

Company No. 823437K



**Standard Chartered Saadiq Berhad**

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

**Financial statements for the financial half  
year ended 30 June 2014**

**STANDARD CHARTERED SAADIQ BERHAD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014**

	Note	30 June 2014 RM'000	31 December 2013 RM'000
<b>Assets</b>			
Cash and short term funds		2,799,859	1,955,600
Investment securities available-for-sale	11	148,614	99,698
Financing and advances	12	6,146,257	5,045,529
Derivative financial assets		50,854	11,673
Other assets	14	1,110,515	868,199
Current tax assets		8,201	11,474
Statutory deposits with Bank Negara Malaysia		213,817	201,317
Property, plant and equipment		3,129	4,375
Deferred tax assets		3,627	2,943
<b>Total assets</b>		<b>10,484,873</b>	<b>8,200,808</b>
<b>Liabilities</b>			
Deposits from customers	15	5,223,835	4,165,522
Deposits and placements of banks and other financial institutions	16	3,843,243	3,098,442
Derivatives financial liabilities		55,960	8,465
Other liabilities	17	693,553	278,699
Subordinated sukuk	6	100,000	100,000
<b>Total liabilities</b>		<b>9,916,591</b>	<b>7,651,128</b>
<b>Equity</b>			
Share capital		102,750	102,750
Reserves		465,532	446,930
<b>Total equity attributable to equity holder of the Bank</b>		<b>568,282</b>	<b>549,680</b>
<b>Total liabilities and equity</b>		<b>10,484,873</b>	<b>8,200,808</b>
<b>Commitments and contingencies</b>	23	<b>5,691,536</b>	<b>4,107,010</b>

*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 2013.*

**STANDARD CHARTERED SAADIQ BERHAD**  
(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2014**

	Note	2nd Quarter ended		Six months ended	
		30 June 2014	30 June 2013 Restated RM'000	30 June 2014	30 June 2013 Restated RM'000
Income derived from investment of depositors' funds and others	18	68,212	46,604	122,320	89,784
Income derived from investment of shareholder's funds	20	40,772	55,354	82,443	117,524
Provisions for financing	22	(10,707)	(8,515)	(23,607)	(30,348)
<b>Total distributable income</b>		<b>98,277</b>	<b>93,443</b>	<b>181,156</b>	<b>176,960</b>
Income attributable to depositors	19	(52,082)	(50,956)	(94,205)	(97,102)
<b>Total net income</b>		<b>46,195</b>	<b>42,487</b>	<b>86,951</b>	<b>79,858</b>
Other operating expenses	21	(30,356)	(33,626)	(60,655)	(61,750)
Profit before taxation		15,839	8,861	26,296	18,108
Tax expense		(4,617)	(1,027)	(7,738)	(3,425)
<b>Profit for the period</b>		<b>11,222</b>	<b>7,834</b>	<b>18,558</b>	<b>14,683</b>
<b>Other comprehensive income, net of income tax</b>					
Fair value reserve (investment securities available for sale):					
Net change in fair value		35	(23)	44	(3)
<b>Other comprehensive income/(loss) for the period, net of income tax</b>		<b>35</b>	<b>(23)</b>	<b>44</b>	<b>(3)</b>
<b>Total comprehensive income for the period</b>		<b>11,257</b>	<b>7,811</b>	<b>18,602</b>	<b>14,680</b>

*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 2013.*

**STANDARD CHARTERED SAADIQ BERHAD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2014**

	← Non-Distributable Reserves →				Distributable Reserves Retained profits	Total  RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000	RM'000	
<b>At 1 January 2014</b>	102,750	308,250	102,750	(9)	35,939	549,680
Fair value reserve (investment securities available-for-sale):-						
Net changes in fair value	-	-	-	44	-	44
Total other comprehensive income for the period	-	-	-	44	-	44
Profit for the period	-	-	-	-	18,558	18,558
Total comprehensive income for the period	-	-	-	44	18,558	18,602
<b>At 30 June 2014</b>	<b>102,750</b>	<b>308,250</b>	<b>102,750</b>	<b>35</b>	<b>54,497</b>	<b>568,282</b>

*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 2013.*

**STANDARD CHARTERED SAADIQ BERHAD**  
(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2013**

	← <i>Non-Distributable Reserves</i> →				<i>Distributable Reserves</i>	<b>Total</b>
	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory reserves</b>	<b>AFS reserves</b>	<b>Retained profits</b>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2013 (restated)</b>	102,750	308,250	86,017	(73)	4,378	501,322
Fair value reserve (investment securities available-for-sale):-						
Net changes in fair value	-	-	-	(3)	-	(3)
Total other comprehensive income for the period	-	-	-	(3)	-	(3)
Profit for the period	-	-	-	-	14,683	14,683
Total comprehensive income for the period	-	-	-	(3)	14,683	14,680
<b>At 30 June 2013</b>	<b>102,750</b>	<b>308,250</b>	<b>86,017</b>	<b>(76)</b>	<b>19,061</b>	<b>516,002</b>

