
Standard Chartered Saadiq Berhad

**Pillar 3 Disclosures
30 June 2011**



Incorporated in Malaysia with registered Company No. 823437K

Registered Office and Principal Place of Businesses

Level 16, Menara Standard Chartered

No. 30, Jalan Sultan Ismail 50250 Kuala Lumpur

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1.0 Regulatory capital requirement

Disclosure on capital adequacy under the Standardised and IRB approach

30 June 2011 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Risk weighted assets absorbed by PSIA RM'000	Total risk weighted assets after effects of PSIA RM'000	Capital requirement RM'000
(a) Credit risk						
<u>Exposures under the Standardised approach</u>						
On-balance sheet exposures:-						
Corporates	94,313	94,286	94,286	-	94,286	7,543
Regulatory retail	46,396	45,273	33,954	-	33,954	2,716
Residential mortgages	17	17	6	-	6	-
Other assets	61,846	62,262	57,325	-	57,325	4,586
Defaulted exposures	258	258	387	-	387	31
Total on-balance sheet exposures	202,830	202,096	185,958	-	185,958	14,876
Off-balance sheet exposures:-						
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives						
	6,267	6,267	5,882	-	5,882	471
Total off-balance sheet exposures	6,267	6,267	5,882	-	5,882	471
Total on and off-balance sheet exposures	209,097	208,363	191,840	-	191,840	15,347
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	1,044,278	1,044,278	57,959	-	57,959	4,637
Banks, development financial institutions & MDBs	333,188	333,188	21,457	-	21,457	1,717
Corporates	1,161,700	1,161,700	798,832	(306,855)	491,977	39,358
Residential mortgages	363,626	363,626	87,964	-	87,964	7,037
Qualifying revolving retail exposures	-	-	-	-	-	-
Other retail	991,453	991,453	1,415,147	-	1,415,147	113,212
Defaulted exposures	61,598	61,598	137,976	-	137,976	11,038
Total on-balance sheet exposures	3,955,843	3,955,843	2,519,335	(306,855)	2,212,480	176,999
Off-balance sheet exposures:-						
OTC derivatives						
	200,721	200,721	59,773	-	59,773	4,782
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives						
	168,408	168,408	86,609	-	86,609	6,929
Defaulted exposures	1	1	1	-	1	-
Total off-balance sheet exposures	369,130	369,130	146,383	-	146,383	11,711
Total on and off-balance sheet exposures	4,324,973	4,324,973	2,665,718	(306,855)	2,358,863	188,710
(b) Large exposures risk requirement						
(c) Market risk						
(d) Operational risk (Basic indicator approach)						
			257,906	-	257,906	20,632
Total RWA and capital requirements			3,115,464	(306,855)	2,808,609	224,689

Tier 1 capital ratio and risk-weighted capital ratio

	Before effect of PSIA	After effect of PSIA
Tier 1 capital ratio	11.99%	13.30%
Risk-weighted capital ratio	11.99%	13.30%

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1.0 Regulatory capital requirement (continued)

Disclosure on capital adequacy under the Standardised and IRB approach (continued)

