

Company No. 823437K



Standard Chartered Saadiq Berhad

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

**Financial statements for the financial half year
ended 30 June 2015**

STANDARD CHARTERED SAADIQ BERHAD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	Note	30 June 2015 RM'000	31 December 2014 RM'000
Assets			
Cash and short term funds		2,040,143	1,119,521
Investment securities available-for-sale	11	80,558	98,556
Financing and advances	12	6,499,361	7,096,298
Derivative financial assets		156,651	100,296
Other assets	14	1,277,442	1,004,570
Current tax assets		8,455	13,666
Statutory deposits with Bank Negara Malaysia	15	258,529	251,450
Property, plant and equipment		964	1,877
Deferred tax assets		1,161	2,849
Total assets		10,323,264	9,689,083
Liabilities			
Deposits from customers	16	4,489,616	3,485,371
Deposits and placements of banks and other financial institutions	17	4,604,509	5,083,838
Derivatives financial liabilities		157,731	103,967
Other liabilities	18	387,551	355,985
Subordinated sukuk		100,000	100,000
Total liabilities		9,739,407	9,129,161
Equity			
Share capital		102,750	102,750
Reserves		481,107	457,172
Total equity attributable to equity holder of the Bank		583,857	559,922
Total liabilities and equity		10,323,264	9,689,083
Commitments and contingencies	24	8,536,480	6,628,189

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 2014.

STANDARD CHARTERED SAADIQ BERHAD
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

	Note	2nd Quarter ended		Six months ended	
		30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Income derived from investment of depositors' funds and others	19	80,253	68,212	152,314	122,320
Income derived from investment of shareholder's funds	21	33,503	40,772	68,794	82,443
Provisions for financing	23	(100)	(10,707)	(1,119)	(23,607)
Total distributable income		113,656	98,277	219,989	181,156
Income attributable to depositors	20	(68,543)	(52,082)	(125,250)	(94,205)
Total net income		45,113	46,195	94,739	86,951
Other operating expenses	22	(29,697)	(30,356)	(59,897)	(60,655)
Profit before taxation		15,416	15,839	34,842	26,296
Tax expense		(6,089)	(4,617)	(10,957)	(7,738)
Profit for the period		9,327	11,222	23,885	18,558
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available for sale):					
Net change in fair value		5	35	50	44
Other comprehensive income for the period, net of income tax		5	35	50	44
Total comprehensive income for the period		9,332	11,257	23,935	18,602

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 2014.

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 2015**

	← <i>Non-Distributable Reserves</i> →				<i>Distributable Reserves Retained profits</i>	Total
	Share capital	Share premium	Statutory reserves	AFS reserves	RM'000	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	102,750	308,250	102,750	(20)	46,192	559,922
Fair value reserve (investment securities available-for-sale):-						
Net changes in fair value	-	-	-	50	-	50
Total other comprehensive income for the period	-	-	-	50	-	50
Profit for the period	-	-	-	-	23,885	23,885
Total comprehensive income for the period	-	-	-	50	23,885	23,935
At 30 June 2015	102,750	308,250	102,750	30	70,077	583,857

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 2014.

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CONDENSED INTERIM FINANCIAL STATEMENTS

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

	← <i>Non-Distributable Reserves</i> →				<i>Distributable Reserves</i>	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
At 1 January 2014	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
At 30 June 2014	102,750	308,250	102,750	35	54,497	568,282

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 2014.

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 2015

	30 June 2015 RM'000	30 June 2014 RM'000
Profit before taxation	34,842	26,296
Adjustment for non-cash items	(464)	1,284
Operating profit before working capital changes	<u>34,378</u>	<u>27,580</u>
Changes in working capital		
Net changes in operating assets	314,396	(1,347,230)
Net changes in operating liabilities	556,482	2,217,968
Income taxes paid	(4,074)	(5,164)
Net cash generated from operating activities	<u>901,182</u>	<u>893,154</u>
Net cash generated from investing activities	<u>19,440</u>	<u>(48,895)</u>
Net increase in cash and cash equivalents	<u>920,622</u>	<u>844,259</u>
Cash and cash equivalent at beginning of the year	<u>1,119,521</u>	<u>1,955,600</u>
Cash and cash equivalent at end of the period	<u><u>2,040,143</u></u>	<u><u>2,799,859</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 2014.