*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 2013.*

**STANDARD CHARTERED SAADIQ BERHAD**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2014**

	<b>30 June 2014</b>	<b>30 June 2013 Restated</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	26,296	18,108
Adjustment for non-cash items	1,284	4,851
Operating profit before working capital changes	<u>27,580</u>	<u>22,959</u>
Changes in working capital		
Net changes in operating assets	(1,347,230)	(505,323)
Net changes in operating liabilities	2,217,968	(134,478)
Income taxes paid	<u>(5,164)</u>	<u>(7,344)</u>
Net cash generated from / (used in) operating activities	893,154	(624,186)
Net cash (used in) / generated from investing activities	(48,895)	734,044
Net cash generated from financing activities	-	100,000
Net increase in cash and cash equivalents	<u>844,259</u>	<u>209,858</u>
Cash and cash equivalent at beginning of the year	<u>1,955,600</u>	<u>1,577,146</u>
Cash and cash equivalent at end of the period	<u><u>2,799,859</u></u>	<u><u>1,787,004</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 2013.*

**STANDARD CHARTERED SAADIQ BERHAD**  
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**REVIEW OF PERFORMANCE**

The Bank recorded net profit before taxation of RM 26.30 million for the financial half year ended 30 June 2014, representing a 45% increase against the corresponding period last year. The higher profit was mainly attributable to strong asset growth. The significant improvement in provision for financing was a result of intensified recovery efforts, better asset quality and credit management.

The Bank's total assets increased by 27.85% to RM 10.48 billion driven by a RM 1.10 billion or 21.82% increase in financing and advances. The Bank's Tier 1 Common Equity ratio and risk-weighted capital ratio remained strong at 11.05% and 13.33%, respectively.

**PROSPECTS**

In line with Standard Chartered PLC Group's refreshed strategy *'To bank the people and companies driving investment, trade and wealth creation across Asia, Africa and the Middle East'*, the Bank implemented a new business structure through the creation of three customer segment groups, namely Corporate and Institutional Clients, Commercial and Private Banking Clients and Retail Customers, as well as five global product groups - Corporate Finance, Financial Markets, Transaction Banking, Wealth Products and Retail Products under one business. Through this new structure, Standard Chartered is better placed to adapt to changes in the market and regulatory environment. With one team driving active collaboration towards sustainable growth, the structure will also enable the deployment of capital, liquidity and investment spend more effectively and deliver improvements in productivity and quality of service to customers.

**STANDARD CHARTERED SAADIQ BERHAD**  
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**Notes to the financial statements for the financial half year ended 30 June 2014**

**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 2014 have been prepared in accordance with MFRS 134, *Interim Financial Reporting in Malaysia*.

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 Amendments to MFRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB"):-

i)	Amendments to MFRS 10	<i>Consolidated Financial Statements: Investment Entities</i>
ii)	Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Investment Entities</i>
iii)	Amendments to MFRS 127	<i>Separate Financial Statements (2011): Investment Entities</i>
iv)	Amendments to MFRS 132	<i>Financial Instruments: Presentation- Offsetting Financial Assets and Financial Liabilities</i>
v)	Amendments to MFRS 136	<i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>
vi)	Amendments to MFRS 139	<i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
vii)	IC Interpretation 21	<i>Levies</i>

The adoption of the above Amendments and IC Interpretation do not have any material impacts on the financial statements of the Bank.

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective:

MFRSs and Amendments to MFRSs effective for annual periods beginning on or after 1 July 2014

i)	Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)</i>
ii)	Amendments to MFRS 2	<i>Share-based Payment (Annual Improvements 2010-2012 Cycle)</i>
iii)	Amendments to MFRS 3	<i>Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)</i>
iv)	Amendments to MFRS 8	<i>Operating Segments (Annual Improvements 2010-2012 Cycle)</i>
v)	Amendments to MFRS 13	<i>Fair Value Measurement (Annual Improvements 2011-2013 Cycle)</i>
vi)	Amendments to MFRS 116	<i>Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)</i>
vii)	Amendments to MFRS 119	<i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i>
viii)	Amendments to MFRS 124	<i>Related Party Disclosures (Annual Improvements 2010-2012 Cycle)</i>
ix)	Amendments to MFRS 138	<i>Intangible Assets (Annual Improvements 2010-2012 Cycle)</i>
x)	Amendments to MFRS 140	<i>Investment Property (Annual Improvements 2011-2013 Cycle)</i>