31 December 2010 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Risk weighted assets absorbed by PSIA RM'000	Total risk weighted assets after effects of PSIA RM'000	Capital requirement RM'000
(a) Credit risk						
<u>Exposures under the Standardised approach</u>						
On-balance sheet exposures:-						
Corporates	75,350	75,350	75,350	-	75,350	6,028
Regulatory retail	40,758	40,002	30,002	-	30,002	2,400
Residential mortgages	28	28	10	-	10	1
Other assets	52,167	52,923	46,135	-	46,135	3,691
Defaulted exposures	2,300	2,300	3,449	-	3,449	276
Total on-balance sheet exposures	<u>170,603</u>	<u>170,603</u>	<u>154,946</u>	<u>-</u>	<u>154,946</u>	<u>12,396</u>
Off-balance sheet exposures:-						
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	7,737	7,737	6,358	-	6,358	509
Total off-balance sheet exposures	<u>7,737</u>	<u>7,737</u>	<u>6,358</u>	<u>-</u>	<u>6,358</u>	<u>509</u>
Total on and off-balance sheet exposures	<u>178,340</u>	<u>178,340</u>	<u>161,304</u>	<u>-</u>	<u>161,304</u>	<u>12,905</u>
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	1,294,001	1,294,001	60,528	-	60,528	4,842
Banks, development financial institutions & MDBs	324,702	354,702	24,355	-	24,355	1,948
Corporates	1,011,142	981,142	725,545	(133,575)	591,970	47,358
Residential mortgages	347,101	347,101	91,237	-	91,237	7,299
Other retail	870,867	870,867	1,237,491	-	1,237,491	98,999
Defaulted exposures	50,924	50,924	110,910	-	110,910	8,873
Total on-balance sheet exposures	<u>3,898,737</u>	<u>3,898,737</u>	<u>2,250,066</u>	<u>(133,575)</u>	<u>2,116,491</u>	<u>169,319</u>
Off-balance sheet exposures:-						
OTC derivatives	220,558	220,558	84,987	-	84,987	6,799
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	204,059	204,059	98,605	(23,724)	74,881	5,990
Defaulted exposures	28	28	31	-	31	3
Total off-balance sheet exposures	<u>424,645</u>	<u>424,645</u>	<u>183,623</u>	<u>(23,724)</u>	<u>159,899</u>	<u>12,792</u>
Total on and off-balance sheet exposures	<u>4,323,382</u>	<u>4,323,382</u>	<u>2,433,689</u>	<u>(157,299)</u>	<u>2,276,390</u>	<u>182,111</u>
(b) Large exposures risk requirement			-	-	-	-
(c) Market risk			-	-	-	-
(d) Operational risk (Basic indicator approach)			209,837	-	209,837	16,787
Total RWA and capital requirements			<u>2,804,830</u>	<u>(157,299)</u>	<u>2,647,531</u>	<u>211,803</u>
<u>Tier 1 capital ratio and risk-weighted capital ratio</u>						
			Before effect of PSIA	After effect of PSIA		
Tier 1 capital ratio			13.59%	14.40%		
Risk-weighted capital ratio			13.59%	14.40%		

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2.0 Credit risk

2.1 Exposure values

The following tables detail the Bank's Exposure at Default ("EAD") before the effect of credit risk mitigation, broken down by the relevant exposure class against the relevant industry, maturity and geography. EAD is based on the current outstanding and accrued profit and fees, plus a proportion of the undrawn component of the facility. The amount of the undrawn facility included is dependant on the product type, and for IRB exposure classes this amount is modeled internally.

Geographical analysis

The below tables provide the Bank's EAD analysed by the booking location of the exposure.

30 June 2011	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	1,120,306	-	1,120,306
Banks, development financial institutions & multilateral development banks ("MDBs")	263,506	168,032	431,538
Insurance/Takaful companies, securities firms & fund managers	637	-	637
Corporate exposures (excluding specialised lending and firm-size adjustment)	1,130,358	1,500	1,131,858
Corporate exposures (with firm-size adjustment)	82,174	-	82,174
Specialised lending	107,867	-	107,867
Retail exposures	1,450,593	-	1,450,593
<i>Residential mortgages</i>	384,552	-	384,552
<i>Other retail exposures</i>	1,066,041	-	1,066,041
Total IRB exposures	4,155,441	169,532	4,324,973
Standardised exposures			
Corporates	99,039	-	99,039
Regulatory retail	48,195	-	48,195
Residential mortgages	17	-	17
Other assets	61,846	-	61,846
Total Standardised exposures	209,097	-	209,097
Total credit risk exposures	4,364,538	169,532	4,534,070

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Geographical analysis (continued)

31 December 2010	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	1,375,996	-	1,375,996
Banks, development financial institutions & multilateral development banks ("MDBs")	218,341	243,994	462,335
Insurance/Takaful companies, securities firms & fund managers	810	-	810
Corporate exposures (excluding specialised lending and firm-size adjustment)	972,253	31,500	1,003,753
Corporate exposures (with firm-size adjustment)	63,626	-	63,626
Qualifying corporate purchased receivables	-	-	-
Specialised lending	108,359	-	108,359
Retail exposures	1,308,503	-	1,308,503
<i>Residential mortgages</i>	370,017	-	370,017
<i>Other retail exposures</i>	938,486	-	938,486
Total IRB exposures	4,047,888	275,494	4,323,382
Standardised exposures			
Corporates	77,573	-	77,573
Regulatory retail	48,572	-	48,572
Residential mortgages	28	-	28
Other assets	52,167	-	52,167
Total Standardised exposures	178,340	-	178,340
Total credit risk exposures	4,226,228	275,494	4,501,722

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Sector or economic purpose analysis

The below tables provide the Bank's EAD analysed by sector or economic purpose of the exposure.

