

Company No. 823437K



**Standard Chartered Saadiq Berhad**

(Company No. 823437K)

(Incorporated in Malaysia)

**Financial statements for the financial half  
year ended 30 June 2013**

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013**

	Note	30 June 2013 RM'000	31 December 2012 RM'000
<b>Assets</b>			
Cash and short term funds		1,787,004	1,577,146
Investment securities available-for-sale	11	402,880	1,141,634
Financing and advances	12	4,148,376	3,936,712
Derivative financial assets		9,296	10,031
Other assets	14	772,520	513,939
Statutory deposits with Bank Negara Malaysia		166,673	138,685
Property, plant and equipment		6,212	6,357
Deferred tax assets		5,634	5,384
<b>Total assets</b>		<b><u>7,298,595</u></b>	<b><u>7,329,888</u></b>
<b>Liabilities</b>			
Deposits from customers	15	4,390,437	3,900,803
Deposits and placements of banks and other financial institutions	16	1,691,138	2,377,526
Derivatives financial liabilities		9,296	9,857
Other liabilities	17	548,154	485,878
Tax payable		6,700	12,186
Subordinated sukuk	6	100,000	-
<b>Total liabilities</b>		<b><u>6,745,725</u></b>	<b><u>6,786,250</u></b>
<b>Equity</b>			
Share capital		102,750	102,750
Reserves		450,120	440,888
<b>Total equity attributable to equity holder of the Bank</b>		<b><u>552,870</u></b>	<b><u>543,638</u></b>
<b>Total liabilities and equity</b>		<b><u>7,298,595</u></b>	<b><u>7,329,888</u></b>
<b>Commitments and contingencies</b>	23	<b><u>2,365,068</u></b>	<b><u>2,474,525</u></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 2012.*

## STANDARD CHARTERED SAADIQ BERHAD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2013**

	Note	2nd Quarter ended		Six months ended	
		30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Income derived from investment of depositors' funds and others	18	46,604	40,807	89,784	82,237
Income derived from investment of shareholder's funds	20	55,354	58,677	117,524	114,781
Provisions for financing	22	(15,255)	(14,890)	(37,612)	(27,181)
<b>Total distributable income</b>		<b>86,703</b>	<b>84,594</b>	<b>169,696</b>	<b>169,837</b>
Income attributable to depositors	19	(50,956)	(43,050)	(97,102)	(82,329)
<b>Total net income</b>		<b>35,747</b>	<b>41,544</b>	<b>72,594</b>	<b>87,508</b>
Other operating expenses	21	(33,626)	(23,631)	(61,750)	(49,931)
Profit before taxation		2,121	17,913	10,844	37,577
Tax expense		658	(4,114)	(1,609)	(9,181)
<b>Profit for the period</b>		<b>2,779</b>	<b>13,799</b>	<b>9,235</b>	<b>28,396</b>
<b>Other comprehensive income, net of income tax</b>					
Fair value reserve (investment securities available for sale):					
Net change in fair value		(23)	(142)	(3)	(305)
<b>Other comprehensive loss for the period, net of income tax</b>		<b>(23)</b>	<b>(142)</b>	<b>(3)</b>	<b>(305)</b>
<b>Total comprehensive income for the period</b>		<b>2,756</b>	<b>13,657</b>	<b>9,232</b>	<b>28,091</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 2012.*

**STANDARD CHARTERED SAADIQ BERHAD**

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**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 Retained</i>	<b>Total</b>
	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory reserves</b>	<b>AFS reserves</b>	<b>profits</b>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2013</b>	102,750	308,250	86,017	(73)	46,694	543,638
Fair value reserve (investment securities available-for-sale):-						
Net changes in fair value	-	-	-	(3)	-	(3)
Total other comprehensive expense for the period	-	-	-	(3)	-	(3)
Profit for the period	-	-	-	-	9,235	9,235
Total comprehensive (expense)/income for the period	-	-	-	(3)	9,235	9,232
<b>At 30 June 2013</b>	<b>102,750</b>	<b>308,250</b>	<b>86,017</b>	<b>(76)</b>	<b>55,929</b>	<b>552,870</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 2012.*