**STANDARD CHARTERED SAADIQ BERHAD**  
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**1. Basis of preparation of the financial statements (continued)**

MFRSs and Amendments to MFRS effective for a date yet to be confirmed

- |      |                      |  |
|------|----------------------|--|
| i)   | MFRS 9               | <i>Financial Instruments (2009)</i>  |
| ii)  | MFRS 9               | <i>Financial Instruments (2010)</i>  |
| iii) | MFRS 9               | <i>Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139</i>            |
| iv)  | Amendments to MFRS 7 | <i>Financial Instruments: Disclosures- Mandatory Effective Date of MFRS 9 and Transition Disclosures</i> |

The Bank plans to apply the abovementioned accounting standards and amendments from the annual period beginning on 1 January 2015 for those standards and amendments that are effective for annual periods beginning on or after 1 July 2014.

Except for MFRS 9, the initial application of all the above applicable amendments to MFRSs is not expected to have any material impact on the financial statements upon their first adoption.

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Bank is currently assessing the financial impact of adopting MFRS 9.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. 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 2013.

**2. Auditor's report on preceding annual financial statements**

The auditor's report on the financial statements for the financial year ended 31 December 2013 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 2014.

**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 2014.

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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 second quarter and financial half year ended 30 June 2014.

**7. Proposed Dividend**

No dividend has been proposed for the second quarter and the financial half year ended 30 June 2014.

**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 second quarter and the financial half year ended 30 June 2014.

**10. 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.

**11. Investment securities available-for-sale**

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<u>At fair value</u>		
Bank Negara Malaysia bills	148,614	99,698
	148,614	99,698

**STANDARD CHARTERED SAADIQ BERHAD**  
(Incorporated in Malaysia)

**12. Financing and advances**

**(i) By type and by contract**

	<b>Bai Bithaman Ajil (<i>deferred payment sale</i>)</b>	<b>Ijarah (<i>lease</i>)</b>	<b>Ijarah Thumma Al-Bai (<i>finance lease</i>)</b>	<b>Murabahah (<i>cost plus</i>)</b>	<b>Bai'Al Inah (<i>sale and buy- back</i>)</b>	<b>Others</b>	<b>Total financing and advances</b>
<b>As at 30 June 2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term financing							
- House financing	683,202	-	-	-	609,085	1,399,671	2,691,958
- Hire purchase receivables	-	-	265,418	-	-	-	265,418
- Lease receivables	-	518,659	-	23,845	-	-	542,504
- Other term financing	70,940	-	-	504,024	802,879	1,004,266	2,382,109
Bills receivable	-	-	-	-	-	98,649	98,649
Trust receipts	-	-	-	363,297	-	876	364,173
Staff financing	1,090	-	-	128	-	333	1,551
Revolving credit	-	-	-	766,787	-	-	766,787
	755,232	518,659	265,418	1,658,081	1,411,964	2,503,795	7,113,149
Less: Unearned income							(852,369)
Gross financing and advances							6,260,780
Less: Impairment provisions on financing and advances:-							
- Individual impairment provisions							(20,081)
- Collective impairment provisions							(94,442)
Total net financing and advances							6,146,257

**STANDARD CHARTERED SAADIQ BERHAD**  
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**12. Financing and advances (continued)**

**(i) By type and by contract (continued)**

	<b>Bai Bithaman Ajil (<i>deferred payment sale</i>)</b>	<b>Ijarah (<i>lease</i>)</b>	<b>Ijarah Thumma Al-Bai (<i>finance lease</i>)</b>	<b>Murabahah (<i>cost plus</i>)</b>	<b>Bai'Al Inah (<i>sale and buy- back</i>)</b>	<b>Others</b>	<b>Total financing and advances</b>
<b>As at 31 December 2013</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term financing							
- House financing	725,974	-	-	-	557,507	759,872	2,043,353
- Hire purchase receivables	-	-	248,672	-	-	-	248,672
- Lease receivables	-	515,753	-	26,915	-	-	542,668
- Other term financing	76,066	-	-	248,687	692,138	1,264,759	2,281,650
Bills receivable	-	-	-	-	-	65,066	65,066
Trust receipts	-	-	-	101,740	-	906	102,646
Staff financing	1,129	-	-	-	-	498	1,627
Revolving credit	-	1,269	-	791,038	-	674	792,981
	<u>803,169</u>	<u>517,022</u>	<u>248,672</u>	<u>1,168,380</u>	<u>1,249,645</u>	<u>2,091,775</u>	<u>6,078,663</u>
Less: Unearned income							<u>(913,414)</u>
Gross financing and advances							5,165,249
Less: Impairment provisions on financing and advances:-							
- Individual impairment provisions							(15,783)
- Collective impairment provisions							<u>(103,937)</u>
Total net financing and advances							<u>5,045,529</u>