STANDARD CHARTERED SAADIQ BERHAD
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REVIEW OF PERFORMANCE

The economic environment remained subdued, with the Malaysian Ringgit experiencing sharp depreciation over the half year and commodity prices remaining volatile. Against this uncertain backdrop, the Bank registered a pre-tax profit of RM 34.84 million, a 32.50% increase against the corresponding period last year. Income derived from investment of depositors' funds and others increased by 24.52% to RM 152.31 million while income derived from investment of shareholder's funds decreased 16.56% to RM 68.79 million, in line with the reduction in personal financing. The Bank showed improvement in asset quality as provision for financing has reduced significantly by RM 22.49 million against the corresponding period last year through better asset quality.

Total assets increased by 6.54% to RM 10.32 billion while deposits from customers recorded a significant increase of RM 1 billion or 28.81% to RM 4.49 billion during the half year ended 2015. The Bank's Common Equity Tier 1 capital ratio and Total Capital Ratio remained strong at 13.32% and 15.90%, respectively.

PROSPECTS

In line with the Standard Chartered PLC Group's refreshed and sharpened strategy, the Bank will continue to focus on sustainable and profitable growth. The Bank's Retail Banking business will focus on growing the high value segment while Commercial Clients segment will focus on increasing the depth of its customer relationships through introduction of more sophisticated product suites and strategic solutions. Meanwhile, the Corporate & Institutional Clients segment key priorities will include focusing on building up flow income across most product lines, while continuing to emphasise on client segment cross-selling.

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Notes to the financial statements for the financial half year ended 30 June 2015

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 2015 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:-

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> |

MFRSs and and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2016

- | | | |
|-------|------------------------|--|
| i) | Amendments to MFRS 5 | <i>Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)</i> |
| ii) | Amendments to MFRS 7 | <i>Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)</i> |
| iii) | Amendments to MFRS 10 | <i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> |
| iv) | Amendments to MFRS 11 | <i>Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations</i> |
| v) | MFRS 14 | <i>Regulatory Deferral Accounts</i> |
| vi) | Amendments to MFRS 116 | <i>Property, Plant and Equipment</i> |
| vii) | MFRS 138 | <i>Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation</i> |
| viii) | MFRS 141 | <i>Agriculture – Agriculture: Bearer Plants</i> |
| ix) | Amendments to MFRS 119 | <i>Employee Benefits (Annual Improvements 2012-2014 Cycle)</i> |
| x) | Amendments to MFRS 127 | <i>Separate Financial Statements – Equity Method in Separate Financial Statements</i> |
| xi) | Amendments to MFRS 134 | <i>Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)</i> |
| xii) | Amendments to MFRS 101 | <i>Presentation of Financial Statements - Disclosure Initiative</i> |
| xiii) | Amendments to MFRS 10 | <i>Consolidated Financial Statements, MFRS 12, Disclosure of Interest in Other Entities; and MFRS 128, Investment in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception</i> |

MFRSs and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2017

- | | | |
|----|---------|--|
| i) | MFRS 15 | <i>Revenue from Contracts with Customers</i> |
|----|---------|--|

MFRSs and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2018

- | | | |
|----|--------|-------------------------------------|
| i) | MFRS 9 | <i>Financial Instruments (2014)</i> |
|----|--------|-------------------------------------|

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1. Basis of preparation of the financial statements (continued)

The initial application of the abovementioned accounting standards and amendments are not expected to have any material impact to the financial statements of the Bank except as mentioned below:-

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfer of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services.

MFRS 9, Financial Instruments

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 Bank is currently assessing the financial impact of adopting MFRS 9 and MFRS 15.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. 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 2014.

2. Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2014 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 financial half year ended 30 June 2015.

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 financial half year ended 30 June 2015.

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 2015.

7. Proposed Dividend

No dividend has been proposed for the second quarter and the financial half year ended 30 June 2015.

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.

