

Standard Chartered Saadiq Berhad

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

**Financial statements for the financial half
year ended 30 June 2009**

Domiciled in Malaysia
Principal place of business
Level 16, Menara Standard Chartered
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur

STANDARD CHARTERED SAADIQ BERHAD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEET AS AT 30 JUNE 2009**

| | Note | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|---|------|---------------------------|-------------------------------|
| Assets | | | |
| Cash and short term funds | | 3,072,871 | 2,585,476 |
| Deposits and placements with banks and other financial institutions | 10 | - | 200,270 |
| Securities available-for-sale | 11 | 275,803 | 242,072 |
| Financing and advances | 12 | 1,617,296 | 1,368,041 |
| Other receivables | 14 | 72,786 | 908,187 |
| Statutory deposits with Bank Negara Malaysia | | 14,110 | 54,000 |
| Deferred tax asset | | 1,460 | 766 |
| Total assets | | 5,054,326 | 5,358,812 |
| Liabilities | | | |
| Deposits from customers | 15 | 3,451,014 | 4,423,290 |
| Deposits and placements of banks and other financial institutions | 16 | 880,223 | 627,179 |
| Bills and acceptances payable | | - | 28,942 |
| Other payables | 17 | 507,514 | 75,652 |
| Tax payable | | 3,399 | 1,572 |
| Total liabilities | | 4,842,150 | 5,156,635 |
| Equity | | | |
| Share capital | | 50,000 | 50,000 |
| Reserves | | 162,176 | 152,177 |
| Total equity attributable to equity holder of the Bank | | 212,176 | 202,177 |
| Total liabilities and equity | | 5,054,326 | 5,358,812 |
| Commitments and contingencies | 23 | 2,421,066 | 1,005,434 |
| CAPITAL ADEQUACY | | | |
| Core capital ratio | 26 | 11.33% | 12.13% |
| Risk-weighted capital ratio | 26 | 12.71% | 13.39% |

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 2008.

STANDARD CHARTERED SAADIQ BERHAD

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT FOR THE
FINANCIAL HALF YEAR ENDED 30 JUNE 2009**

| | Note | 2nd Quarter ended 30 June 2009 RM'000 | Six months ended 30 June 2009 RM'000 |
|---|------|--|---|
| Income derived from investment of depositors' funds and others | 18 | 28,555 | 57,391 |
| Income derived from investment of shareholder's funds | 20 | 29,502 | 55,669 |
| Allowance for bad and doubtful financing | 22 | (11,445) | (20,619) |
| Transfer to profit equalisation reserves | 17 | - | (804) |
| Total distributable income | | <u>46,612</u> | <u>91,637</u> |
| Income attributable to depositors | 19 | (23,848) | (56,561) |
| Total net income | | <u>22,764</u> | <u>35,076</u> |
| Other operating expenses | 21 | (13,826) | (23,541) |
| Profit before taxation | | <u>8,938</u> | <u>11,535</u> |
| Tax expense | | (2,270) | (2,943) |
| Profit for the period | | <u><u>6,668</u></u> | <u><u>8,592</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 2008.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

| | ← <i>Non Distributable Reserves</i> → | | | | <i>Distributable</i> | Total |
|--|---------------------------------------|----------------------|---------------------------|---------------------|----------------------------------|----------------|
| | Share capital | Share premium | Statutory reserves | AFS reserves | Reserves Retained profits | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2009 | 50,000 | 150,000 | 1,539 | (901) | 1,539 | 202,177 |
| Unrealised net gain on revaluation of securities available-for-sale, net of tax | - | - | - | 1,710 | - | 1,710 |
| Realised gain from disposal of securities available-for-sale transferred to income statement, net of tax | - | - | - | (303) | - | (303) |
| Net gain recognised directly in equity | - | - | - | 1,407 | - | 1,407 |
| Profit for the period | - | - | - | - | 8,592 | 8,592 |
| | - | - | - | 1,407 | 8,592 | 9,999 |
| At 30 June 2009 | 50,000 | 150,000 | 1,539 | 506 | 10,131 | 212,176 |