**STANDARD CHARTERED SAADIQ BERHAD**  
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**12. Financing and advances (continued)****(ii) By type of customer**

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Domestic non-bank financial institutions	229,862	200,450
Domestic business enterprises	2,675,835	2,185,638
<i>Small medium enterprises</i>	1,028,748	799,858
<i>Others</i>	1,647,087	1,385,780
Individuals	2,993,491	2,563,098
Foreign entities	361,592	216,063
	6,260,780	5,165,249

**(iii) By profit rate sensitivity**

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Fixed rate		
- House financing	2,269	2,561
- Hire purchase receivables	270,691	248,672
- Other financing	1,371,082	1,200,690
Variable rate		
- House financing	2,316,847	1,631,982
- Revolving credit	731,872	751,340
- Other financing	1,568,019	1,330,004
	6,260,780	5,165,249

**(iv) By sector**

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Agriculture	122,681	148,147
Mining and quarrying	215,182	68,883
Manufacturing	629,321	514,362
Electricity, gas and water	780	2,100
Construction	99,179	98,050
Real estate	384,612	369,542
Wholesale & retail trade and restaurants & hotels	557,706	317,197
Transportation, storage and communication	116,692	232,150
Finance, insurance and business services	633,290	519,309
Household	3,355,083	2,779,161
Others	146,254	116,348
	6,260,780	5,165,249

**STANDARD CHARTERED SAADIQ BERHAD**  
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**12. Financing and advances (continued)****(v) By purpose**

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Purchase of landed property		
- Residential	2,338,868	1,655,949
- Non-residential	895,077	724,191
Fixed assets excluding land and building	209,899	179,994
Personal Use	788,992	928,075
Working Capital	2,027,944	1,677,040
	<u>6,260,780</u>	<u>5,165,249</u>

**(vi) By maturity structure**

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Maturing within one year	1,123,637	565,032
One year to three years	887,633	1,001,874
Three years to five years	906,928	831,243
Over five years	3,342,582	2,767,100
	<u>6,260,780</u>	<u>5,165,249</u>

**(vii) By geographical distribution**

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Within Malaysia	<u>6,260,780</u>	<u>5,165,249</u>

**(viii) Analysis of foreign currency exposure**

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
USD	<u>627,162</u>	<u>305,379</u>

## STANDARD CHARTERED SAADIQ BERHAD

## 13. Impaired financing and advances

## (i) Movements in impaired financing and advances

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
At 1 January	40,609	33,889
Classified as impaired during the financial period/year	43,672	105,163
Reclassified as performing during the financial period/year	(3,319)	(3,359)
Amount recovered during the financial period/year	(6,212)	(8,260)
Amount written off during the financial period/year	<u>(35,111)</u>	<u>(86,824)</u>
At end of reporting period/year	39,639	40,609
Individual impairment provisions	<u>(20,081)</u>	<u>(15,783)</u>
Net impaired financing and advances	<u>19,558</u>	<u>24,826</u>

## (ii) Movements in impairment provisions for financing and advances

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Collective impairment provisions</b>		
At 1 January	103,937	134,818
Impairments made during the financial period/year	3,808	3,994
Amount written back	<u>(13,303)</u>	<u>(34,875)</u>
At end of reporting period/year	<u>94,442</u>	<u>103,937</u>
As a percentage of gross financing and advances less individual impairment provisions	<u>1.51%</u>	<u>2.02%</u>

## STANDARD CHARTERED SAADIQ BERHAD

## 13. Impaired financing and advances (continued)

	30 June 2014 RM'000	31 December 2013 RM'000
<b>Individual impairment provisions</b>		
At 1 January	15,783	3,374
Impairments made during the financial period/year	42,029	102,383
Amount written back	(2,714)	(3,105)
Amount written off	(35,017)	(86,869)
At end of reporting period/year	<u>20,081</u>	<u>15,783</u>

## (iii) Impaired financing and advances by sector

	30 June 2014 RM'000	31 December 2013 RM'000
Manufacturing	1,157	1,266
Construction	278	-
Wholesale & retail trade and restaurants & hotels	754	889
Transportation, storage and communication	418	-
Finance, insurance and business services	271	247
Household	36,568	38,207
Others	193	-
	<u>39,639</u>	<u>40,609</u>

## (iv) Impaired financing and advances by purpose

	30 June 2014 RM'000	31 December 2013 RM'000
Purchase of landed property	5,522	2,789
- Residential	4,530	1,797
- Non-residential	992	992
Fixed assets excluding land and building	1,153	722
Personal use	31,046	35,418
Working capital	1,918	1,680
	<u>39,639</u>	<u>40,609</u>