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9. Changes in the composition of the Bank

There were no significant changes in the composition of the Bank during the financial half year ended 30 June 2015.

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

	30 June 2015 RM'000	31 December 2014 RM'000
<u>At fair value</u>		
Bank Negara Malaysia bills	-	98,556
Government Islamic bonds	80,558	-
	<u>80,558</u>	<u>98,556</u>

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

	Bai Bithaman Ajil (deferred payment sale)	Ijarah (lease)	Ijarah Thumma Al-Bai (finance lease)	Murabahah (cost plus)	Bai'Al Inah (sale and buy- back)	Diminishing Musyarakah	Others	Total financing and advances
As at 30 June 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term financing								
- House financing	607,618	-	-	-	-	2,556,500	3,882	3,168,000
- Hire purchase receivables	-	-	187,649	-	-	-	-	187,649
- Lease receivables	-	301,013	-	-	-	-	2,002	303,015
- Other term financing	99,474	-	-	978,692	330,512	912,989	106,177	2,427,844
Bills receivable	-	-	-	-	-	-	340,166	340,166
Trust receipts	-	-	-	293,106	-	-	-	293,106
Staff financing	1,290	-	-	108	-	-	217	1,615
Revolving credit	-	-	-	618,669	-	-	-	618,669
	708,382	301,013	187,649	1,890,575	330,512	3,469,489	452,444	7,340,064
Less: Unearned income								(714,109)
Gross financing and advances								6,625,955
Less: Impairment provisions on financing and advances:-								
- Individual impairment provisions								(27,284)
- Collective impairment provisions								(99,310)
Total net financing and advances								6,499,361

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12. Financing and advances (continued)**(i) By type and by contract (continued)**

	Bai Bithaman Ajil (deferred payment sale)	Ijarah (lease)	Ijarah Thumma Al-Bai (finance lease)	Murabahah (cost plus)	Bai'Al Inah (sale and buy- back)	Diminishing Musyarakah	Others	Total financing and advances
As at 31 December 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term financing								
- House financing	656,797	-	-	-	-	2,325,919	3,688	2,986,404
- Hire purchase receivables	-	-	237,512	-	-	-	-	237,512
- Lease receivables	-	337,940	-	-	-	-	-	337,940
- Other term financing	79,587	-	-	1,477,702	516,661	895,074	148,671	3,117,695
Bills receivable	-	-	-	-	-	-	232,765	232,765
Trust receipts	-	-	-	284,008	-	-	-	284,008
Staff financing	1,051	-	-	118	292	-	87	1,548
Revolving credit	-	-	-	849,706	-	-	-	849,706
	<u>737,435</u>	<u>337,940</u>	<u>237,512</u>	<u>2,611,534</u>	<u>516,953</u>	<u>3,220,993</u>	<u>385,211</u>	<u>8,047,578</u>
Less: Unearned income								<u>(808,452)</u>
Gross financing and advances								7,239,126
Less: Impairment provisions on financing and advances:-								
- Individual impairment provisions								(23,790)
- Collective impairment provisions								<u>(119,038)</u>
Total net financing and advances								<u><u>7,096,298</u></u>

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

	30 June 2015 RM'000	31 December 2014 RM'000
Domestic non-bank financial institutions	223,023	959,735
Domestic business enterprises	2,655,029	2,730,915
<i>Small medium enterprises</i>	1,113,895	1,086,066
<i>Others</i>	1,541,134	1,644,849
Individuals	3,190,374	3,128,562
Foreign entities	557,529	419,914
	6,625,955	7,239,126

(iii) By profit rate sensitivity

	30 June 2015 RM'000	31 December 2014 RM'000
Fixed rate		
- House financing	2,030	2,145
- Hire purchase receivables	187,170	216,930
- Other financing	1,140,382	1,920,617
Variable rate		
- House financing	2,830,717	2,620,842
- Revolving credit	675,204	789,098
- Other financing	1,790,452	1,689,494
	6,625,955	7,239,126