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 2008.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2009

| | 30 June 2009 RM'000 |
|--|------------------------------------|
| Profit before taxation | 11,535 |
| Adjustment for non-operating items | - |
| Adjustment for non-cash items | 182 |
| Operating profit before working capital changes | 11,717 |
| Changes in working capital | |
| Net changes in operating assets | 826,306 |
| Net changes in operating liabilities | (317,116) |
| Income taxes paid | (1,116) |
| Net cash generated from/(used in) operating activities | 519,791 |
| Net cash generated from/(used in) investing activities | (32,396) |
| Net cash used in financing activities | - |
| Net increase in cash and cash equivalents | 487,395 |
| Cash and cash equivalent at beginning of the year | 2,585,476 |
| Cash and cash equivalent at end of the period | 3,072,871 |

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 2008.

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REVIEW OF PERFORMANCE

The Bank's profit before taxation for the financial half ended 30 June 2009 was RM11.5 million. Income derived from investment of depositors' funds and others was RM57.4 million while income derived from investment of shareholder's funds was RM55.7 million. Allowance for bad and doubtful financing was RM20.6 million. Total assets registered a slight reduction of RM304 million or 5.68% to RM5.05 billion compared to the last financial year ended 31 December 2008. However, the Bank's core capital ratio and risk-weighted capital ratio remained strong at 11.33% and 12.71% respectively.

PROSPECTS

The Bank will continue to grow its business in Malaysia in support of a focused strategic agenda to achieve the Standard Chartered PLC's ambition to be the best international bank, leading the way in Asia, Africa and the Middle East. The Bank has built significant momentum to lead the way in product innovation, service, performance culture, corporate governance and enhancing shareholder value. The strategic agenda for 2009 is set out below:-

- Deliver superior financial performance, in line with the market
- Continuously improve the way we work, to make things simpler, faster and better
- Massively multiply our leadership capability, attracting and retaining more talent and turning managers into true leaders
- Reinforce the brand, making it even more powerful and well-known across our footprint

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Notes to the financial statements for the financial half year ended 30 June 2009

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the second quarter and the financial half year ended 30 June 2009 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 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 year ended 31 December 2008. 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 period ended 31 December 2008.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2008 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 second quarter and the financial half year ended 30 June 2009.

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the second quarter and the financial half year ended 30 June 2009.

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

There were no issuance and repayment of debt and equity securities, share-buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the financial half year ended 30 June 2009.

7. Proposed Dividend

No dividend has been proposed for the second quarter and period ended 30 June 2009.

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 financial half year ended 30 June 2009.

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10. Deposits and placements with banks and other financial institutions

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|----------------------|---------------------------|-------------------------------|
| Bank Negara Malaysia | - | 200,270 |

11. Securities available-for-sale

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|---|---------------------------|-------------------------------|
| <u>At fair value</u> | | |
| Bank Negara Malaysia bills | 59,955 | - |
| Cagamas bonds | 65,183 | 64,478 |
| Islamic negotiable instruments of deposit | 34,990 | 44,995 |
| Government Islamic bonds | 25,248 | 25,138 |
| Islamic private debt securities | 90,427 | 107,461 |
| | <u>275,803</u> | <u>242,072</u> |

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

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|--|---------------------------|-------------------------------|
| Term financing | | |
| - House financing | 271,470 | 241,056 |
| - Hire purchase receivables | 9,887 | - |
| - Lease receivables | 75,220 | 20,142 |
| - Other term financing | 1,224,930 | 1,034,397 |
| Bills receivable | 30,789 | 33,869 |
| Trust receipts | 70,176 | 1,798 |
| Claims on customers under acceptance credits | - | 29,019 |
| Staff financing (of which advances to Directors - Nil) | 3,603 | 3,030 |
| Revolving credit | 447,741 | 460,254 |
| | <u>2,133,816</u> | <u>1,823,565</u> |
| Less: Unearned income | (490,833) | (433,795) |
| Gross financing and advances | 1,642,983 | 1,389,770 |
| Less: Allowance for bad and doubtful financing:- | | |
| Specific | (956) | (848) |
| General | (24,731) | (20,881) |
| Total net financing and advances | <u>1,617,296</u> | <u>1,368,041</u> |