## (v) Impaired financing and advances by geographical distribution

	30 June 2014 RM'000	31 December 2013 RM'000
Within Malaysia	<u>39,639</u>	<u>40,609</u>

## 14. Other assets

	30 June 2014 RM'000	31 December 2013 RM'000
Income receivable	1,181	157
Other receivables, deposits and prepayments	1,109,334	868,042
	<u>1,110,515</u>	<u>868,199</u>



## STANDARD CHARTERED SAADIQ BERHAD

## 15. Deposits from customers

## (i) By type of deposits

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Demand deposits	1,337,350	1,203,191
- Mudharabah	1,033,301	931,455
- Wadiah	304,049	271,736
Saving deposits	195,105	152,070
- Mudharabah	147,185	103,189
- Wadiah	47,920	48,881
Investment deposits		
- Murabahah	18,464	18,342
Negotiable instruments of deposits		
- Bai-Inah	111,199	108,410
General investment deposits	3,561,717	2,683,509
- Mudharabah	2,845,006	2,683,509
- Murabahah	716,711	-
	5,223,835	4,165,522

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

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Due within six months	3,433,936	2,489,207
Six months to one year	125,060	182,533
One year to three years	1,575	20,775
Three years to five years	130,809	117,746
	3,691,380	2,809,261

## (ii) By type of customers

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Government and statutory bodies	1,866,634	1,607,492
Business enterprises	541,799	483,728
Individuals	2,050,658	1,588,945
Others	764,744	485,357
	5,223,835	4,165,522

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## 16. Deposits and placements of banks and other financial institutions

	30 June 2014 RM'000	31 December 2013 RM'000
<b>Non-Mudharabah</b>		
Licensed banks	107,638	110,808
Other financial institutions	3,610	3,639
<b>Mudharabah</b>		
Licensed banks	3,731,995	2,983,995
	<u>3,843,243</u>	<u>3,098,442</u>

The Mudharabah deposits placements of licensed banks consists of placements made by the Bank's immediate holding company under Profit Sharing Investment Account ("PSIA").

## 17. Other liabilities

	30 June 2014 RM'000	31 December 2013 RM'000
Income payable	28,543	22,523
Other payables and accruals	665,010	256,176
	<u>693,553</u>	<u>278,699</u>

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

	2nd Quarter ended		Six months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Income derived from investment of:-				
(i) General investment deposits	48,008	31,759	83,179	62,849
(ii) Other deposits	20,204	14,845	39,141	26,935
	<u>68,212</u>	<u>46,604</u>	<u>122,320</u>	<u>89,784</u>

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**18. Income derived from investment of depositors' funds and others (continued)****(i) Income derived from investment of general investment deposits**

	2nd Quarter ended		Six months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
<b>Finance income and hibah</b>				
Financing and advances	33,789	20,492	62,085	39,396
Money at call and deposits with financial institutions	10,773	13,689	16,186	25,338
	44,562	34,181	78,271	64,734
Amortisation of premium less accretion of discount	(2,235)	(1,504)	(4,680)	(2,290)
Total finance income and hibah	42,327	32,677	73,591	62,444
<b>Other operating income</b>				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	7,779	2,620	13,984	6,868
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(2,098)	(3,538)	(4,396)	(6,463)
	5,681	(918)	9,588	405
	48,008	31,759	83,179	62,849

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**18. Income derived from investment of depositors' funds and others (continued)****(ii) Income derived from investment of other deposits**

	2nd Quarter ended		Six months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
<b>Finance income and hibah</b>				
Financing and advances	13,980	9,533	29,216	16,884
Money at call and deposits with financial institutions	4,702	6,329	7,617	10,859
	18,682	15,862	36,833	27,743
Amortisation of premium less accretion of discount	(887)	(676)	(2,203)	(981)
Total finance income and hibah	17,795	15,186	34,630	26,762
<b>Other operating income</b>				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	3,240	1,292	6,579	2,943
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(831)	(1,633)	(2,068)	(2,770)
	2,409	(341)	4,511	173
	20,204	14,845	39,141	26,935

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**19. Income attributable to depositors**

	2nd Quarter ended		Six months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Deposits from customers				
- Mudharabah fund	25,021	34,146	45,820	62,441
- Non-Mudharabah fund	3,780	898	4,581	1,473
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	21,583	14,515	40,802	31,579
- Non-Mudharabah fund	1,698	1,397	3,002	1,609
	<u>52,082</u>	<u>50,956</u>	<u>94,205</u>	<u>97,102</u>

**20. Income derived from investment of shareholder's funds**

	2nd Quarter ended		Six months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
<b>Finance income and hibah</b>				
Financing and advances	40,772	55,354	82,443	117,483
Investment securities available-for-sale	-	-	-	41
	<u>40,772</u>	<u>55,354</u>	<u>82,443</u>	<u>117,524</u>