(iv) By sector

	30 June 2015 RM'000	31 December 2014 RM'000
Agriculture	3,276	122,785
Mining and quarrying	170,194	122,048
Manufacturing	734,428	793,733
Electricity, gas and water	1,912	759
Construction	147,391	123,489
Real estate	340,708	257,211
Wholesale & retail trade and restaurants & hotels	636,342	607,977
Transportation, storage and communication	105,091	113,833
Finance, insurance and business services	596,068	1,412,647
Household	3,665,752	3,548,476
Others	224,793	136,168
	6,625,955	7,239,126

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12. Financing and advances (continued)**(v) By purpose**

	30 June 2015 RM'000	31 December 2014 RM'000
Purchase of landed property		
- Residential	2,850,516	2,642,021
- Non-residential	939,383	926,396
Fixed assets excluding land and building	172,679	195,775
Personal Use	573,239	670,210
Working Capital	2,090,138	2,151,926
Others	-	652,798
	<u>6,625,955</u>	<u>7,239,126</u>

(vi) By maturity structure

	30 June 2015 RM'000	31 December 2014 RM'000
Maturing within one year	1,114,320	1,878,897
One year to three years	502,916	792,072
Three years to five years	703,115	689,657
Over five years	4,305,604	3,878,500
	<u>6,625,955</u>	<u>7,239,126</u>

(vii) By geographical distribution

	30 June 2015 RM'000	31 December 2014 RM'000
Within Malaysia	<u>6,625,955</u>	<u>7,239,126</u>

(viii) Analysis of foreign currency exposure

	30 June 2015 RM'000	31 December 2014 RM'000
USD	726,392	657,373
GBP	-	652,798
Other foreign currencies	2,993	401
	<u>729,385</u>	<u>1,310,572</u>

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13. Impaired financing and advances

(i) Movements in impaired financing and advances

	30 June 2015 RM'000	31 December 2014 RM'000
At 1 January	38,121	40,609
Classified as impaired during the financial period/year	38,174	83,084
Reclassified as performing during the financial period/year	(7,182)	(8,057)
Amount recovered during the financial period/year	(6,624)	(13,214)
Amount written off during the financial period/year	<u>(23,968)</u>	<u>(64,301)</u>
At end of reporting period/year	38,521	38,121
Individual impairment provisions	<u>(27,284)</u>	<u>(23,790)</u>
Net impaired financing and advances	<u>11,237</u>	<u>14,331</u>

Included in the impaired financing and advances balances are financing and advances which have been rescheduled or restructured by *Agensi Kaunseling dan Pengurusan Kredit*.

(ii) Movements in impairment provisions for financing and advances

	30 June 2015 RM'000	31 December 2014 RM'000
Collective impairment provisions		
At 1 January	119,038	103,937
Impairments made during the financial period/year	5,193	35,622
Amount written back	<u>(24,921)</u>	<u>(20,521)</u>
At end of reporting period/year	<u>99,310</u>	<u>119,038</u>
As a percentage of gross financing and advances less individual impairment provisions	<u>1.51%</u>	<u>1.65%</u>

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13. Impaired financing and advances (continued)

	30 June 2015 RM'000	31 December 2014 RM'000
Individual impairment provisions		
At 1 January	23,790	15,783
Impairments made during the financial period/year	32,833	79,086
Amount written back	(5,362)	(6,969)
Amount written off	(23,977)	(64,110)
At end of reporting period/year	<u>27,284</u>	<u>23,790</u>

(iii) Impaired financing and advances by sector

	30 June 2015 RM'000	31 December 2014 RM'000
Agriculture	67	-
Manufacturing	1,486	1,619
Construction	51	103
Wholesale & retail trade and restaurants & hotels	1,025	513
Transportation, storage and communication	965	1,115
Household	34,812	34,582
Others	115	189
	<u>38,521</u>	<u>38,121</u>

(iv) Impaired financing and advances by purpose

	30 June 2015 RM'000	31 December 2014 RM'000
Purchase of landed property	9,561	5,411
- Residential	8,515	4,369
- Non-residential	1,046	1,042
Fixed assets excluding land and building	1,945	735
Personal use	25,251	29,171
Working capital	1,764	2,804
	<u>38,521</u>	<u>38,121</u>