30 June 2011	Agricultural, hunting, forestry and fishing RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale & retail trade and restaurants & hotels RM'000	Transportation, storage and communication RM'000	Finance, insurance and services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	1,120,306	-	-	-	1,120,306
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	431,538	-	-	-	431,538
Insurance/Takaful companies, securities firms & fund managers	-	-	-	-	-	-	-	637	-	-	-	637
Corporate exposures (excluding specialised lending and firm- size adjustment)	140,901	5,462	274,532	-	11,707	204,646	206,252	169,137	56,850	-	62,371	1,131,858
Corporate exposures (with firm- size adjustment)	-	13,637	38,303	-	3,000	3,985	7,753	9,261	-	-	6,235	82,174
Specialised lending	-	-	-	-	-	-	-	-	107,867	-	-	107,867
Retail exposures	-	-	-	-	-	1,383	626	-	-	1,384,684	63,900	1,450,593
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	384,552	-	384,552
<i>Other retail exposures</i>	-	-	-	-	-	1,383	626	-	-	1,000,132	63,900	1,066,041
Total IRB exposures	140,901	19,099	312,835	-	14,707	210,014	214,631	1,730,879	164,717	1,384,684	132,506	4,324,973
Standardised exposures												
Corporates	1,313	-	21,698	-	6,547	15,903	2,600	-	28,248	-	22,730	99,039
Regulatory retail	-	-	25,453	191	714	9,727	997	9,497	31	912	673	48,195
Residential mortgages	-	-	-	-	-	-	-	-	-	17	-	17
Other assets	-	-	-	-	-	-	-	-	-	-	61,846	61,846
Total Standardised exposures	1,313	-	47,151	191	7,261	25,630	3,597	9,497	28,279	929	85,249	209,097
Total credit risk exposures	142,214	19,099	359,986	191	21,968	235,644	218,228	1,740,376	192,996	1,385,613	217,755	4,534,070

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Sector or economic purpose analysis (continued)

31 December 2010	Agricultural, hunting, forestry and fishing RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale & retail trade and restaurants & hotels RM'000	Transportation, storage and communication RM'000	Finance, insurance and services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	1,375,996	-	-	-	1,375,996
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	462,335	-	-	-	462,335
Insurance/Takaful companies, securities firms & fund managers	-	-	-	-	-	-	-	810	-	-	-	810
Corporate exposures (excluding specialised lending and firm-size adjustment)	123,506	6,180	188,360	-	12,048	74,993	289,917	127,495	57,017	-	124,237	1,003,753
Corporate exposures (with firm-size adjustment)	-	-	34,132	-	3,300	14,918	-	11,276	-	-	-	63,626
Specialised lending	-	-	-	-	-	-	-	-	108,359	-	-	108,359
Retail exposures	-	-	-	-	-	1,404	2,308	-	-	1,239,985	64,806	1,308,503
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	370,017	-	370,017
<i>Other retail exposures</i>	-	-	-	-	-	1,404	2,308	-	-	869,968	64,806	938,486
Total IRB exposures	123,506	6,180	222,492	-	15,348	91,315	292,225	1,977,912	165,376	1,239,985	189,043	4,323,382
Standardised exposures												
Corporates	1,313	-	15,933	-	3,283	1,599	1,822	64	30,086	-	23,473	77,573
Regulatory retail	-	85	24,746	192	212	10,615	779	9,892	66	1,040	945	48,572
Residential mortgages	-	-	-	-	-	-	-	-	-	28	-	28
Other assets	-	-	-	-	-	-	-	-	-	-	52,167	52,167
Total Standardised exposures	1,313	85	40,679	192	3,495	12,214	2,601	9,956	30,152	1,068	76,585	178,340
Total credit risk exposures	124,819	6,265	263,171	192	18,843	103,529	294,826	1,987,868	195,528	1,241,053	265,628	4,501,722

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Contractual maturity analysis

The following tables show the Bank's maturity of EAD by each principal category of exposure class.

30 June 2011	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	1,020,278	100,028	-	1,120,306
Banks, development financial institutions & MDBs	333,188	98,350	-	431,538
Insurance/Takaful companies, securities firms & fund managers	36	601	-	637
Corporate exposures (excluding specialised lending and firm-size adjustment)	744,409	387,449	-	1,131,858
Corporate exposures (with firm-size adjustment)	63,062	19,112	-	82,174
Specialised lending	107,367	500	-	107,867
Retail exposures	61,444	974,429	414,720	1,450,593
<i>Residential mortgages</i>	9,915	3,752	370,885	384,552
<i>Other retail exposures</i>	51,529	970,677	43,835	1,066,041
Total IRB exposures	2,329,784	1,580,469	414,720	4,324,973
Standardised exposures				
Corporates	2,848	96,191	-	99,039
Regulatory retail	5,638	42,124	433	48,195
Residential mortgages	17	-	-	17
Other assets	61,846	-	-	61,846
Total Standardised exposures	70,349	138,315	433	209,097
Total credit risk exposures	2,400,133	1,718,784	415,153	4,534,070