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**21. Other operating expenses**

	2nd Quarter ended		Six months ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	2,803	1,264	5,738	3,559
- Other staff related cost	608	189	960	899
	<u>3,411</u>	<u>1,453</u>	<u>6,698</u>	<u>4,458</u>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	640	764	1,284	1,579
- Rental	491	486	984	966
- Information technology expenses	24	21	47	29
- Utilities and maintenance	460	449	956	829
	<u>1,615</u>	<u>1,720</u>	<u>3,271</u>	<u>3,403</u>
<b>Marketing expenses</b>				
- Advertisement and publicity	20	63	54	89
- Others	224	96	363	188
	<u>244</u>	<u>159</u>	<u>417</u>	<u>277</u>
<b>Administration and general expenses</b>				
- Communication expenses	77	140	160	268
- Group administration fees and business support expenses	1,919	1,544	3,539	3,421
- Management fee	20,074	20,844	40,895	39,070
- Others	3,016	7,766	5,675	10,853
	<u>25,086</u>	<u>30,294</u>	<u>50,269</u>	<u>53,612</u>
<b>Total other operating expenses</b>	<u><u>30,356</u></u>	<u><u>33,626</u></u>	<u><u>60,655</u></u>	<u><u>61,750</u></u>

**22. Provisions for financing**

	2nd Quarter ended		Six months ended	
	30 June 2014 RM'000	30 June 2013 Restated RM'000	30 June 2014 RM'000	30 June 2013 Restated RM'000
Provisions for financing:-				
Individual impairment provisions	19,178	26,483	39,315	51,900
- Made in the financial period	20,660	27,198	42,029	52,944
- Written back in respect of recoveries	(1,482)	(715)	(2,714)	(1,044)
Collective impairment provisions				
- Made in the financial period	3,028	1,089	3,808	2,666
- Written back	(8,149)	(17,344)	(13,303)	(21,291)
Bad and doubtful debts on financing and advances:-				
- Recovered	(3,350)	(1,713)	(6,213)	(2,927)
	<u>10,707</u>	<u>8,515</u>	<u>23,607</u>	<u>30,348</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 2014			As at 31 December 2013		
	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	4,628	4,628	1,099	2,812	2,812	572
Transaction-related contingent items	165,903	165,903	39,615	73,090	73,090	20,747
Short-term self liquidating trade-related contingencies	57,754	57,754	22,900	66,157	66,157	31,071
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	1,178,039	648,497**	207,990**	2,110,403	1,349,596**	441,212**
- maturity exceeding one year	1,120,156	257,999	97,478	1,276,469	232,681	87,349
Foreign exchange related contracts:-						
- less than one year	1,046,510	11,209	1,946	523,528	14,406	2,152
- one year to less than five years	825,523	47,440	54,220	-	-	-
Profit rate related contracts:-						
- one year to less than five years	1,266,862	16,891	4,787	27,902	3,619	3,753
- five years and above	6,228	7	7	6,293	1,160	292
Miscellaneous commitments and contingencies	19,933	1,713	3,480	20,356	1,750	3,674
	5,691,536	1,212,041	433,522	4,107,010	1,745,271	590,822

\*\* Excluded in the credit equivalent and risk weighted amount of the Bank are RM131.2million (2013: RM6.3million) and RM25.4million (2013: RM2.4million) respectively related to exposures funded by 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. 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 credit risk.

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**24. Profit rate risk**

<b>As at 30 June 2014</b>	<b>3 months or less RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>&gt;1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non profit sensitive RM'000</b>	<b>Total RM'000</b>	<b>Effective profit rate (%)</b>
<b>Financial assets</b>							
Cash and short term funds	2,786,600	-	-	-	13,259	2,799,859	2.99
Investment securities available-for-sale	148,614	-	-	-	-	148,614	3.06
Financing and advances							
- Performing	3,738,817	195,605	1,754,030	438,247	-	6,126,699	5.93
- Impaired	-	-	-	-	19,558	19,558	
Derivative financial assets	-	2,956	41,028	6,870	-	50,854	
Other balances	-	-	-	-	1,324,332	1,324,332	
	<b>6,674,031</b>	<b>198,561</b>	<b>1,795,058</b>	<b>445,117</b>	<b>1,357,149</b>	<b>10,469,916</b>	
<b>Financial liabilities</b>							
Deposits from customers	3,298,475	1,803,048	117,459	4,853	-	5,223,835	2.90
Deposits and placements of banks and other financial institutions	2,912,702	926,933	-	3,608	-	3,843,243	2.57
Derivative financial liabilities	-	2,580	45,009	8,371	-	55,960	
Other balances	-	-	-	-	693,553	693,553	
Subordinated sukuk	-	-	-	100,000	-	100,000	4.85
	<b>6,211,177</b>	<b>2,732,561</b>	<b>162,468</b>	<b>116,832</b>	<b>693,553</b>	<b>9,916,591</b>	
On-balance sheet profit sensitivity gap	462,854	(2,534,000)	1,632,590	328,285	663,596		
<b>Total profit sensitivity gap</b>	<b>462,854</b>	<b>(2,534,000)</b>	<b>1,632,590</b>	<b>328,285</b>	<b>663,596</b>		