**STANDARD CHARTERED SAADIQ BERHAD**  
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**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 Retained profits</i> RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000		
<b>At 1 January 2012</b>	96,500	289,500	59,924	57	20,600	466,581
Fair value reserve (investment securities available-for-sale):- Net changes in fair value	-	-	-	(305)	-	(305)
Total other comprehensive expense for the period	-	-	-	(305)	-	(305)
Profit for the period	-	-	-	-	28,396	28,396
Total comprehensive (expense)/income for the period	-	-	-	(305)	28,396	28,091
<b>At 30 June 2012</b>	<b>96,500</b>	<b>289,500</b>	<b>59,924</b>	<b>(248)</b>	<b>48,996</b>	<b>494,672</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 2012.*

**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 2013**

	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>
Profit before taxation	10,844	37,577
Adjustment for non-cash items	4,851	(1,994)
Operating profit before working capital changes	<u>15,695</u>	<u>35,583</u>
Changes in working capital		
Net changes in operating assets	(498,059)	(1,920,201)
Net changes in operating liabilities	(134,478)	2,021,242
Income taxes paid	(7,344)	(2,341)
Net cash (used in)/generated from operating activities	<u>(624,186)</u>	<u>134,283</u>
Net cash generated from/(used in) investing activities	734,044	(1,966,759)
Net cash generated from financing activities	<u>100,000</u>	<u>25,000</u>
Net increase/(decrease) in cash and cash equivalents	209,858	(1,807,476)
Cash and cash equivalent at beginning of the year	<u>1,577,146</u>	<u>2,783,398</u>
Cash and cash equivalent at end of the period	<u><u>1,787,004</u></u>	<u><u>975,922</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 2012.*

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

The Bank registered a profit before taxation of RM 10.84 million for the financial half year ended 30 June 2013, a RM 26.73 million decrease against the corresponding period. However, the Bank registered an increase of RM 7.55 million (or 9.18%) and RM 2.74 million (or 2.39%) in the Income derived from investment of depositors' funds and others and in the Income derived from investment of shareholder's funds, respectively. The lower profit recorded for the current period was as a result of increased Provisions for financing, RM 10.43 million and increased Income attributable to depositors, RM 14.77 million. The increase in Provisions for financing was mainly as a result of the change in impairment methodology for consumer banking loans under Debt Relief Programs coupled with recurring bad debt sale recognized in the corresponding period not repeated during the period. Higher Income attributable to depositors was in tandem with deposits growth.

The Bank's total assets decreased by RM 31.29 million mainly due to decrease in holdings of available-for-sale assets which decreased from RM 1,141.63 million to RM 402.88 million. The Bank's financing and advances increased by RM 211.66 million (or 5.38%). The Bank's Tier 1 Capital ratio and risk-weighted capital ratio remained strong at 10.40% and 13.04%, respectively.

**PROSPECTS**

The Bank's strategic imperatives in Consumer Banking is to create visibility and brand awareness in our target segment and providing comprehensive product suites and distinct customer value propositions using integrated distribution channels.

In Wholesale Banking, the focus will be on creating a core client base, while offering value added and strategic business solutions and leveraging on the Standard Chartered Group's global network.