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Contractual maturity analysis (continued)

31 December 2010	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	1,294,001	81,995	-	1,375,996
Banks, development financial institutions & MDBs	355,528	106,807	-	462,335
Insurance/Takaful companies, securities firms & fund managers	36	774	-	810
Corporate exposures (excluding specialised lending and firm-size adjustment)	805,015	198,738	-	1,003,753
Corporate exposures (with firm-size adjustment)	46,841	16,785	-	63,626
Specialised lending	107,308	1,051	-	108,359
Retail exposures	62,325	865,901	380,277	1,308,503
<i>Residential mortgages</i>	12,789	3,803	353,425	370,017
<i>Other retail exposures</i>	49,536	862,098	26,852	938,486
Total IRB exposures	2,671,054	1,272,051	380,277	4,323,382
Standardised exposures				
Corporates	1,157	76,416	-	77,573
Regulatory retail	4,372	43,752	448	48,572
Residential mortgages	-	28	-	28
Other assets	52,167	-	-	52,167
Total Standardised exposures	57,696	120,196	448	178,340
Total credit risk exposures	2,728,750	1,392,247	380,725	4,501,722

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2.0 Credit risk (continued)

2.2 Credit risk mitigation

The following tables disclose the total exposure before the effect of Credit Risk Mitigation ("CRM") and the exposures covered by guarantees/credit derivatives, eligible financial collateral and other eligible collateral, shown by exposure class.

30 June 2011	Exposures before CRM RM'000	Exposures covered by guarantees or credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
On-balance sheet exposures				
Sovereigns/Central banks	1,044,278	24,000	-	-
Banks, development financial institutions & MDBs	333,188	-	-	-
Corporates	1,148,646	26	32,972	259,116
Regulatory retail	1,037,849	390	733	-
Residential mortgages	363,643	-	-	354,335
Other assets	61,846	-	-	-
Specialised financing/investment	107,367	-	-	-
Defaulted exposures	61,856	-	-	8,420
Total on-balance sheet exposures	4,158,673	24,416	33,705	621,871
Off-balance sheet exposures				
OTC derivatives	200,721	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	174,675	-	2,506	10,236
Defaulted exposures	1	-	-	1
Total off-balance sheet exposures	375,397	-	2,506	10,237
Total on and off-balance sheet exposures	4,534,070	24,416	36,211	632,108

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2.0 Credit risk (continued)

2.2 Credit risk mitigation (continued)

31 December 2010	Exposures before CRM RM'000	Exposures covered by guarantees or credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
On-balance sheet exposures				
Sovereigns/Central banks	1,294,001	-	-	-
Banks, development financial institutions & MDBs	324,702	-	-	-
Corporates	979,184	54,000	29,223	65,018
Regulatory retail	911,625	756	-	-
Residential mortgages	347,129	-	-	297,548
Other assets	52,167	-	-	-
Specialised financing/investment	107,308	-	-	-
Defaulted exposures	53,224	-	-	6,312
Total on-balance sheet exposures	4,069,340	54,756	29,223	368,878
Off-balance sheet exposures				
OTC derivatives	220,558	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	211,796	-	1,413	31,758
Defaulted exposures	28	-	-	27
Total off-balance sheet exposures	432,382	-	1,413	31,785
Total on and off-balance sheet exposures	4,501,722	54,756	30,636	400,663

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2.0 Credit risk (continued)

2.3 Exposures under IRB approach

Exposures under the IRB approach by risk grade or PD band for non-retail exposures

The below tables analyse the Bank's PD range or internal risk grading for non-retail exposures.