(ii) By contract

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|--|---------------------------|-------------------------------|
| Bai Bithaman Ajil (<i>deferred payment sale</i>) | 223,360 | 218,402 |
| Ijarah Thumma Al-Bai (<i>finance lease</i>) | 78,050 | 18,606 |
| Murabahah (<i>cost plus</i>) | 98,008 | 63,190 |
| Others | 1,243,565 | 1,089,572 |
| | <u>1,642,983</u> | <u>1,389,770</u> |

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

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|--|------------------------------------|--|
| Domestic non-bank financial institutions | 107,456 | 78,100 |
| <i>Stockbroking companies</i> | - | - |
| <i>Others</i> | 107,456 | 78,100 |
| Domestic business enterprises | 674,453 | 574,143 |
| <i>Small medium enterprises</i> | 113,242 | 82,771 |
| <i>Others</i> | 561,211 | 491,372 |
| Individuals | 850,581 | 731,863 |
| Foreign entities | 10,493 | 5,664 |
| | <u>1,642,983</u> | <u>1,389,770</u> |

(iv) By profit rate sensitivity

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|--------------------|------------------------------------|--|
| Fixed rate | | |
| - House financing | 5,763 | 6,019 |
| - Other financing | 892,016 | 714,221 |
| Variable rate | | |
| - House financing | 251,955 | 212,368 |
| - Revolving credit | 441,465 | 457,162 |
| - Other financing | 51,784 | - |
| | <u>1,642,983</u> | <u>1,389,770</u> |

(v) By sector

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|---|------------------------------------|--|
| Agriculture | 20,013 | 21 |
| Mining and quarrying | 1,750 | 3,000 |
| Manufacturing | 35,780 | 49,947 |
| Electricity, gas and water | 30,000 | - |
| Construction | 38,457 | 6,483 |
| Real estate | 92,981 | 61,682 |
| Purchase of landed property | 176,175 | 162,942 |
| - <i>Residential</i> | 129,750 | 113,578 |
| - <i>Non-residential</i> | 46,425 | 49,364 |
| Wholesale & retail trade and restaurants & hotels | 273,049 | 299,211 |
| Transport, storage and communication | 118,582 | 86,404 |
| Finance, insurance and business services | 133,523 | 104,375 |
| Consumption credit | 684,645 | 574,595 |
| Others | 38,028 | 41,110 |
| | <u>1,642,983</u> | <u>1,389,770</u> |

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13. Non-performing financing (NPF)**(i) Movements in the non-performing financing and advances**

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|--|------------------------------------|--|
| At 1 January/ Amount vested over from immediate holding company | 9,254 | 5,665 |
| Classified as non-performing during the financial period | 23,677 | 9,153 |
| Reclassified as performing during the financial period | (612) | (187) |
| Amount recovered during the financial period | (1,429) | (149) |
| Amount written off | <u>(16,649)</u> | <u>(5,228)</u> |
| At end of reporting period | 14,241 | 9,254 |
| Specific allowance | <u>(956)</u> | <u>(848)</u> |
| Net non-performing financing and advances | <u><u>13,285</u></u> | <u><u>8,406</u></u> |
| | | |
| Ratio of net non-performing financing and advances to net financing and advances | <u>0.81%</u> | <u>0.61%</u> |

(ii) Movements in allowance for bad and doubtful financing

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|---|------------------------------------|--|
| General Allowance | | |
| At 1 January/ Amount vested over from immediate holding company | 20,881 | 20,031 |
| Allowance made during the financial period | 4,000 | 850 |
| Amount written back | (150) | - |
| At end of reporting period | <u>24,731</u> | <u>20,881</u> |
| | | |
| As a percentage of gross financing and advances less specific allowance | <u>1.5%</u> | <u>1.5%</u> |
| | | |
| Specific Allowance | | |
| At 1 January/ Amount vested over from immediate holding company | 848 | 841 |
| Allowance made during the financial period | 16,900 | 5,042 |
| Amount written back in respect of recoveries | (131) | (72) |
| Amount written off | <u>(16,661)</u> | <u>(4,963)</u> |
| At end of reporting period | <u>956</u> | <u>848</u> |

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13. Non-performing financing (NPF) (continued)**(iii) NPF by sector**