**STANDARD CHARTERED SAADIQ BERHAD**  
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**Notes to the financial statements for the financial half year ended 30 June 2013**

**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 2013 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 Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB"):-

i)	MFRS 10	<i>Consolidated Financial Statements</i>
ii)	MFRS 11	<i>Joint Arrangements</i>
iii)	MFRS 12	<i>Disclosure of Interests in Other Entities</i>
iv)	MFRS 13	<i>Fair Value Measurement</i>
v)	MFRS 119	<i>Employee Benefits</i>
vi)	MFRS 127	<i>Separate Financial Statements (2011)</i>
vii)	MFRS 128	<i>Investments in Associates and Joint Ventures (2011)</i>
viii)	IC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
ix)	Amendments to MFRS 7	<i>Financial Instruments: Disclosures - Offsetting Financial Assets and Liabilities</i>
x)	Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards - Government Loans</i>
xi)	Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)</i>
xii)	Amendments to MFRS 101	<i>Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)</i>
xiii)	Amendments to MFRS 116	<i>Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)</i>
xiv)	Amendments to MFRS 132	<i>Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)</i>
xv)	Amendments to MFRS 134	<i>Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)</i>
xvi)	Amendments to MFRS 10	<i>Consolidated Financial Statements: Transition Guidance</i>
xvii)	Amendments to MFRS 11	<i>Joint Arrangements: Transition Guidance</i>
xviii)	Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Transition Guidance</i>

The adoption of the above MFRSs, 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 MFRS effective for annual periods beginning on or after 1 January 2014

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>



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

MFRSs and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2015

i)	MFRS 9	<i>Financial Instruments (2009)</i>
ii)	MFRS 9	<i>Financial Instruments (2010)</i>
iii)	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 standards and amendments:-

- from the annual period beginning on 1 January 2014 for those standards and amendments that are effective for annual periods beginning on or after 1 January 2014.
- 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 January 2015.

Except for MFRS 9, the initial application of all the above applicable MFRSs, amendments 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 2012. 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 2012.

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

The auditor's report on the financial statements for the financial year ended 31 December 2012 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 2013.

**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 2013.

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

On 29 March 2013, the Bank issued RM 100 million nominal value Subordinated Sukuk ("the Sukuk") at profit rate of 4.85% per annum, payable every six months period from the issue date. The rate is applicable throughout the tenure of the Sukuk. The Sukuk, with a 10-year tenor, due in March 2023, is callable after 5 years at the Bank's option, subject to consent of BNM and satisfaction of redemption conditions. The Sukuk qualifies as Tier 2 capital of the Bank.

Except for the above, there was no other issuance and repayment of debt and equity securities, share-buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the financial half year ended 30 June 2013.

**7. Proposed Dividend**

No dividend has been proposed for the second quarter and the financial half year ended 30 June 2013.

**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 2013.

**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 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<u>At fair value</u>		
Bank Negara Malaysia bills	397,880	1,096,633
Islamic negotiable instruments of deposit	5,000	39,992
Islamic private debt securities	-	5,009
	402,880	1,141,634

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

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<u>At amortised cost</u>		
Term financing		
- House financing	1,387,799	1,099,405
- Hire purchase receivables	222,794	234,809
- Lease receivables	563,422	559,044
- Other term financing	2,256,745	2,491,825
Bills receivable	68,713	47,352
Trust receipts	183,198	160,608
Staff financing	1,731	1,843
Revolving credit	568,112	667,035
	<u>5,252,514</u>	<u>5,261,921</u>
Less: Unearned income	<u>(1,027,113)</u>	<u>(1,243,438)</u>
Gross financing and advances	4,225,401	4,018,483
Less: Impairment provisions on financing and advances:-		
- Individual impairment provisions	(9,989)	(3,374)
- Collective impairment provisions	<u>(67,036)</u>	<u>(78,397)</u>
Total net financing and advances	<u><u>4,148,376</u></u>	<u><u>3,936,712</u></u>

**(ii) By contract**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Bai Bithaman Ajil ( <i>deferred payment sale</i> )	390,233	416,846
Ijarah ( <i>lease</i> )	467,474	436,749
Ijarah Thumma Al-Bai ( <i>finance lease</i> )	206,618	217,923
Murabahah ( <i>cost plus</i> )	597,769	61,092
Bai'Al Inah ( <i>sale and buy-back</i> )	2,502,396	2,790,226
Others	60,911	95,647
	<u>4,225,401</u>	<u>4,018,483</u>

