

Company No. 823437K



Standard Chartered Saadiq Berhad

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

**Financial statements for the nine months
ended 30 September 2011**

STANDARD CHARTERED SAADIQ BERHAD
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

	Note	30 September 2011 RM'000	31 December 2010 RM'000
Assets			
Cash and short term funds		1,348,558	940,388
Deposits and placements with banks and other financial institutions	11	-	-
Investment securities available-for-sale	12	70,123	623,326
Financing and advances	13	2,915,731	2,342,145
Derivative financial assets		23,616	59,781
Other assets	15	252,154	74,421
Tax recoverable		-	3,271
Statutory deposits with Bank Negara Malaysia		92,509	24,760
Property, plant and equipment		5,798	-
Deferred tax assets		5,152	3,486
Total assets		<u>4,713,641</u>	<u>4,071,578</u>
Liabilities			
Deposits from customers	16	1,860,568	1,321,460
Deposits and placements of banks and other financial institutions	17	2,018,392	2,092,510
Derivatives financial liabilities		22,897	58,863
Other liabilities	18	329,524	156,615
Tax payable		1,543	-
Total liabilities		<u>4,232,924</u>	<u>3,629,448</u>
Equity			
Share capital		96,500	96,500
Reserves		384,217	345,630
Total equity attributable to equity holder of the Bank		<u>480,717</u>	<u>442,130</u>
Total liabilities and equity		<u>4,713,641</u>	<u>4,071,578</u>
Commitments and contingencies	24	<u>2,867,911</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 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2011

	Note	3rd Quarter ended		Nine months ended	
		30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Income derived from investment of depositors' funds and others	19	22,922	28,246	67,255	61,569
Income derived from investment of shareholder's funds	21	63,032	39,488	134,965	137,271
Provisions for financing	23	(15,342)	(15,697)	(29,967)	(45,979)
Transfer from profit equalisation reserves		3,950	-	3,950	-
Total distributable income		74,562	52,037	176,203	152,861
Income attributable to depositors	20	(21,535)	(18,603)	(60,773)	(48,703)
Total net income		53,027	33,434	115,430	104,158
Other operating expenses	22	(21,367)	(20,343)	(63,404)	(55,760)
Profit before taxation		31,660	13,091	52,026	48,398
Tax expense		(8,236)	(3,912)	(13,482)	(12,747)
Profit for the period		23,424	9,179	38,544	35,651
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available for sale):					
Net change in fair value		22	(78)	43	(473)
Other comprehensive income/(loss) for the period, net of income tax		22	(78)	43	(473)
Total comprehensive income for the period		23,446	9,101	38,587	35,178
Profit for the period attributable to:-					
Equity holder of the Bank		23,424	9,179	38,544	35,651
Total comprehensive income attributable to:-					
Equity holder of the Bank		23,446	9,101	38,587	35,178

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 NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	38,544	38,544
Other comprehensive income for the period	-	-	-	43	-	43
Total comprehensive income for the period	-	-	-	43	38,544	38,587
At 30 September 2011	96,500	289,500	31,706	96	62,915	480,717

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 NINE MONTHS ENDED 30 SEPTEMBER 2011

	←	<i>Non-Distributable Reserves</i>			→	<i>Distributable Reserves</i>	
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000	Retained profits RM'000	Total RM'000	
At 1 January 2010	75,000	225,000	7,960	571	626	309,157	
Profit for the period	-	-	-	-	35,651	35,651	
Issuance of shares	21,500	64,500	-	-	-	86,000	
Other comprehensive income for the period	-	-	-	(473)	-	(473)	
Total comprehensive income for the period	21,500	64,500	-	(473)	35,651	121,178	
At 30 September 2010	96,500	289,500	7,960	98	36,277	430,335	