30 June 2011	0<0.04% RM'000	0.04<0.17% RM'000	0.17<0.59% RM'000	0.59<3.05% RM'000	3.05<12.00% RM'000	12.00<100% RM'000	Default or 100% RM'000
Non-retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Sovereign	1,044,278	-	-	-	-	-	-
Bank	167,436	165,752	-	-	-	-	-
Corporate	-	127,062	397,096	575,271	62,271	-	-
Total on-balance sheet exposures	1,211,714	292,814	397,096	575,271	62,271	-	-
<u>Undrawn commitments</u>							
Corporate	-	14,175	31,940	18,585	-	-	-
Total undrawn commitments	-	14,175	31,940	18,585	-	-	-
<u>Derivatives</u>							
Sovereign	-	76,028	-	-	-	-	-
Bank	10	93,054	-	5,286	-	-	-
Corporate	-	-	-	26,343	-	-	-
Total derivatives	10	169,082	-	31,629	-	-	-
<u>Contingent</u>							
Corporate	-	-	15,037	54,756	-	-	-
Total contingent	-	-	15,037	54,756	-	-	-
Exposure weighted average LGD (%)							
Sovereign	27.21%	26.20%	-	-	-	-	-
Bank	26.20%	13.14%	-	26.20%	-	-	-
Corporate	-	13.14%	55.19%	-	8.98%	-	-
Exposure weighted average risk weight (%)							
Sovereign	5.55%	8.37%	-	-	-	-	-
Bank	4.68%	9.89%	-	50.23%	-	-	-
Corporate	-	19.79%	48.29%	94.49%	37.70%	-	-

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2.0 Credit risk (continued)

2.3 Exposures under IRB approach (continued)

Exposures under the IRB approach by risk grade or PD band for non-retail exposures (continued)

31 December 2010	0<0.04% RM'000	0.04<0.17% RM'000	0.17<0.59% RM'000	0.59<3.05% RM'000	3.05<12.00% RM'000	12.00<100% RM'000	Default or 100% RM'000
Non-retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Sovereign	1,294,001	-	-	-	-	-	-
Bank	212,613	112,090	-	-	-	-	-
Corporate	24,000	55,161	251,530	488,045	192,405	-	-
Total on-balance sheet exposures	1,530,614	167,251	251,530	488,045	192,405	-	-
<u>Undrawn commitments</u>							
Sovereign	-	-	-	-	-	-	-
Bank	-	-	-	-	-	-	-
Corporate	-	3,000	42,495	17,068	1,979	-	-
Total undrawn commitments	-	3,000	42,495	17,068	1,979	-	-
<u>Derivatives</u>							
Sovereign	-	81,995	-	-	-	-	-
Bank	3,454	96,621	-	6,732	-	-	-
Corporate	-	-	-	1,659	30,096	-	-
Total derivatives	3,454	178,616	-	8,391	30,096	-	-
<u>Contingent</u>							
Sovereign	-	-	-	-	-	-	-
Bank	30,825	-	-	-	-	-	-
Corporate	-	-	388	50,076	18,646	-	-
Total contingent	30,825	-	388	50,076	18,646	-	-
Exposure weighted average LGD (%)							
Sovereign	26.20%	26.20%	-	-	-	-	-
Bank	26.23%	21.44%	-	26.20%	-	-	-
Corporate	69.94%	57.25%	53.89%	46.07%	20.28%	-	-
Exposure weighted average risk weight (%)							
Sovereign	4.68%	15.87%	-	-	-	-	-
Bank	4.70%	11.19%	-	54.88%	-	-	-
Corporate	12.49%	22.12%	51.60%	98.24%	58.28%	-	-

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2.0 Credit risk (continued)

2.3 Exposures under IRB approach (continued)

Exposures under the IRB approach by risk grade or PD band for retail exposures

The below tables analyse the Bank's PD range for retail exposures.

30 June 2011	0<0.11% RM'000	0.11<0.30% RM'000	0.30<0.43% RM'000	0.43<3.05% RM'000	3.05<9.20% RM'000	9.20<100% RM'000	Default or 100% RM'000
Retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Residential mortgage	50	13,283	30,940	252,725	47,338	19,290	9,337
Other retail	9,806	11,345	6,449	347,524	449,507	166,822	52,261
Total on-balance sheet exposures	9,856	24,628	37,389	600,249	496,845	186,112	61,598
<u>Undrawn commitments</u>							
Residential mortgage	-	-	-	10,390	369	829	1
Other retail	-	9	-	15,944	5,795	579	-
Total undrawn commitments	-	9	-	26,334	6,164	1,408	1
Exposure weighted average LGD (%)							
Residential mortgage	12.28%	12.54%	12.81%	13.06%	13.06%	14.17%	20.13%
Other retail	20.14%	19.82%	24.79%	88.20%	93.56%	94.03%	83.52%
Exposure weighted average risk weight (%)							
Residential mortgage	2.98%	5.79%	8.47%	20.02%	43.94%	70.28%	111.71%
Other retail	3.54%	10.31%	15.53%	118.13%	145.51%	201.99%	244.05%