(v) Impaired financing and advances by geographical distribution

	30 June 2015 RM'000	31 December 2014 RM'000
Within Malaysia	<u>38,521</u>	<u>38,121</u>

14. Other assets

	30 June 2015 RM'000	31 December 2014 RM'000
Income receivable	988	97
Other receivables, deposits and prepayments	1,276,454	1,004,473
	<u>1,277,442</u>	<u>1,004,570</u>

STANDARD CHARTERED SAADIQ BERHAD

15. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 to satisfy the Statutory Reserve Requirement ("SRR"); the amounts of which are determined at set percentages of total eligible liabilities.

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

	30 June 2015 RM'000	31 December 2014 RM'000
Demand deposits	1,391,324	1,334,194
- Mudharabah	960,849	977,601
- Wadiah	430,475	356,593
Saving deposits	174,411	212,100
- Mudharabah	119,869	168,493
- Wadiah	54,542	43,607
Investment deposits		
- Murabahah	16,489	18,588
Negotiable instruments of deposits		
- Bai-Inah	107,868	114,188
General investment deposits	2,799,524	1,806,301
- Mudharabah	1,178,007	1,148,069
- Murabahah	1,621,517	658,232
	<u>4,489,616</u>	<u>3,485,371</u>

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

	30 June 2015 RM'000	31 December 2014 RM'000
Due within six months	1,815,228	1,572,782
Six months to one year	582,530	206,990
One year to three years	398,646	45,117
Three years to five years	127,477	114,188
	<u>2,923,881</u>	<u>1,939,077</u>

(ii) By type of customers

	30 June 2015 RM'000	31 December 2014 RM'000
Government and statutory bodies	1,059,923	748,962
Business enterprises	462,903	593,266
Individuals	2,582,786	1,669,262
Others	384,004	473,881
	<u>4,489,616</u>	<u>3,485,371</u>

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17. Deposits and placements of banks and other financial institutions

	30 June 2015 RM'000	31 December 2014 RM'000
Non-Mudharabah		
Licensed banks	2,203,207	104,232
Other financial institutions	54,186	52,676
Mudharabah		
Licensed bank	2,347,116	4,926,930
	<u>4,604,509</u>	<u>5,083,838</u>

Mudharabah deposit placement of licensed bank is a placement made by the Bank's immediate holding company under Profit Sharing Investment Account ("PSIA").

18. Other liabilities

	30 June 2015 RM'000	31 December 2014 RM'000
Income payable	23,605	19,831
Other payables and accruals	363,946	336,154
	<u>387,551</u>	<u>355,985</u>

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

	2nd Quarter ended		Six months ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Income derived from investment of:-				
(i) General investment deposits	49,037	48,008	94,435	83,179
(ii) Other deposits	31,216	20,204	57,879	39,141
	<u>80,253</u>	<u>68,212</u>	<u>152,314</u>	<u>122,320</u>

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19. 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 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Finance income and hibah				
Financing and advances	34,470	33,789	70,115	62,085
Investment securities available-for-sale	211	-	211	-
Money at call and deposits with financial institutions	11,276	10,773	16,808	16,186
	45,957	44,562	87,134	78,271
Amortisation of premium less accretion of discount	(1,921)	(2,235)	(3,781)	(4,680)
Total finance income and hibah	44,036	42,327	83,353	73,591
Other operating income				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	6,616	7,779	15,994	13,984
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(1,615)	(2,098)	(4,912)	(4,396)
	5,001	5,681	11,082	9,588
	49,037	48,008	94,435	83,179

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19. 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 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Finance income and hibah				
Financing and advances	22,040	13,980	42,974	29,216
Investment securities available-for-sale	129	-	129	-
Money at call and deposits with financial institutions	7,052	4,702	10,301	7,617
	29,221	18,682	53,404	36,833
Amortisation of premium less accretion of discount	(1,225)	(887)	(2,317)	(2,203)
Total finance income and hibah	27,996	17,795	51,087	34,630
Other operating income				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	4,295	3,240	9,803	6,579
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(1,075)	(831)	(3,011)	(2,068)
	3,220	2,409	6,792	4,511
	31,216	20,204	57,879	39,141