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 CONDENSED STATEMENT OF CASHFLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	30 September 2011 RM'000	30 September 2010 RM'000
Profit before taxation	52,026	48,398
Adjustment for non-cash items	14,252	(15,576)
Operating profit before working capital changes	<u>66,278</u>	<u>32,822</u>
Changes in working capital		
Net changes in operating assets	(818,869)	(535,084)
Net changes in operating liabilities	637,899	(528,357)
Income taxes paid	(7,197)	(7,424)
Net cash used in operating activities	<u>(121,889)</u>	<u>(1,038,043)</u>
Net cash generated from/ (used in) investing activities	530,059	(815,967)
Net cash generated from financing activities	<u>-</u>	<u>86,000</u>
Net increase/(decrease) in cash and cash equivalents	408,170	(1,768,010)
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>1,348,558</u></u>	<u><u>824,107</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 nine months ended 30 September 2011 was RM52.03 million which is RM3.63 million higher than the corresponding period last year. Income derived from investment of depositors' funds and others was RM67.26 million while income derived from investment of shareholder's funds was RM134.96 million. Impairment provisions for financing was lower by RM16.01 million while overheads increased by RM7.64 million. Total assets registered an increase of RM642.06 million or 15.77% to RM4.71 billion compared to the last financial year ended 31 December 2010. The Bank's core capital ratio and risk-weighted capital ratio remained strong at 12.65%.

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. The Bank's 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 nine months ended 30 September 2011

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the third quarter and the nine months ended 30 September 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, except for the adoption of the following Financial Reporting Standards ("FRSs"), Amendments to FRSs, IC Interpretations and Technical Release ("TR") issued by the MASB:

- i) Amendments to FRS 132, *Financial Instruments: Presentation - Classification of Right Issues*
- ii) FRS 1, *First-time Adoption of Financial Reporting Standards (revised)*
- iii) FRS 3, *Business Combinations (revised)*
- iv) FRS 127, *Consolidated and Separate Financial Statements (revised)*
- v) Amendments to FRS 2, *Share-based Payment*
- vi) Amendments to FRS 5, *Non-current assets Held for Sale and Discontinued Operations*
- vii) Amendments to FRS 138, *Intangible assets*
- viii) IC Interpretation 12, *Service Concession Agreements*
- ix) IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- x) IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- xi) Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*
- xii) Amendments to FRS1, *Limited Exemption from Comparative FRS 7 Disclosures for First time Adopters and Additional Exemptions for First-time Adopters*
- xiii) Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- xiv) Amendments to FRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments.*
- xv) IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- xvi) IC Interpretation 18, *Transfers of Assets from Customers*
- xvii) Improvements to FRSs (2010)

The adoption of the above FRSs, Amendments to FRSs, IC Interpretations and TR do not have any material impacts on the financial statements of the Bank.

The following FRS and IC Interpretations have been issued by the MASB but are not yet effective:

- i) IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- ii) Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*
- iii) FRS 124, *Related Party Disclosures (revised)*
- iv) IC Interpretation 15, *Agreements for the Construction of Real Estate*

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.

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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 third quarter and nine months ended 30 September 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 third quarter and the nine months ended 30 September 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 third quarter and nine months ended 30 September 2011.

7. Proposed Dividend

No dividend has been proposed for the third quarter and nine months ended 30 September 2011.

8. Subsequent events

There were no material events subsequent to the statement of financial position 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 third quarter and the nine months ended 30 September 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 9 months period ended 30 September 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

	30 September 2011 RM'000	31 December 2010 RM'000
<u>At fair value</u>		
Bank Negara Malaysia bills	-	548,105
Cagamas bonds	25,040	25,077
Islamic negotiable instruments of deposit	35,004	35,000
Islamic private debt securities	10,079	15,144
	<u>70,123</u>	<u>623,326</u>