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

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Domestic non-bank financial institutions	200,502	249,761
Domestic business enterprises	1,868,517	1,734,919
<i>Small medium enterprises</i>	623,799	492,635
<i>Others</i>	1,244,718	1,242,284
Individuals	2,040,777	1,968,313
Foreign entities	115,605	65,490
	4,225,401	4,018,483

**(iv) By profit rate sensitivity**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Fixed rate		
- House financing	2,776	3,045
- Hire purchase receivables	222,794	234,809
- Other financing	1,538,649	1,628,673
Variable rate		
- House financing	936,688	607,510
- Revolving credit	522,379	612,233
- Other financing	1,002,115	932,213
	4,225,401	4,018,483

**(v) By sector**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Agriculture	197,309	152,690
Mining and quarrying	70,971	57,505
Manufacturing	553,441	512,174
Electricity, gas and water	2,169	2,225
Construction	80,949	78,203
Real estate	59,173	111,705
Wholesale & retail trade and restaurants & hotels	342,071	367,749
Transportation, storage and communication	226,545	230,755
Finance, insurance and business services	434,417	390,520
Household	2,156,382	2,033,803
Others	101,974	81,154
	4,225,401	4,018,483

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

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Purchase of landed property		
- Residential	962,585	636,949
- Non-residential	429,391	181,408
Fixed assets excluding land and building	147,964	148,826
Personal Use	1,099,237	1,364,134
Working Capital	1,586,224	1,687,166
	<u>4,225,401</u>	<u>4,018,483</u>

**(vii) By maturity structure**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Maturing within one year	664,733	728,327
One year to three years	747,365	851,449
Three years to five years	1,050,952	1,279,406
Over five years	1,762,351	1,159,301
	<u>4,225,401</u>	<u>4,018,483</u>

**(viii) By geographical distribution**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Within Malaysia	<u>4,225,401</u>	<u>4,018,483</u>

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

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
USD	<u>146,829</u>	<u>122,373</u>

## STANDARD CHARTERED SAADIQ BERHAD

## 13. Impaired financing and advances

## (i) Movements in impaired financing and advances

	30 June 2013 RM'000	31 December 2012 RM'000
At 1 January	33,889	18,510
Classified as impaired during the financial period/year	57,819	95,470
Reclassified as performing during the financial	(1,124)	(1,687)
Amount recovered during the financial period/year	(2,560)	(11,616)
Amount written off	(45,050)	(66,788)
At end of reporting period/year	42,974	33,889
Individual impairment provisions	(9,989)	(3,374)
Net impaired financing and advances	<u>32,985</u>	<u>30,515</u>
Ratio of net impaired financing and advances to net financing and advances	<u>0.78%</u>	<u>0.76%</u>

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

	30 June 2013 RM'000	31 December 2012 RM'000
<b>Collective impairment provisions</b>		
At 1 January	78,397	75,115
Impairments made during the financial period/year	2,666	15,241
Amount written back	(14,027)	(11,959)
At end of reporting period/year	<u>67,036</u>	<u>78,397</u>
As a percentage of gross financing and advances individual impairment provisions	<u>1.59%</u>	<u>1.95%</u>

## STANDARD CHARTERED SAADIQ BERHAD

## 13. Impaired financing and advances (continued)

	30 June 2013 RM'000	31 December 2012 RM'000
<b>Individual impairment provisions</b>		
At 1 January	3,374	2,509
Impairments made during the financial period/year	52,944	70,102
Amount written back in respect of recoveries	(1,044)	(1,519)
Amount written off	(45,285)	(67,718)
At end of reporting period/year	<u>9,989</u>	<u>3,374</u>

## (iii) Impaired financing and advances by sector

	30 June 2013 RM'000	31 December 2012 RM'000
Manufacturing	1,019	880
Construction	50	-
Wholesale & retail trade and restaurants & hotels	213	144
Household	41,692	32,719
Others	-	146
	<u>42,974</u>	<u>33,889</u>