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20. Income attributable to depositors

	2nd Quarter ended		Six months ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Deposits from customers				
- Mudharabah fund	21,720	25,021	41,336	45,820
- Non-Mudharabah fund	10,434	3,780	16,566	4,581
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	31,619	21,583	61,084	40,802
- Non-Mudharabah fund	4,770	1,698	6,264	3,002
	<u>68,543</u>	<u>52,082</u>	<u>125,250</u>	<u>94,205</u>

21. Income derived from investment of shareholder's funds

	2nd Quarter ended		Six months ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Finance income and hibah				
Financing and advances	<u>33,503</u>	<u>40,772</u>	<u>68,794</u>	<u>82,443</u>

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22. Other operating expenses

	2nd Quarter ended		Six months ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	2,194	2,803	4,411	5,738
- Other staff related cost	599	608	1,033	960
	<u>2,793</u>	<u>3,411</u>	<u>5,444</u>	<u>6,698</u>
Establishment costs				
- Depreciation of property, plant and equipment	396	640	912	1,284
- Rental	510	491	1,019	984
- Information technology expenses	10	24	36	47
- Utilities and maintenance	618	460	1,208	956
	<u>1,534</u>	<u>1,615</u>	<u>3,175</u>	<u>3,271</u>
Marketing expenses				
- Advertisement and publicity	70	20	82	54
- Others	135	224	205	363
	<u>205</u>	<u>244</u>	<u>287</u>	<u>417</u>
Administration and general expenses				
- Communication expenses	63	77	126	160
- Group administration fees and business support expenses	1,678	1,919	3,388	3,539
- Management fee	22,268	20,074	46,182	40,895
- Others	1,156	3,016	1,295	5,675
	<u>25,165</u>	<u>25,086</u>	<u>50,991</u>	<u>50,269</u>
Total other operating expenses	<u>29,697</u>	<u>30,356</u>	<u>59,897</u>	<u>60,655</u>

23. Provisions for financing

	2nd Quarter ended		Six months ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Provisions for financing:-				
Individual impairment provisions	13,221	19,178	27,471	39,315
- Made in the financial period	16,375	20,660	32,833	42,029
- Written back in respect of recoveries	(3,154)	(1,482)	(5,362)	(2,714)
Collective impairment provisions				
- Made in the financial period	3,818	3,028	5,193	3,808
- Written back	(13,478)	(8,149)	(24,921)	(13,303)
Bad and doubtful debts on financing and advances:-				
- Recovered	(3,461)	(3,350)	(6,624)	(6,213)
	<u>100</u>	<u>10,707</u>	<u>1,119</u>	<u>23,607</u>

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24. Commitments and contingencies

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

The commitments and contingencies are as follows:-

	As at 30 June 2015			As at 31 December 2014		
	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	8,891	8,891	3,850	27,997	27,997	24,324
Transaction-related contingent items	267,633	267,633	43,669	154,144	154,144	58,183
Short-term self liquidating trade-related contingencies	58,374	58,374	15,403	103,036	103,036	27,821
Other commitments to extend credit:-						
- maturity not exceeding one year	2,266,729	587,288	242,753	1,625,094	312,114	124,312
- maturity exceeding one year	809,953	331,442 **	198,761 **	1,073,862	612,351 **	273,432 *
Foreign exchange related contracts:-						
- less than one year	2,192,448	43,887 **	3,650 **	1,374,936	39,770	5,184
- one year to less than five years	1,404,136	63,177	18,915	835,380	125,506	96,382
Profit rate related contracts:-						
- one year to less than five years	1,498,472	46,072 **	9,584 **	1,406,085	53,700 **	10,780 **
- five years and above	228	625	162	228	528	137
Miscellaneous commitments and contingencies	29,616	5,422	533	27,427	6,726	782
	8,536,480	1,412,811	537,280	6,628,189	1,435,872	621,337

* The comparative figures have been restated to conform with current year presentation which reflected the results of revision to the Bank's Corporate Exposure At Default model during the year.