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|---|------------------------------------|--|
| Purchase of landed property | 3,863 | 2,871 |
| - Residential | 3,863 | 2,871 |
| - Non-residential | - | - |
| Wholesale & retail trade and restaurants & hotels | 164 | - |
| Consumption credit | 10,214 | 6,383 |
| | 14,241 | 9,254 |

14. Other receivables

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|--|------------------------------------|--|
| Derivatives | 63,297 | 10,708 |
| Income receivable | 2,792 | 3,277 |
| Other receivables, deposit and prepayments | 6,697 | 894,202 |
| | 72,786 | 908,187 |

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

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|------------------------------------|------------------------------------|--|
| Non-Mudharabah | | |
| Demand deposits | 629,765 | 246,231 |
| Savings deposits | 67,331 | 55,872 |
| Negotiable instruments of deposits | 438,631 | 443,011 |
| | 1,135,727 | 745,114 |
| Mudharabah | | |
| General investment deposits | 2,315,287 | 3,678,176 |
| | 3,451,014 | 4,423,290 |

(ii) By type of customers

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|----------------------|------------------------------------|--|
| Business enterprises | 2,317,645 | 3,474,895 |
| Individuals | 659,393 | 315,720 |
| Others | 473,976 | 632,675 |
| | 3,451,014 | 4,423,290 |

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16. Deposits and placements of banks and other financial institutions

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|------------------------------|------------------------------------|--|
| Non-Mudharabah | | |
| Licensed banks | 14,816 | 8,661 |
| Bank Negara Malaysia | - | 324 |
| Other financial institutions | 88,407 | 2,205 |
| | <u>103,223</u> | <u>11,190</u> |
| Mudharabah | | |
| Licensed banks | 777,000 | 615,989 |
| | <u>880,223</u> | <u>627,179</u> |

17. Other payables

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|--|------------------------------------|--|
| Derivatives | 62,374 | 10,429 |
| Income payable | 15,114 | 14,906 |
| Profit equalisation reserve | 6,548 | 5,744 |
| Other payables and accruals | 423,478 | 44,573 |
| | <u>507,514</u> | <u>75,652</u> |
| Profit equalisation reserves:- | | |
| At 1 January/ Amount vested over immediate holding company | 5,744 | 4,734 |
| Amount provided during the financial period | 804 | 1,010 |
| At end of reporting period | <u>6,548</u> | <u>5,744</u> |

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

| | 2nd Quarter ended 30 June 2009 RM'000 | Six months ended 30 June 2009 RM'000 |
|-------------------------------------|--|---|
| Income derived from investment of:- | | |
| (i) General investment deposits | 16,768 | 38,504 |
| (ii) Other deposits | 11,787 | 18,887 |
| | <u>28,555</u> | <u>57,391</u> |

(i) Income derived from investment of general investment deposits

| | 2nd Quarter ended 30 June 2009 RM'000 | Six months ended 30 June 2009 RM'000 |
|---|--|---|
| Finance income and hibah | | |
| Financing and advances | 5,761 | 12,764 |
| Securities available-for-sale | 496 | 1,129 |
| Money at call and deposits with financial institutions | 9,257 | 26,920 |
| | 15,514 | 40,813 |
| Amortisation of premium less accretion of discount | (3,233) | (7,850) |
| Total finance income and hibah | <u>12,281</u> | <u>32,963</u> |
| Other operating income | | |
| Fees and commission | 4,487 | 5,541 |
| | <u>16,768</u> | <u>38,504</u> |

(ii) Income derived from investment of other deposits

| | | |
|---|---------------|---------------|
| Finance income and hibah | | |
| Financing and advances | 3,973 | 6,261 |
| Securities available-for-sale | 347 | 554 |
| Money at call and deposits with financial institutions | 7,436 | 13,205 |
| | 11,756 | 20,020 |
| Amortisation of premium less accretion of discount | (2,343) | (3,851) |
| Total finance income and hibah | <u>9,413</u> | <u>16,169</u> |
| Other operating income | | |
| Fees and commission | 2,374 | 2,718 |
| | <u>11,787</u> | <u>18,887</u> |