## (iv) Impaired financing and advances by purpose

	30 June 2013 RM'000	31 December 2012 RM'000
Purchase of landed property	3,223	4,026
- Residential	2,236	4,026
- Non-residential	987	-
Personal use	39,189	29,573
Working capital	562	290
	<u>42,974</u>	<u>33,889</u>

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

	30 June 2013 RM'000	31 December 2012 RM'000
Within Malaysia	<u>42,974</u>	<u>33,889</u>

## 14. Other assets

	30 June 2013 RM'000	31 December 2012 RM'000
Income receivable	1,746	1,653
Other receivables, deposits and prepayments	770,774	512,286
	<u>772,520</u>	<u>513,939</u>

## STANDARD CHARTERED SAADIQ BERHAD

## 15. Deposits from customers

## (i) By type of deposits

	30 June 2013 RM'000	31 December 2012 RM'000
<b>Non-Mudharabah</b>		
Demand deposits	300,429	250,883
Savings deposits	50,745	51,283
Investment deposits	13,558	13,599
Negotiable instruments of deposits	105,717	122,281
	<u>470,449</u>	<u>438,046</u>
<b>Mudharabah</b>		
Demand deposits	804,864	1,040,364
Savings deposits	29,349	34,987
General investment deposits	3,085,775	2,387,406
	<u>4,390,437</u>	<u>3,900,803</u>

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

	30 June 2013 RM'000	31 December 2012 RM'000
Due within six months	2,960,011	2,166,871
Six months to one year	125,098	239,158
One year to three years	9,557	9,231
Three years to five years	110,383	13,599
Over five years	1	94,427
	<u>3,205,350</u>	<u>2,623,286</u>

## (ii) By type of customers

	30 June 2013 RM'000	31 December 2012 RM'000
Government and statutory bodies	1,563,390	1,154,653
Business enterprises	659,165	703,653
Individuals	1,436,829	1,570,905
Others	731,053	471,592
	<u>4,390,437</u>	<u>3,900,803</u>



## STANDARD CHARTERED SAADIQ BERHAD

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

	30 June 2013 RM'000	31 December 2012 RM'000
<b>Non-Mudharabah</b>		
Licensed banks	101,195	98,796
Other financial institutions	3,603	37,137
	<u>104,798</u>	<u>135,933</u>
<b>Mudharabah</b>		
Licensed banks	1,586,340	2,241,593
	<u>1,691,138</u>	<u>2,377,526</u>

## 17. Other liabilities

	30 June 2013 RM'000	31 December 2012 RM'000
Income payable	35,551	24,228
Other payables and accruals	512,603	461,650
	<u>548,154</u>	<u>485,878</u>

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

	2nd Quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Income derived from investment of:-				
(i) General investment deposits	31,759	22,081	62,849	45,920
(ii) Other deposits	14,845	18,726	26,935	36,317
	<u>46,604</u>	<u>40,807</u>	<u>89,784</u>	<u>82,237</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 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
<b>Finance income and hibah</b>				
Financing and advances	20,492	15,388	39,396	29,215
Investment securities available-for-sale	-	79	-	211
Money at call and deposits with financial institutions	13,689	4,632	25,338	14,156
	34,181	20,099	64,734	43,582
Amortisation of premium less accretion of discount	(1,504)	3,383	(2,290)	1,905
Total finance income and hibah	32,677	23,482	62,444	45,487
<b>Other operating income</b>				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	2,620	3,103	6,868	7,645
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(3,538)	(4,504)	(6,463)	(7,212)
	(918)	(1,401)	405	433
	31,759	22,081	62,849	45,920