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2.0 Credit risk (continued)

2.3 Exposures under IRB approach (continued)

Exposures under the IRB approach by risk grade or PD band for retail exposures (continued)

31 December 2010	0<0.11% RM'000	0.11<0.30% RM'000	0.30<0.43% RM'000	0.43<3.05% RM'000	3.05<9.20% RM'000	9.20<100% RM'000	Default or 100% RM'000
Retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Residential mortgage	55	7,819	7,702	257,032	54,162	20,331	7,620
Other retail	9,931	15,069	5,881	275,067	408,524	156,396	43,304
Total on-balance sheet exposures	9,986	22,888	13,583	532,099	462,686	176,727	50,924
<u>Undrawn commitments</u>							
Residential mortgage	-	-	-	14,240	119	909	28
Other retail	6	11	131	15,549	7,455	1,162	-
Total undrawn commitments	6	11	131	29,789	7,574	2,071	28
Exposure weighted average LGD (%)							
Residential mortgage	12.28%	12.41%	12.98%	13.28%	13.54%	13.95%	18.69%
Other retail	20.73%	21.36%	26.16%	85.88%	93.94%	93.02%	86.46%
Exposure weighted average risk weight (%)							
Residential mortgage	2.97%	5.39%	8.59%	19.89%	45.75%	73.03%	112.61%
Other retail	3.77%	11.11%	16.47%	115.41%	145.98%	198.65%	236.30%

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2.0 Credit risk (continued)

2.3 Exposures under IRB approach (continued)

Retail exposures under the IRB approach by expected loss range for retail exposures

The below tables analyse the Bank's expected loss range for retail exposures.

30 June 2011	Up to 0.10% RM'000	>0.10 to 0.20% RM'000	>0.20 to 0.50% RM'000	>0.50 to 1.00% RM'000	>1.00 to 30.00% RM'000	>30 to <100% RM'000	100% RM'000
Retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Residential mortgage	121,762	74,828	121,240	22,074	33,059	-	-
Other retail	27,600	12,740	4,271	19,480	888,509	91,114	-
Total on-balance sheet exposures	149,362	87,568	125,511	41,554	921,568	91,114	-
<u>Undrawn commitments</u>							
Residential mortgage	1,185	1,297	7,948	51	1,108	-	-
Other retail	9	-	13,628	238	8,445	7	-
Total undrawn commitments	1,194	1,297	21,576	289	9,553	7	-
<u>Exposure weighted average risk weight (%)</u>							
Residential mortgage	10.57%	18.25%	28.71%	46.94%	79.71%	-	-
Other retail	9.13%	18.13%	34.56%	80.83%	147.26%	233.00%	-

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2.0 Credit risk (continued)

2.3 Exposures under IRB approach (continued)

Retail exposures under the IRB approach by expected loss range for retail exposures (continued)

31 December 2010	Up to 0.10% RM'000	>0.10 to 0.20% RM'000	>0.20 to 0.50% RM'000	>0.50 to 1.00% RM'000	>1.00 to 30.00% RM'000	>30 to <100% RM'000	100% RM'000
Retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Residential mortgage	109,930	58,629	131,671	17,936	36,555	-	-
Other retail	30,881	17,972	5,595	11,237	766,195	82,292	-
Total on-balance sheet exposures	140,811	76,601	137,266	29,173	802,750	82,292	-
<u>Undrawn commitments</u>							
Residential mortgage	1,676	3,203	9,444	22	951	-	-
Other retail	148	8	11,664	127	12,367	-	-
Total undrawn commitments	1,824	3,211	21,108	149	13,318	-	-
Exposure weighted average risk weight (%)							
Residential mortgage	11.54%	18.16%	29.63%	48.28%	78.42%	-	-
Other retail	9.80%	18.77%	35.95%	88.38%	147.99%	226.18%	-

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2.0 Credit risk (continued)

2.3 Exposures under IRB approach (continued)

The following tables set out exposures subject to the supervisory risk weights under the IRB approach for the Bank.

	Strong or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Weak or 250% RM'000	Default or 0% RM'000
30 June 2011					
Income producing real estate					
- Total exposures	-	50,823	57,044	-	-
- Risk weighted assets		45,741	65,601	-	-
31 December 2010					
Income producing real estate					
- Total exposures	-	51,357	57,002	-	-
- Risk weighted assets		46,221	65,552	-	-

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2.0 Credit Risk (continued)

2.4 Exposures under Standardised approach

Risk weights under the Standardised approach

The following tables set out analysis of risk weights under the Standardised approach for the Bank.