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19. Income attributable to depositors

| | 2nd Quarter ended 30 June 2009 RM'000 | Six months ended 30 June 2009 RM'000 |
|--|--|---|
| Deposit from customers | | |
| - Mudharabah fund | 16,402 | 39,206 |
| - Non-Mudharabah fund | 3,041 | 5,829 |
| Deposits and placements of banks and other financial institutions | | |
| - Mudharabah fund | 4,158 | 10,543 |
| - Non-Mudharabah fund | 247 | 983 |
| | <u>23,848</u> | <u>56,561</u> |

20. Income derived from investment of shareholder's funds

| | 2nd Quarter ended 30 June 2009 RM'000 | Six months ended 30 June 2009 RM'000 |
|---------------------------------|--|---|
| Finance income and hibah | | |
| Financing and advances | 28,172 | 52,811 |
| Securities available-for-sale | 1,330 | 2,858 |
| | <u>29,502</u> | <u>55,669</u> |

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21. Other operating expenses

| | 2nd Quarter ended 30 June 2009 RM'000 | Six months ended 30 June 2009 RM'000 |
|---|--|---|
| Personnel costs | | |
| - Salaries, bonus, wages and allowances | 247 | 459 |
| - Other staff related cost | 8 | 31 |
| | <u>255</u> | <u>490</u> |
| Establishment costs | | |
| - Information technology expenses | 2 | 2 |
| - Utilities and maintenance | 52 | 88 |
| | <u>54</u> | <u>90</u> |
| Marketing expenses | | |
| - Advertisement and publicity | 932 | 994 |
| - Others | 31 | 46 |
| | <u>963</u> | <u>1,040</u> |
| Administration and general expenses | | |
| - Communication expenses | 6 | 22 |
| - Group administration fees and business support expenses | 1,105 | 1,683 |
| - Management fee | 10,807 | 19,234 |
| - Others | 636 | 982 |
| | <u>12,554</u> | <u>21,921</u> |
| Total other operating expenses | <u><u>13,826</u></u> | <u><u>23,541</u></u> |

22. Allowance for bad and doubtful financing

| | 2nd Quarter ended 30 June 2009 RM'000 | Six months ended 30 June 2009 RM'000 |
|--|--|---|
| Allowance for bad and doubtful financing on financing and advances:- | | |
| Specific allowance (net) | 9,245 | 16,769 |
| - Made in the financial period | 9,340 | 16,900 |
| - Written back in respect of recoveries | (95) | (131) |
| General allowance | | |
| - Made in the financial period | 2,200 | 4,000 |
| - Written back | - | (150) |
| | <u>11,445</u> | <u>20,619</u> |

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23. 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 June 2009 | | | As at 31 December 2008 | | |
|---|----------------------------|--------------------------------------|----------------------------------|----------------------------|--------------------------------------|----------------------------------|
| | 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 | 19,231 | 19,231 | 18,299 | 19,619 | 19,619 | 19,619 |
| Transaction-related contingent items | 6,656 | 3,328 | 2,632 | 4,507 | 2,254 | 1,626 |
| Short-term self liquidating trade-related contingencies | 11,386 | 2,277 | 2,463 | 6,067 | 1,213 | 710 |
| Irrevocable commitments to extend credit:- | | | | | | |
| - maturity not exceeding one year | 566,904 | - | - | 179,299 | - | - |
| - maturity exceeding one year | 140,955 | 31,978 | 27,909 | 35,936 | 17,968 | 12,644 |
| Foreign exchange related contracts:- | | | | | | |
| - less than one year | 269,007 | 4,839 | 968 | 71,262 | 4,278 | 856 |
| - one year to less than five years | 234,073 | 23,220 | 6,086 | 232,249 | 25,849 | 6,588 |
| Profit rate related contracts | | | | | | |
| - less than one year | 19,076 | 101 | 20 | 256,495 | 1,030 | 206 |
| - one year to less than five years | 1,153,778 | 137,078 | 53,544 | 200,000 | 6,554 | 1,311 |
| | <u>2,421,066</u> | <u>222,052</u> | <u>111,921</u> | <u>1,005,434</u> | <u>78,765</u> | <u>43,560</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.