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

	30 September 2011 RM'000	31 December 2010 RM'000
<u>At amortised cost</u>		
Term financing		
- House financing	947,801	834,699
- Hire purchase receivables	167,912	101,845
- Lease receivables	449,694	365,030
- Other term financing	1,800,542	1,389,013
Bills receivable	20,679	1,700
Trust receipts	254,997	184,694
Staff financing	3,025	3,318
Revolving credit	459,176	397,767
	<u>4,103,826</u>	<u>3,278,066</u>
Less: Unearned income	<u>(1,137,887)</u>	<u>(892,266)</u>
Gross financing and advances	2,965,939	2,385,800
Less: Impairment provisions on financing and advances:-		
- Individual impairment provisions	(12,876)	(12,356)
- Collective impairment provisions	<u>(37,332)</u>	<u>(31,299)</u>
Total net financing and advances	<u>2,915,731</u>	<u>2,342,145</u>

(ii) By contract

	30 September 2011 RM'000	31 December 2010 RM'000
Bai Bithaman Ajil (<i>deferred payment sale</i>)	465,196	395,010
Ijarah Thumma Al-Bai (<i>finance lease</i>)	514,821	437,858
Murabahah (<i>cost plus</i>)	257,911	192,502
Bai'Al Inah (<i>sale and buy-back</i>)	1,681,295	1,309,606
Others	46,716	50,824
	<u>2,965,939</u>	<u>2,385,800</u>

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

	30 September 2011 RM'000	31 December 2010 RM'000
Domestic non-bank financial institutions	136,510	60,133
Domestic business enterprises	1,232,580	1,103,336
<i>Small medium enterprises</i>	<i>130,693</i>	<i>126,366</i>
<i>Others</i>	<i>1,101,887</i>	<i>976,970</i>
Individuals	1,567,904	1,192,503
Foreign entities	28,945	29,828
	2,965,939	2,385,800

(iv) By profit rate sensitivity

	30 September 2011 RM'000	31 December 2010 RM'000
Fixed rate		
- House financing	4,186	4,694
- Hire purchase receivables	167,912	101,845
- Other financing	1,427,654	1,178,866
Variable rate		
- House financing	384,919	305,619
- Revolving credit	618,901	395,045
- Other financing	362,367	399,731
	2,965,939	2,385,800

(v) By sector

	30 September 2011 RM'000	31 December 2010 RM'000
Agriculture	165,222	123,635
Mining and quarrying	40,845	8,855
Manufacturing	397,146	254,196
Electricity, gas and water	2,277	192
Construction	30,646	17,396
Real estate	196,834	175,320
Wholesale & retail trade and restaurants & hotels	154,308	101,745
Transportation, storage and communication	162,031	232,598
Finance, insurance and business services	194,015	212,444
Household	1,596,849	1,222,331
Others	25,766	37,088
	2,965,939	2,385,800

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

	30 September 2011 RM'000	31 December 2010 RM'000
Purchase of landed property		
- Residential	430,002	311,625
- Non-residential	38,768	83,401
Fixed assets excluding land and building	89,948	53,237
Personal Use	1,176,682	874,854
Working Capital	1,208,158	1,062,683
Others	22,381	-
	<u>2,965,939</u>	<u>2,385,800</u>

(vi) By maturity structure

	30 September 2011 RM'000	31 December 2010 RM'000
Maturing within one year	1,029,560	961,806
One year to three years	420,793	386,189
Three years to five years	755,032	607,758
Over five years	760,554	430,047
	<u>2,965,939</u>	<u>2,385,800</u>

(vii) By geographical distribution

	30 September 2011 RM'000	31 December 2010 RM'000
Within Malaysia	<u>2,965,939</u>	<u>2,385,800</u>

(viii) Analysis of foreign currency exposure

Financing and advances denominated in currencies other than the functional currency comprise RM188,625,966 (2010: RM132,014,366) of financing and advances denominated in U.S. Dollar and RM Nil (2010: RM272,128) denominated in other currencies.