** Excluded in the credit equivalent and risk weighted amount of the Bank are RM235.1million (2014: RM82.2million) and RM183.1million (2014: RM14.2million) respectively relating to exposures funded by PSIA 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 related credit risk and exposure of facilities funded by the SIA are allowed to be transferred to SCBMB as the fund provider.

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

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25. Profit rate risk

As at 30 June 2015	3 months or less RM'000	> 3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non profit sensitive RM'000	Total RM'000	Effective profit rate (%)
Financial assets							
Cash and short term funds	2,026,000	-	-	-	14,143	2,040,143	3.23
Investment securities available-for-sale	-	80,558	-	-	-	80,558	3.29
Financing and advances							
- Performing	4,286,073	135,224	1,375,608	691,219	-	6,488,124	5.25
- Impaired	-	-	-	-	11,237	11,237	
Derivative financial assets	11,984	13,132	130,922	613	-	156,651	
Other balances	-	-	-	-	1,535,971	1,535,971	
	6,324,057	228,914	1,506,530	691,832	1,561,351	10,312,684	
Financial liabilities							
Deposits from customers	2,613,933	1,310,156	565,527	-	-	4,489,616	2.85
Deposits and placements of banks and other financial institutions	3,227,025	1,373,864	-	3,620	-	4,604,509	2.94
Derivative financial liabilities	9,716	13,347	134,055	613	-	157,731	
Other balances	-	-	-	-	387,551	387,551	
Subordinated sukuk	-	-	-	100,000	-	100,000	4.85
	5,850,674	2,697,367	699,582	104,233	387,551	9,739,407	
On-balance sheet profit sensitivity gap	473,383	(2,468,453)	806,948	587,599	1,173,800		
Total profit sensitivity gap	473,383	(2,468,453)	806,948	587,599	1,173,800		

As at 31 December 2014	3 months or less RM'000	> 3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non profit sensitive RM'000	Total RM'000	Effective profit rate (%)
Financial assets							
Cash and short term funds	1,105,000	-	-	-	14,521	1,119,521	3.20
Investment securities available-for-sale	98,556	-	-	-	-	98,556	3.45
Financing and advances							
- Performing	4,186,531	807,281	1,449,689	638,466	-	7,081,967	5.98
- Impaired	-	-	-	-	14,331	14,331	
Derivative financial assets	6,121	9,897	83,762	516	-	100,296	
Other balances	-	-	-	-	1,256,020	1,256,020	
	5,396,208	817,178	1,533,451	638,982	1,284,872	9,670,691	
Financial liabilities							
Deposits from customers	2,516,380	820,353	148,638	-	-	3,485,371	2.62
Deposits and placements of banks and other financial institutions	2,916,764	2,163,458	-	3,616	-	5,083,838	2.95
Derivative financial liabilities	8,628	10,087	84,736	516	-	103,967	
Other balances	-	-	-	-	355,985	355,985	
Subordinated sukuk	-	-	-	100,000	-	100,000	4.85
	5,441,772	2,993,898	233,374	104,132	355,985	9,129,161	
On-balance sheet profit sensitivity gap	(45,564)	(2,176,720)	1,300,077	534,850	928,887		
Total profit sensitivity gap	(45,564)	(2,176,720)	1,300,077	534,850	928,887		

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26. 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.

As at 30 June 2015	3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
Financial assets					
Cash and short term funds	2,045,629	-	-	-	2,045,629
Investment securities available-for-sale	-	-	85,859	-	85,859
Financing and advances					
- Performing	1,031,852	368,698	1,354,581	6,977,813	9,732,944
- Impaired	-	-	-	11,237	11,237
Derivative financial assets	11,983	13,132	130,923	613	156,651
Other balances	1,535,971	-	-	-	1,535,971
	4,625,435	381,830	1,571,363	6,989,663	13,568,291
Financial liabilities					
Deposits from customers	2,634,261	1,374,666	641,067	-	4,649,994
Deposits and placements of banks and other financial institutions	3,241,355	1,392,067	-	4,308	4,637,730
Derivative financial liabilities	9,716	13,347	134,055	613	157,731
Subordinated sukuk	-	-	-	129,100	129,100
Other balances	383,610	3,941	-	-	387,551
	6,268,942	2,784,021	775,122	134,021	9,962,106
Net liquidity gap	(1,643,507)	(2,402,191)	796,241	6,855,642	3,606,185
Gross financing commitments	273,286	1,840,580	494,338	803,376	3,411,580