	← Exposures After Netting and Credit Risk Mitigation →				Total exposures after netting and credit risk mitigation	Total risk weighted assets
30 June 2011	Corporates*	Regulatory retail	Residential mortgages	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000		
Risk weights						
0%	-	-	-	4,885	4,885	-
20%	-	-	-	65	65	13
35%	-	-	17	-	17	6
75%	-	46,814	-	-	46,814	35,110
100%	99,012	-	-	57,312	156,324	156,324
150%	-	258	-	-	258	387
Total exposures	99,012	47,072	17	62,262	208,363	191,840
Risk-weighted assets by exposures	99,012	35,497	6	57,325	191,840	
Average risk weight	100.0%	75.4%	35.3%	92.1%	92.1%	

	← Exposures After Netting and Credit Risk Mitigation →				Total exposures after netting and credit risk mitigation	Total risk weighted assets
31 December 2010	Corporates*	Regulatory retail	Residential mortgages	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000		
Risk weights						
0%	-	-	-	6,675	6,675	-
20%	-	-	-	143	143	29
35%	-	-	28	-	28	10
75%	-	45,515	-	-	45,515	34,137
100%	77,573	-	-	46,106	123,679	123,679
150%	-	2,300	-	-	2,300	3,449
Total exposures	77,573	47,815	28	52,924	178,340	161,304
Risk-weighted assets by exposures	77,573	37,586	10	46,135	161,304	
Average risk weight	100.0%	78.6%	35.7%	87.2%	90.4%	

* All corporate standardised exposures are unrated.

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2.0 Credit risk (continued)

2.5 Problem credit management and provisioning

Impairment provisions analysed by borrowers' business or industry

The following tables show the Bank's collective impairment provisions and movement in individual impairment provisions by each principal category of borrowers' business or industry for Consumer Banking and Wholesale Banking.

30 June 2011	Collective impairment provisions as at 30 June 2011 RM'000	Individual impairment provisions held as at 1 January 2011 RM'000	Net individual impairment charge during the financial period RM'000	Amounts written off or other movements during the financial period RM'000	Individual impairment provisions held as at 30 June 2011 RM'000
Financing and advances to individuals					
Mortgages	4,666	1,368	3,083	(1,294)	3,157
Others	12,872	10,874	22,629	(24,524)	8,979
Small and medium enterprises and others	1,570	114	-	-	114
Consumer Banking	19,108	12,356	25,712	(25,818)	12,250
Agriculture	1,357	-	-	-	-
Mining and quarrying	219	-	-	-	-
Manufacturing	3,313	-	-	-	-
Construction	132	-	-	-	-
Real estate	1,988	-	-	-	-
Wholesale & retail trade and restaurants & hotels	2,234	-	-	-	-
Transportation, storage and communication	2,018	-	-	-	-
Finance, insurance and business services	1,926	-	-	-	-
Others	730	-	-	-	-
Wholesale Banking	13,917	-	-	-	-

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2.0 Credit risk (continued)

2.5 Problem credit management and provisioning (continued)

Impairment provisions analysed by borrowers' business or industry (continued)

31 December 2010	Collective impairment provisions as at 31 December 2010 RM'000	Individual impairment provisions held as at 1 January 2010 RM'000	Net individual impairment charge during the financial year RM'000	Amounts written off or other movements during the financial year RM'000	Individual impairment provisions held as at 31 December 2010 RM'000
Financing and advances to individuals					
Mortgages	4,781	949	1,783	(1,364)	1,368
Others	11,412	10,179	44,263	(43,568)	10,874
Small and medium enterprises and others	2,312	114	-	-	114
Consumer Banking	18,505	11,242	46,046	(44,932)	12,356
Agriculture	1,629	-	-	-	-
Mining and quarrying	82	-	-	-	-
Manufacturing	2,597	-	-	-	-
Construction	159	-	-	-	-
Real estate	1,904	-	-	-	-
Wholesale & retail trade and restaurants & hotels	533	-	-	-	-
Transportation, storage and communication	3,037	-	-	-	-
Finance, insurance and business services	1,224	-	-	-	-
Others	1,629	-	-	-	-
Wholesale Banking	12,794	-	-	-	-

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2.0 Credit risk (continued)

2.5 Problem credit management and provisioning (continued)

The following table analyses the Bank's financing and advances past due but not impaired, analysed by borrowers' business and industry for Consumer Banking and Wholesale Banking.