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

	30 September 2011 RM'000	31 December 2010 RM'000
At 1 January	22,430	14,127
Classified as impaired during the financial period/year	42,240	60,849
Reclassified as performing during the financial period/year	(598)	(887)
Amount recovered during the financial period/year	(6,247)	(7,614)
Amount written off	(37,864)	(44,045)
At end of reporting period/year	<u>19,961</u>	<u>22,430</u>
Individual impairment provisions	<u>(12,876)</u>	<u>(12,356)</u>
Net impaired financing and advances	<u><u>7,085</u></u>	<u><u>10,074</u></u>
Ratio of net impaired financing and advances to net financing and advances	<u>0.24%</u>	<u>0.42%</u>

(ii) Movements in impairment provisions for financing and advances

	30 September 2011 RM'000	31 December 2010 RM'000
Collective impairment provisions		
At 1 January	31,299	23,741
Impairments made during the financial period/year	8,703	20,997
Amount written back	(2,670)	(13,439)
At end of reporting period/year	<u>37,332</u>	<u>31,299</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 RM520,793,000 (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 4.1(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)

	30 September 2011 RM'000	31 December 2010 RM'000
Individual impairment provisions		
At 1 January	12,356	11,242
Impairments made during the financial period/year	38,759	46,046
Amount written back in respect of recoveries	(540)	(887)
Amount written off	(37,699)	(44,045)
At end of reporting period/year	<u>12,876</u>	<u>12,356</u>

(iii) Impaired financing and advances by sector

	30 September 2011 RM'000	31 December 2010 RM'000
Manufacturing	244	2,013
Household	19,717	20,417
	<u>19,961</u>	<u>22,430</u>

(iv) Impaired financing and advances by purpose

	30 September 2011 RM'000	31 December 2010 RM'000
Purchase of landed property (<i>Residential</i>)	8,234	9,499
Personal use	11,612	12,896
Working capital	115	35
	<u>19,961</u>	<u>22,430</u>

(iv) Impaired financing and advances by geographical distribution

	30 September 2011 RM'000	31 December 2010 RM'000
Within Malaysia	<u>19,961</u>	<u>22,430</u>

15. Other assets

	30 September 2011 RM'000	31 December 2010 RM'000
Income receivable	1,376	1,451
Other receivables, deposits and prepayments	250,778	72,970
	<u>252,154</u>	<u>74,421</u>

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

	30 September 2011 RM'000	31 December 2010 RM'000
Non-Mudharabah		
Demand deposits	392,461	466,223
Savings deposits	105,020	63,768
Negotiable instruments of deposits	144,750	185,851
	<u>642,231</u>	<u>715,842</u>
Mudharabah		
General investment deposits	1,218,337	605,618
	<u>1,860,568</u>	<u>1,321,460</u>

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

	30 September 2011 RM'000	31 December 2010 RM'000
Due within six months	1,050,957	591,958
Six months to one year	195,844	87,267
One year to three years	23,810	26,398
Over five years	92,476	85,846

(ii) By type of customers

	30 September 2011 RM'000	31 December 2010 RM'000
Government and statutory bodies	184,808	100,000
Business enterprises	677,291	545,682
Individuals	777,226	445,076
Others	221,243	230,702
	<u>1,860,568</u>	<u>1,321,460</u>

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17. Deposits and placements of banks and other financial institutions

	30 September 2011 RM'000	31 December 2010 RM'000
Non-Mudharabah		
Licensed banks	24,836	25,574
Other financial institutions	91,139	75,823
	<u>115,975</u>	<u>101,397</u>
Mudharabah		
Licensed banks	1,902,417	1,991,113
	<u>2,018,392</u>	<u>2,092,510</u>

18. Other liabilities

	30 September 2011 RM'000	31 December 2010 RM'000
Income payable	19,387	6,840
Profit equalisation reserve	3,528	7,478
Other payables and accruals	306,609	142,297
	<u>329,524</u>	<u>156,615</u>
 Profit equalisation reserves:-		
At 1 January	7,478	7,478
Amount written back during the period/year	(3,950)	-
At end of reporting period/year	<u>3,528</u>	<u>7,478</u>