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26. Liquidity risk (continued)

As at 31 December 2014	3 months or less RM'000	> 3 - 12 months RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
Financial assets					
Cash and short term funds	1,122,506	-	-	-	1,122,506
Investment securities available-for-sale	-	100,256	-	-	100,256
Financing and advances					
- Performing	1,156,067	1,064,819	1,487,537	6,876,753	10,585,176
- Impaired	-	-	-	14,331	14,331
Derivative financial assets	6,120	9,897	83,763	516	100,296
Other balances	1,256,020	-	-	-	1,256,020
	3,540,713	1,174,972	1,571,300	6,891,600	13,178,585
Financial liabilities					
Deposits from customers	2,527,025	831,171	163,252	-	3,521,448
Deposits and placements of banks and other financial institutions	2,929,037	2,192,563	3,945	-	5,125,545
Derivative financial liabilities	8,628	10,087	84,736	516	103,967
Subordinated sukuk	-	-	-	129,100	129,100
Other balances	354,734	1,251	-	-	355,985
	5,819,424	3,035,072	251,933	129,616	9,236,045
Net liquidity gap	(2,278,711)	(1,860,100)	1,319,367	6,761,984	3,942,540
Gross financing commitments	420,454	1,975,540	261,361	326,778	2,984,133

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27. 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
30 June 2015				
Assets				
Investment securities available-for-sale				
Debt securities	80,558	-	-	80,558
Derivative financial instruments	-	156,651	-	156,651
At 30 June 2015	80,558	156,651	-	237,209
Liabilities				
Deposits from customers	-	16,489	-	16,489
Deposits and placements of banks and other financial institutions	-	3,620	-	3,620
Derivative financial instruments	-	157,731	-	157,731
At 30 June 2015	-	177,840	-	177,840
31 December 2014				
Assets				
Investment securities available-for-sale				
Bank Negara Malaysia Bills	98,556	-	-	98,556
Derivative financial instruments	-	100,296	-	100,296
At 31 December 2014	98,556	100,296	-	198,852
Liabilities				
Deposits from customers	-	18,588	-	18,588
Deposits and placements of banks and other financial institutions	-	3,616	-	3,616
Derivative financial instruments	-	103,967	-	103,967
At 31 December 2014	-	126,171	-	126,171

There were no transfers between Level 1 and Level 2 during the period ended 30 June 2015.

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28. 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 2015 RM'000	31 December 2014 RM'000
Aggregate value of outstanding credit exposures to connected parties	150,665	144,103
As a percentage of total credit exposures	1.8%	1.6%

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

29. Capital adequacy

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

	30 June 2015 RM'000	31 December 2014 RM'000
Tier 1 Capital		
Paid-up ordinary share capital	102,750	102,750
Share premium	308,250	308,250
Other reserves	172,827	148,942
Less: Deferred tax assets	(1,167)	(2,843)
Excess of Expected Loss over Expected Provisions under AIRB approach	(16,548)	(17,405)
Unrealised gains and losses on 'available-for-sale' financial instruments	14	(20)
CET 1 and Eligible Tier 1 capital	566,126	539,674
Tier 2 Capital		
Islamic subordinated sukuk	100,000	100,000
Collective impairment provisions	9,663	9,270
Eligible Tier 2 capital	109,663	109,270
Total capital base	675,789	648,944

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

	30 June 2015 RM'000	31 December 2014 RM'000
Total risk-weighted assets:-		
Credit risk	3,872,563	4,333,866
Operational risk	378,367	383,234
	4,250,930	4,717,100
	30 June 2015 RM'000	31 December 2014 RM'000
CET 1 capital ratio	13.318%	11.441%
Tier 1 capital ratio	13.318%	11.441%
Total capital ratio	15.897%	13.757%