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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 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
<b>Finance income and hibah</b>				
Financing and advances	9,533	12,902	16,884	23,106
Investment securities available-for-sale	-	69	-	167
Money at call and deposits with financial institutions	6,329	4,168	10,859	11,196
	15,862	17,139	27,743	34,469
Amortisation of premium less accretion of discount	(676)	2,598	(981)	1,507
Total finance income and hibah	15,186	19,737	26,762	35,976
<b>Other operating income</b>				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	1,292	2,695	2,943	6,045
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(1,633)	(3,706)	(2,770)	(5,704)
	(341)	(1,011)	173	341
	14,845	18,726	26,935	36,317

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**19. Income attributable to depositors**

	2nd Quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Deposits from customers				
- Mudharabah fund	34,146	17,553	62,441	32,822
- Non-Mudharabah fund	898	1,218	1,473	2,495
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	14,515	24,143	31,579	46,821
- Non-Mudharabah fund	1,397	136	1,609	191
	<u>50,956</u>	<u>43,050</u>	<u>97,102</u>	<u>82,329</u>

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

	2nd Quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
<b>Finance income and hibah</b>				
Financing and advances	55,354	58,320	117,483	113,900
Investment securities available-for-sale	-	357	41	881
	<u>55,354</u>	<u>58,677</u>	<u>117,524</u>	<u>114,781</u>

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**21. Other operating expenses**

	2nd Quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	1,264	1,852	3,559	3,494
- Other staff related cost	189	446	899	1,499
	<u>1,453</u>	<u>2,298</u>	<u>4,458</u>	<u>4,993</u>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	764	796	1,579	1,418
- Rental	486	418	966	832
- Information technology expenses	1	76	(10)	110
- Utilities and maintenance	449	520	829	1,329
	<u>1,700</u>	<u>1,810</u>	<u>3,364</u>	<u>3,689</u>
<b>Marketing expenses</b>				
- Advertisement and publicity	63	81	89	289
- Others	96	116	188	180
	<u>159</u>	<u>197</u>	<u>277</u>	<u>469</u>
<b>Administration and general expenses</b>				
- Communication expenses	140	135	268	268
- Group administration fees and business support expenses	1,544	1,825	3,421	3,590
- Management fee	20,844	14,752	39,070	31,410
- Others	7,786	2,614	10,892	5,512
	<u>30,314</u>	<u>19,326</u>	<u>53,651</u>	<u>40,780</u>
<b>Total other operating expenses</b>	<u><u>33,626</u></u>	<u><u>23,631</u></u>	<u><u>61,750</u></u>	<u><u>49,931</u></u>

**22. Provisions for financing**

	2nd Quarter ended		Six months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Provisions for financing:-				
Individual impairment provisions	26,483	16,810	51,900	30,512
- Made in the financial period	27,198	17,147	52,944	31,120
- Written back in respect of recoveries	(715)	(337)	(1,044)	(608)
Collective impairment provisions				
- Made in the financial period	1,089	3,525	2,666	5,790
- Written back	(10,604)	(2,922)	(14,027)	(3,994)
Bad and doubtful debts on financing and advances:-				
- Recovered	(1,713)	(2,523)	(2,927)	(5,127)
	<u>15,255</u>	<u>14,890</u>	<u>37,612</u>	<u>27,181</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 2013			As at 31 December 2012		
	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	11,277	11,213	3,423	3,565	2,221	611
Transaction-related contingent items	57,075	45,141	14,442	57,501	48,579	17,722
Short-term self liquidating trade-related contingencies	38,856	37,934	8,277	159,685	158,253	44,916
Obligations under underwriting agreement	-	-	-	-	-	-
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	1,209,340	746,125 **	227,623 **	827,365	299,652	101,260 **
- maturity exceeding one year	730,976	162,216	100,774	752,751	116,913 **	93,411 **
Foreign exchange related contracts:-						
- less than one year	174,757	3,262	1,993	221,209	2,955	1,450
- one year to less than five years	-	-	-	-	-	-
Profit rate related contracts:-						
- less than one year	-	-	-	300,000	532	141
- one year to less than five years	27,559	8,607	14,628	27,221	10,288	18,112
- five years and above	115,228	6,109	7,468	125,228	7,826	9,700
	<u>2,365,068</u>	<u>1,020,607</u>	<u>378,628</u>	<u>2,474,525</u>	<u>647,219</u>	<u>287,323</u>

\*\* Excluded in the credit equivalent and risk weighted amount of the Bank are RM16.3 million (2012: RM39.4 million) and RM5.2 million (2012: RM19.8 million) respectively related to undrawn financing facilities 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 market risk and credit risk.