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

	3rd Quarter ended		Nine months ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Income derived from investment of:-				
(i) General investment deposits	18,747	13,655	44,041	24,541
(ii) Other deposits	4,175	14,591	23,214	37,028
	<u>22,922</u>	<u>28,246</u>	<u>67,255</u>	<u>61,569</u>

(i) Income derived from investment of general investment deposits

	3rd Quarter ended		Nine months ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Finance income and hibah				
Financing and advances	17,320	9,642	39,303	19,696
Investment securities available-for-sale	191	303	452	808
Money at call and deposits with financial institutions	5,220	2,634	12,512	7,993
	22,731	12,579	52,267	28,497
Amortisation of premium less accretion of discount	(3,948)	(1,156)	(8,322)	(4,854)
Total finance income and hibah	18,783	11,423	43,945	23,643
Other operating income				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	4,958	4,735	11,248	10,185
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(4,994)	(2,504)	(11,152)	(9,288)
	(36)	2,232	96	898
	<u>18,747</u>	<u>13,655</u>	<u>44,041</u>	<u>24,541</u>

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

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

	3rd Quarter ended		Nine months ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Finance income and hibah				
Financing and advances	4,173	9,000	20,718	29,723
Investment securities available-for-sale	41	180	238	1,220
Money at call and deposits with financial institutions	1,107	1,016	6,595	12,062
	5,321	10,196	27,551	43,005
Amortisation of premium less accretion of discount	(1,095)	296	(4,387)	(7,325)
Total finance income and hibah	4,226	10,492	23,164	35,680
Other operating income				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	1,193	4,132	5,928	15,365
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(1,244)	(32)	(5,878)	(14,016)
	(51)	4,099	50	1,348
	4,175	14,591	23,214	37,028

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20. Income attributable to depositors

	3rd Quarter ended		Six months ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Deposits from customers				
- Mudharabah fund	5,811	3,415	14,369	7,064
- Non-Mudharabah fund	1,532	1,657	4,780	5,154
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	14,018	13,166	40,852	35,666
- Non-Mudharabah fund	174	365	772	819
	<u>21,535</u>	<u>18,603</u>	<u>60,773</u>	<u>48,703</u>

21. Income derived from investment of shareholder's funds

	3rd Quarter ended		Nine months ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Finance income and hibah				
Financing and advances	44,457	38,855	115,618	110,038
Investment securities available-for-sale	407	633	1,179	2,002
Other operating income				
Other income	18,168	-	18,168	25,231
	<u>63,032</u>	<u>39,488</u>	<u>134,965</u>	<u>137,271</u>

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22. Other operating expenses

	3rd Quarter ended		Nine months ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	1,427	747	4,610	1,749
- Other staff related cost	362	275	819	378
	<u>1,789</u>	<u>1,022</u>	<u>5,429</u>	<u>2,127</u>
Establishment costs				
- Depreciation of property, plant and equipment	516	-	1,543	-
- Rental	295	-	853	-
- Information technology expenses	7	8	41	17
- Utilities and maintenance	351	176	1,330	191
	<u>1,169</u>	<u>184</u>	<u>3,767</u>	<u>208</u>
Marketing expenses				
- Advertisement and publicity	(4)	479	287	932
- Others	75	20	268	23
	<u>71</u>	<u>499</u>	<u>555</u>	<u>955</u>
Administration and general expenses				
- Communication expenses	139	17	415	38
- Group administration fees and business support expenses	1,436	1,650	3,662	4,706
- Management fee	14,260	15,837	43,220	44,091
- Others	2,503	1,134	6,356	3,635
	<u>18,338</u>	<u>18,638</u>	<u>53,653</u>	<u>52,470</u>
Total other operating expenses	<u><u>21,367</u></u>	<u><u>20,343</u></u>	<u><u>63,404</u></u>	<u><u>55,760</u></u>

