'000	> 3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non profit sensitive RM'000		
Financial assets							
Cash and short term funds	720,000	-	-	-	220,388	940,388	2.76
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
Investment securities available-for-sale	333,633	254,478	35,215	-	-	623,326	2.95
Financing and advances							
- Performing	788,310	104,222	921,570	516,730	1,239	2,332,071	8.34
- Impaired	-	-	-	-	10,074	10,074	-
Derivative financial assets	27	-	48,444	11,310	-	59,781	-
Other balances	-	-	-	-	99,181	99,181	-
	1,841,970	358,700	1,005,229	528,040	330,882	4,064,821	
Financial liabilities							
Deposits from customers	903,748	305,454	26,414	85,844	-	1,321,460	2.11
Deposits and placements of banks and other financial institutions	967,671	936,673	7,551	180,615	-	2,092,510	2.63
Derivative financial liabilities	27	-	47,526	11,310	-	58,863	-
Other balances	-	-	-	-	156,615	156,615	-
	1,871,446	1,242,127	81,491	277,769	156,615	3,629,448	
On-balance sheet profit sensitivity gap	(29,476)	(883,427)	923,738	250,271	174,267		
Off-balance sheet profit sensitivity gap	-	-	-	-	-		
Total profit sensitivity gap	(29,476)	(883,427)	923,738	250,271	174,267		

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26. Capital adequacy

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

	31 March 2011 RM'000	31 December 2010 RM'000
Tier 1 Capital		
Paid-up ordinary share capital	96,500	96,500
Share premium	289,500	289,500
Other reserves	56,077	56,077
Less: Deferred tax assets	(3,502)	(3,502)
Deductions in excess of Tier 2 capital	(58,856)	(57,363)
Eligible Tier 1 capital	<u>379,719</u>	<u>381,212</u>
Tier 2 Capital		
Collective impairment provisions under standardised approach	<u>984</u>	<u>901</u>
Eligible Tier 2 capital	984	901
Less : Excess of expected loss over expected provisions under IRB approach	<u>(984)</u>	<u>(901)</u>
Eligible Tier 2 capital	<u>-</u>	<u>-</u>
Total capital base	<u><u>379,719</u></u>	<u><u>381,212</u></u>

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

	31 March 2011 RM'000	31 December 2010 RM'000
Total risk-weighted assets:-		
Credit risk	2,440,397	2,437,694
Operational risk	<u>233,406</u>	<u>209,837</u>
	<u><u>2,673,803</u></u>	<u><u>2,647,531</u></u>
Tier 1 capital ratio	14.20%	14.40%
Risk-weighted capital ratio	14.20%	14.40%