	30 June 2011 RM'000	31 December 2010 RM'000
Financing and advances to individuals		
Mortgages	130,123	128,128
Others	47,989	41,012
Small and medium enterprises and others	20,423	15,276
Consumer Banking	<u>198,535</u>	<u>184,416</u>
Wholesale Banking	<u>-</u>	<u>-</u>

The following table analyses the Bank's financing and advances past due but not impaired, analysed by significant geographical areas.

	30 June 2011 RM'000	31 December 2010 RM'000
Malaysia	198,535	184,416
Others	-	-
	<u>198,535</u>	<u>184,416</u>

Summary analysis of financing and advances

The following table shows the Bank's impaired financing and advances, individual impairment provisions and collective impairment provisions by significant geographic areas.

	Within Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
30 June 2011			
Gross impaired financing and advances	20,849	-	20,849
Individual impairment provisions	12,250	-	12,250
Collective impairment provisions	33,025	-	33,025
31 December 2010			
Gross impaired financing and advances	22,430	-	22,430
Individual impairment provisions	12,356	-	12,356
Collective impairment provisions	31,299	-	31,299

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2.0 Credit risk (continued)

2.6 Off-balance sheet and counterparty credit risk

The following table analyses the Bank's off-balance sheet and counterparty credit risk.

	Principal amount RM'000	Positive fair value of contracts RM'000	Negative fair value of contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
30 June 2011					
Direct credit substitutes	5,869	-	-	5,869	3,221
Transaction related contingent items	20,803	-	-	19,211	4,665
Short term self liquidating trade related contingencies	49,149	-	-	47,094	15,241
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	-	-	-	-	-
Foreign exchange related contracts					
<i>One year or less</i>	1,620	4	4	4	-
<i>Over one year to five years</i>	225,570	15,801	15,801	27,079	4,630
Profit rate related contracts					
<i>Over one year to five years</i>	10,596,222	36,433	35,716	151,282	51,796
<i>Over five years</i>	303,450	970	970	22,356	3,347
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	217,841	-	-	14,966	14,042
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	866,327	-	-	87,536	55,323
	<u>12,286,851</u>	<u>53,208</u>	<u>52,491</u>	<u>375,397</u>	<u>152,265</u>

	Principal amount RM'000	Positive fair value of contracts RM'000	Negative fair value of contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
31 December 2010					
Direct credit substitutes	33,827	-	-	33,827	14,105
Transaction related contingent items	24,687	-	-	24,687	7,273
Short term self liquidating trade related contingencies	10,596	-	-	10,596	3,312
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	30,825	-	-	30,825	1,442
Foreign exchange related contracts					
<i>One year or less</i>	2,155	27	27	32	20
<i>Over one year to five years</i>	282,837	15,415	15,415	29,556	6,042
Profit rate related contracts					
<i>Over one year to five years</i>	10,300,000	33,029	32,111	139,031	21,105
<i>Over five years</i>	623,339	11,310	11,310	51,939	57,820
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	371,082	-	-	20,780	16,961
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	966,546	-	-	91,109	61,901
	<u>12,645,894</u>	<u>59,781</u>	<u>58,863</u>	<u>432,382</u>	<u>189,981</u>

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3.0 Market risk

The table below details the disclosure for rate of return risk in the Banking Book, the increase or decline in earnings and economic value for upward and downward rate shocks which are consistent with shocks applied in stress test for measuring profit rate risk, broken down by various currencies where relevant:-

30 June 2011	Impact on positions as at reporting period (200 basis points) parallel shift	
	Increase/(decline) in earnings at risk	Increase/(decline) in economic value
	RM'000	RM'000
Type of Currency		
Ringgit Malaysia	2,618	1,964
US Dollar	2,828	2,121
Euro	(395)	(296)
Pound Sterling	320	240
Japanese Yen	124	93

31 December 2010	Impact on positions as at reporting period (200 basis points) parallel shift	
	Increase/(decline) in earnings at risk	Increase/(decline) in economic value
	RM'000	RM'000
Type of Currency		
Ringgit Malaysia	3,913	2,935
US Dollar	3,529	2,647
Euro	(383)	(287)
Pound Sterling	255	191
Japanese Yen	(109)	(82)

**Standard Chartered Saadiq Berhad
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Chief Executive Officer Attestation

In accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Standard Chartered Saadiq Berhad's Pillar 3 Disclosures report for the financial period ended 30 June 2011 are consistent with the manner in which the Bank assesses and manages its risk, and are not misleading in any particular way.

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Azrulnizam bin Abdul Aziz
Chief Executive Officer

Date: 12 August 2011