23. Provisions for financing

	3rd Quarter ended		Nine months ended	
	30 September 2011 RM'000	30 September 2010 RM'000	30 September 2011 RM'000	30 September 2010 RM'000
Provisions for financing:-				
Individual impairment provisions	12,818	12,351	38,219	32,805
- Made in the financial period	13,047	12,450	38,759	33,460
- Written back in respect of recoveries	(229)	(99)	(540)	(655)
Collective impairment provisions				
- Made in the financial period	4,550	3,852	8,703	20,318
- Written back	(243)	(506)	(2,670)	(7,144)
Bad and doubtful debts on financing and advances:-				
- Recovered	(1,783)	-	(14,285)	-
	<u>15,342</u>	<u>15,697</u>	<u>29,967</u>	<u>45,979</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 30 September 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	7,845	5,995	3,383	33,827	33,827	14,105
Transaction-related contingent items	28,992	26,074	6,925	24,687	24,687	7,273
Short-term self liquidating trade-related contingencies	55,160	52,657	16,185	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	1,016,565	42,696 **	35,371 **	966,546	51,351 **	38,176 **
- maturity exceeding one year	527,265	20,537	18,602	371,082	20,780	16,961
Foreign exchange related contracts:-						
- less than one year	351,522	21,624	6,290	2,155	32	20
- one year to less than five years	-	-	-	282,837	29,556	6,042
Profit rate related contracts:-						
- one year to less than five years	586,667	23,922	37,175	10,300,000	139,031	21,105
- five years and above	293,895	21,268	2,534	623,339	51,939	57,820
	<u>2,867,911</u>	<u>214,773</u>	<u>126,465</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 RM51.8million (2010: RM39.8million) and RM18.0million (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 30 September 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	1,183,440	-	-	-	165,118	1,348,558	2.99
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-
Investment securities available-for-sale	35,004	35,119	-	-	-	70,123	3.31
Financing and advances							
- Performing	719,856	103,271	1,222,188	861,007	2,324	2,908,646	8.71
- Impaired	-	-	-	-	7,085	7,085	-
Derivative financial assets	2,734	10,704	9,455	723	-	23,616	-
Other balances	-	-	-	-	344,663	344,663	-
	1,941,034	149,094	1,231,643	861,730	519,190	4,702,691	
Financial liabilities							
Deposits from customers	1,180,098	564,027	23,969	92,474	-	1,860,568	2.54
Deposits and placements of banks and other financial institutions	1,814,757	40,055	-	163,580	-	2,018,392	2.81
Derivative financial liabilities	2,734	10,704	8,736	723	-	22,897	-
Other balances	-	-	-	-	329,524	329,524	-
	2,997,589	614,786	32,705	256,777	329,524	4,231,381	
On-balance sheet profit sensitivity gap	(1,056,555)	(465,692)	1,198,938	604,953	189,666		
Off-balance sheet profit sensitivity gap	-	-	-	-	-		
Total profit sensitivity gap	(1,056,555)	(465,692)	1,198,938	604,953	189,666		

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:-

	30 September 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	94,621	56,077
Less: Deferred tax assets	(5,184)	(3,502)
Deductions in excess of Tier 2 capital	(74,884)	(57,363)
Eligible Tier 1 capital	<u>400,553</u>	<u>381,212</u>
Tier 2 Capital		
Collective impairment provisions under standardised approach	<u>1,192</u>	<u>901</u>
Eligible Tier 2 capital	1,192	901
Less : Excess of expected loss over expected provisions under IRB approach	<u>(1,192)</u>	<u>(901)</u>
Eligible Tier 2 capital	<u>-</u>	<u>-</u>
Total capital base	<u><u>400,553</u></u>	<u><u>381,212</u></u>

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

	30 September 2011 RM'000	31 December 2010 RM'000
Total risk-weighted assets:-		
Credit risk	2,868,569	2,437,694
Operational risk	298,293	209,837
	<u><u>3,166,862</u></u>	<u><u>2,647,531</u></u>
Tier 1 capital ratio	12.65%	14.40%
Risk-weighted capital ratio	12.65%	14.40%