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

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24. Rate of return risk

| As at 30 June 2009 | Non Trading books | | | | | | | Over 5 years | Non profit sensitive | Total | Effective Profit Rate |
|---|-------------------|------------------|-----------------|------------------|----------------|----------------|---------------|----------------|----------------------|------------------|-----------------------|
| | Up to 1 month | > 1 - 3 months | > 3 - 12 months | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | (%) |
| Assets | | | | | | | | | | | |
| Cash and short term funds | 3,065,670 | - | - | - | - | - | - | - | 7,201 | 3,072,871 | 1.96 |
| Deposits and placements with banks and other financial institutions | - | - | - | - | - | - | - | - | - | - | - |
| Securities available-for-sale | 64,957 | 59,967 | 25,248 | 45,439 | 80,192 | - | - | - | - | 275,803 | 3.27 |
| Financing and advances | | | | | | | | | | | |
| - Performing | 59,183 | 14,362 | 448,024 | 133,212 | 205,449 | 559,652 | 17,306 | 164,584 | 2,239 | 1,604,011 | 9.42 |
| - Non-performing | - | - | - | - | - | - | - | - | 13,285 | 13,285 | - |
| Other non-profit sensitive balances | - | - | - | - | - | - | - | - | 88,356 | 88,356 | - |
| Total assets | 3,189,810 | 74,329 | 473,272 | 178,651 | 285,641 | 559,652 | 17,306 | 164,584 | 111,081 | 5,054,326 | |
| Liabilities | | | | | | | | | | | |
| Deposits from customers | 2,401,702 | 423,056 | 294,621 | 185,468 | 46,493 | 19,314 | - | 80,360 | - | 3,451,014 | 2.72 |
| Deposits and placements of banks and other financial institutions | 94,398 | 1,688 | - | 777,000 | - | - | 7,137 | - | - | 880,223 | 2.25 |
| Bills and acceptances payable | - | - | - | - | - | - | - | - | - | - | - |
| Other non-profit sensitive balances | - | - | - | - | - | - | - | - | 510,913 | 510,913 | - |
| Total liabilities | 2,496,100 | 424,744 | 294,621 | 962,468 | 46,493 | 19,314 | 7,137 | 80,360 | 510,913 | 4,842,150 | |
| Shareholder's equity | - | - | - | - | - | - | - | - | 212,176 | 212,176 | |
| Total liabilities and shareholder's equity | 2,496,100 | 424,744 | 294,621 | 962,468 | 46,493 | 19,314 | 7,137 | 80,360 | 723,089 | 5,054,326 | |
| On-balance sheet profit sensitivity gap | 693,710 | (350,415) | 178,651 | (783,817) | 239,148 | 540,338 | 10,169 | 84,224 | (612,008) | | |
| Off-balance sheet profit sensitivity gap | - | - | - | - | - | - | - | - | - | | |
| Total profit sensitivity gap | 693,710 | (350,415) | 178,651 | (783,817) | 239,148 | 540,338 | 10,169 | 84,224 | (612,008) | | |

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24. Rate of return risk (continued)