<b>As at 31 December 2013</b>	<b>3 months or less RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>&gt;1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Non profit sensitive RM'000</b>	<b>Total RM'000</b>	<b>Effective profit rate (%)</b>
<b>Financial assets</b>							
Cash and short term funds	1,941,000	-	-	-	14,600	1,955,600	2.95
Investment securities available-for-sale	99,698	-	-	-	-	99,698	2.99
Financing and advances							
- Performing	2,718,108	113,640	1,544,574	644,381	-	5,020,703	6.51
- Impaired	-	-	-	-	24,826	24,826	
Derivative financial assets	7,970	78	2,782	843	-	11,673	
Other balances	-	-	-	-	1,069,516	1,069,516	
	<b>4,766,776</b>	<b>113,718</b>	<b>1,547,356</b>	<b>645,224</b>	<b>1,108,942</b>	<b>8,182,016</b>	
<b>Financial liabilities</b>							
Deposits from customers	2,793,443	1,243,513	123,795	4,771	-	4,165,522	3.03
Deposits and placements of banks and other financial institutions	2,159,496	935,341	-	3,605	-	3,098,442	2.97
Derivative financial liabilities	3,582	78	2,782	2,023	-	8,465	
Other balances	-	-	-	-	278,699	278,699	
Subordinated sukuk	-	-	-	100,000	-	100,000	4.85
	<b>4,956,521</b>	<b>2,178,932</b>	<b>126,577</b>	<b>110,399</b>	<b>278,699</b>	<b>7,651,128</b>	
On-balance sheet profit sensitivity gap	(189,745)	(2,065,214)	1,420,779	534,825	830,243		
<b>Total profit sensitivity gap</b>	<b>(189,745)</b>	<b>(2,065,214)</b>	<b>1,420,779</b>	<b>534,825</b>	<b>830,243</b>		



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**25. Financial instruments (continued)****Liquidity risk**

The following tables summarise assets and liabilities into relevant maturity groupings based on the remaining contractual maturities as at the financial year end, on an undiscounted basis. The assets and liabilities in this table will not agree to the balances reported on the statement of financial position as the table incorporates all contractual cash flows, on an undiscounted basis.

<b>As at 30 June 2014</b>	<b>3 months or less RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>					
Cash and short term funds	2,806,837	-	-	-	2,806,837
Investment securities available-for-sale	50,124	99,877	-	-	150,001
Financing and advances					
- Performing	1,033,180	457,061	1,789,553	5,949,318	9,229,112
- Impaired	-	-	-	19,558	19,558
Derivative financial assets	-	-	41,028	6,870	47,898
Other balances	1,324,332	-	-	-	1,324,332
	<b>5,214,473</b>	<b>556,938</b>	<b>1,830,581</b>	<b>5,975,746</b>	<b>13,577,738</b>
<b>Financial liabilities</b>					
Deposits from customers	3,308,467	1,831,642	131,169	5,761	5,277,039
Deposits and placements of banks and other financial institutions	2,923,393	935,397	-	4,204	3,862,994
Derivative financial liabilities	-	-	45,009	8,371	53,380
Subordinated sukuk	-	-	-	129,100	129,100
Other balances	687,458	6,095	-	-	693,553
	<b>6,919,318</b>	<b>2,773,134</b>	<b>176,178</b>	<b>147,436</b>	<b>10,016,066</b>
<b>Net liquidity gap</b>	<b>(1,704,845)</b>	<b>(2,216,196)</b>	<b>1,654,403</b>	<b>5,828,310</b>	<b>3,561,672</b>
<b>Gross financing commitments</b>	<b>613,281</b>	<b>1,297,069</b>	<b>231,171</b>	<b>384,959</b>	<b>2,526,480</b>

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**25. Financial instruments (continued)****Liquidity risk (continued)**