| As at 31 December 2008 | Non Trading books | | | | | | | Over 5 years | Non profit sensitive | Total | Effective Profit Rate |
|---|-------------------|--------------------|------------------|----------------|------------------|---------------|----------------|----------------|----------------------|------------------|-----------------------|
| | Up to 1 month | > 1 - 3 months | > 3 - 12 months | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | | | | RM'000 | RM'000 | RM'000 | (%) |
| Assets | | | | | | | | | | | |
| Cash and short term funds | 2,579,136 | - | - | - | - | - | - | - | 6,340 | 2,585,476 | 3.26 |
| Deposits and placements with banks and other financial institutions | - | 200,270 | - | - | - | - | - | - | - | 200,270 | 3.29 |
| Securities available-for-sale | 14,997 | 48,004 | 25,117 | 114,633 | 4,941 | - | 34,380 | - | - | 242,072 | 4.47 |
| Financing and advances | 26 | - | - | - | - | - | - | - | - | - | - |
| - Performing | 26 | 61,353 | 429,879 | 89,468 | 134,378 | 87,123 | 290,568 | 219,202 | 16,476 | 1,328,473 | 10.10 |
| - Non performing | - | - | - | - | - | - | - | - | 8,406 | 8,406 | - |
| Other non-profit sensitive balances | - | - | - | - | - | - | - | - | 962,953 | 962,953 | - |
| Total assets | 2,594,185 | 309,627 | 454,996 | 204,101 | 139,319 | 87,123 | 324,948 | 219,202 | 994,175 | 5,327,650 | |
| Liabilities | | | | | | | | | | | |
| Deposits from customers | 2,263,776 | 1,400,086 | 316,365 | 51 | 345,393 | 6,930 | 11,987 | 78,702 | - | 4,423,290 | 2.49 |
| Deposits and placements of banks and other financial institutions | 28,517 | - | 580,000 | 11,652 | - | - | 7,010 | - | - | 627,179 | 3.33 |
| Bills and acceptances payable | 28,942 | - | - | - | - | - | - | - | - | 28,942 | 3.88 |
| Other non-profit sensitive balances | - | - | - | - | - | - | - | - | 77,224 | 77,224 | - |
| Total liabilities | 2,321,235 | 1,400,086 | 896,365 | 11,703 | 345,393 | 6,930 | 18,997 | 78,702 | 77,224 | 5,156,635 | |
| Shareholder's equity | - | - | - | - | - | - | - | - | 202,177 | 202,177 | |
| Total liabilities and shareholder's equity | 2,321,235 | 1,400,086 | 896,365 | 11,703 | 345,393 | 6,930 | 18,997 | 78,702 | 279,401 | 5,358,812 | |
| On-balance sheet profit sensitivity gap | 272,950 | (1,090,459) | (441,369) | 192,398 | (206,074) | 80,193 | 305,951 | 140,500 | 714,774 | | |
| Off-balance sheet profit sensitivity gap | - | - | - | - | - | - | - | - | - | | |
| Total profit sensitivity gap | 272,950 | (1,090,459) | (441,369) | 192,398 | (206,074) | 80,193 | 305,951 | 140,500 | 714,774 | | |

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25. Credit exposure to connected parties

The credit exposures of the Bank to connected parties, as defined by Bank Negara Malaysia's 'Guidelines on Credit Transactions and Exposures with Connected Parties' are as follows:-

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|--|------------------------------------|--|
| Aggregate value of outstanding credit exposures to connected parties | 55,601 | 19,023 |
| As a percentage of total credit exposures | 2.2% | 1.1% |

There are currently no exposures to connected parties which are classified as non-performing.

26. Capital adequacy

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

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|--|------------------------------------|--|
| Tier 1 Capital | | |
| Paid-up ordinary share capital | 50,000 | 50,000 |
| Share premium | 150,000 | 150,000 |
| Other reserves | 3,078 | 3,078 |
| Less: Deferred tax asset | (465) | (465) |
| Total Tier 1 Capital | <u>202,613</u> | <u>202,613</u> |
| Tier 2 Capital | | |
| General allowance for bad and doubtful financing | <u>24,731</u> | <u>20,881</u> |
| Total Tier 2 Capital | <u>24,731</u> | <u>20,881</u> |
| Total Capital Base | <u><u>227,344</u></u> | <u><u>223,494</u></u> |

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

| | 30 June 2009 | | 31 December 2008 | |
|------|--|--|--|--|
| | Principal amount RM'000 | Risk weight amount RM'000 | Principal amount RM'000 | Risk weight amount RM'000 |
| 0% | 3,160,187 | - | 2,934,183 | - |
| 10% | - | - | - | - |
| 20% | 215,033 | 43,007 | 989,712 | 197,942 |
| 50% | 243,668 | 121,834 | 112,553 | 56,277 |
| 100% | 1,623,173 | 1,623,173 | 1,415,488 | 1,415,488 |
| | <u>5,242,061</u> | <u>1,788,014</u> | <u>5,451,936</u> | <u>1,669,707</u> |

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26. Capital adequacy (continued)

| | 30 June 2009 RM'000 | 31 December 2008 RM'000 |
|-----------------------------|------------------------------------|--|
| Total risk-weighted assets | | |
| - credit risk (as above) | 1,788,014 | 1,669,707 |
| - market risk | - | - |
| | <u>1,788,014</u> | <u>1,669,707</u> |
| Capital Ratios | | |
| Core capital ratio | 11.33% | 12.13% |
| Risk-weighted capital ratio | 12.71% | 13.39% |