<b>As at 31 December 2013</b>	<b>3 months or less RM'000</b>	<b>&gt; 3 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>					
Cash and short term funds	1,960,408	-	-	-	1,960,408
Investment securities available-for-sale	100,195	-	-	-	100,195
Financing and advances					
- Performing	802,942	404,526	1,529,788	4,900,337	7,637,593
- Impaired	-	-	-	24,826	24,826
Derivative financial assets	7,970	78	2,782	843	11,673
Other balances	1,069,516	-	-	-	1,069,516
	<b>3,941,031</b>	<b>404,604</b>	<b>1,532,570</b>	<b>4,926,006</b>	<b>10,804,211</b>
<b>Financial liabilities</b>					
Deposits from customers	2,803,061	1,266,867	142,226	5,708	4,217,862
Deposits and placements of banks and other financial institutions	2,168,857	950,606	-	4,306	3,123,769
Derivative financial liabilities	3,582	78	2,782	2,023	8,465
Subordinated sukuk	-	-	-	129,100	129,100
Other balances	269,280	9,419	-	-	278,699
	<b>5,244,780</b>	<b>2,226,970</b>	<b>145,008</b>	<b>141,137</b>	<b>7,757,895</b>
<b>Net liquidity gap</b>	<b>(1,303,749)</b>	<b>(1,822,366)</b>	<b>1,387,562</b>	<b>4,784,869</b>	<b>3,046,316</b>
<b>Gross financing commitments</b>	<b>1,057,811</b>	<b>1,833,532</b>	<b>228,534</b>	<b>409,054</b>	<b>3,528,931</b>

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**26. Fair values of financial assets and liabilities****Methods and assumptions****Fair value hierarchy**

The valuation hierarchy, and the types of instruments classified into each level within that hierarchy, is set out below:

	Level 1	Level 2	Level 3
Fair value determined using	Unadjusted quoted prices in an active market for identical assets and liabilities	Valuation models with directly or indirectly market observable inputs	Valuation models using significant non-market observable inputs
Type of financial assets	Actively traded government and agency securities	Corporate and other government bonds and financing and advances  Over-the-counter (OTC) derivatives	-
Type of financial liabilities	-	OTC derivatives	-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30 June 2014</b>				
<b>Assets</b>				
Investment securities available-for-sale				
Bank Negara Malaysia Bills	49,996	98,618	-	148,614
Derivative financial instruments	-	50,854	-	50,854
<b>At 30 June 2014</b>	<b>49,996</b>	<b>149,472</b>	<b>-</b>	<b>199,468</b>
<b>Liabilities</b>				
Derivative financial instruments	-	55,960	-	55,960
<b>At 30 June 2014</b>	<b>-</b>	<b>55,960</b>	<b>-</b>	<b>55,960</b>
<b>31 December 2013</b>				
<b>Assets</b>				
Investment securities available-for-sale				
Bank Negara Malaysia Bills	99,698	-	-	99,698
Derivative financial instruments	-	11,673	-	11,673
<b>At 31 December 2013</b>	<b>99,698</b>	<b>11,673</b>	<b>-</b>	<b>111,371</b>
<b>Liabilities</b>				
Derivative financial instruments	-	8,465	-	8,465
<b>At 31 December 2013</b>	<b>-</b>	<b>8,465</b>	<b>-</b>	<b>8,465</b>

There were no transfers between Level 1 and Level 2 during the half year ended 30 June 2014.

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**27. 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:-

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Aggregate value of outstanding credit exposures to connected parties	142,476	10,772
As a percentage of total credit exposures	1.7%	0.1%

There are currently no exposures to connected parties which are classified as impaired.

**28. Capital adequacy**

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

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Tier 1 Capital</b>		
Paid-up ordinary share capital	102,750	102,750
Share premium	308,250	308,250
Other reserves	157,247	138,689
Less: Deferred tax assets	(3,639)	(2,940)
Excess of Expected Loss over Expected Provisions under IRB approach	(52,973)	(54,996)
Unrealised gains and losses on 'available-for-sale' financial instruments	16	(9)
<b>CET 1 and Eligible Tier 1 capital</b>	<u>511,651</u>	<u>491,744</u>
<b>Tier 2 Capital</b>		
Islamic subordinated sukuk	100,000	100,000
Collective impairment provisions	5,777	4,560
<b>Eligible Tier 2 capital</b>	<u>105,777</u>	<u>104,560</u>
<b>Total capital base</b>	<u>617,428</u>	<u>596,304</u>

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

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Total risk-weighted assets:-</b>		
Credit risk	4,240,582	3,979,258
Operational risk	391,184	367,218
	<u>4,631,766</u>	<u>4,346,476</u>

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
CET 1 capital ratio	11.047%	11.314%
Tier 1 capital ratio	11.047%	11.314%
Risk-weighted capital ratio	13.330%	13.719%

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**28. Comparatives**

Certain comparatives have been restated as a result of the change in accounting policy with respect to the measurement basis of collective impairment for financing and advances as disclosed in the audited financial statements of the Bank for the financial year ended 31 December 2013.