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**24. Profit rate risk**

<b>As at 30 June 2013</b>	<b>3 months or less</b>	<b>&gt; 3 - 12 months</b>	<b>&gt;1 - 5 years</b>	<b>Over 5 years</b>	<b>Non profit sensitive</b>	<b>Total</b>	<b>Effective profit rate</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>(%)</b>
<b>Financial assets</b>							
Cash and short term funds	1,772,000	-	-	-	15,004	1,787,004	2.98
Investment securities available-for-sale	204,439	198,441	-	-	-	402,880	3.02
Financing and advances							
- Performing	1,596,901	203,661	1,746,963	567,867	-	4,115,391	7.50
- Impaired	-	-	-	-	32,985	32,985	
Derivative financial assets	1,511	10	7,505	270	-	9,296	
Other balances	-	-	-	-	939,193	939,193	
	<b>3,574,851</b>	<b>402,112</b>	<b>1,754,468</b>	<b>568,137</b>	<b>987,182</b>	<b>7,286,749</b>	
<b>Financial liabilities</b>							
Deposits from customers	2,076,008	2,189,099	125,330	-	-	4,390,437	2.81
Deposits and placements of banks and other financial institutions	856,455	805,576	-	29,107	-	1,691,138	3.07
Derivative financial liabilities	1,511	10	7,505	270	-	9,296	
Other balances	-	-	-	-	548,154	548,154	
Subordinated sukuk	-	-	-	100,000	-	100,000	4.85
	<b>2,933,974</b>	<b>2,994,685</b>	<b>132,835</b>	<b>129,377</b>	<b>548,154</b>	<b>6,739,024</b>	
On-balance sheet profit sensitivity gap	640,877	(2,592,573)	1,621,633	438,760	439,028		
<b>Total profit sensitivity gap</b>	<b>640,877</b>	<b>(2,592,573)</b>	<b>1,621,633</b>	<b>438,760</b>	<b>439,028</b>		

<b>As at 31 December 2012</b>	<b>3 months or less</b>	<b>&gt; 3 - 12 months</b>	<b>&gt;1 - 5 years</b>	<b>Over 5 years</b>	<b>Non profit sensitive</b>	<b>Total</b>	<b>Effective profit rate</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>(%)</b>
<b>Financial assets</b>							
Cash and short term funds	1,561,000	-	-	-	16,146	1,577,146	2.97
Investment securities available-for-sale	804,069	337,565	-	-	-	1,141,634	3.08
Financing and advances							
- Performing	1,235,693	129,562	2,038,764	502,178	-	3,906,197	8.96
- Impaired	-	-	-	-	30,515	30,515	
Derivative financial assets	464	145	9,199	223	-	10,031	
Other balances	-	-	-	-	652,624	652,624	
	<b>3,601,226</b>	<b>467,272</b>	<b>2,047,963</b>	<b>502,401</b>	<b>699,285</b>	<b>7,318,147</b>	
<b>Financial liabilities</b>							
Deposits from customers	2,332,412	1,445,673	28,291	94,427	-	3,900,803	2.74
Deposits and placements of banks and other financial institutions	1,276,576	1,071,831	-	29,119	-	2,377,526	2.99
Derivative financial liabilities	289	145	9,200	223	-	9,857	
Other balances	-	-	-	-	485,878	485,878	
	<b>3,609,277</b>	<b>2,517,649</b>	<b>37,491</b>	<b>123,769</b>	<b>485,878</b>	<b>6,774,064</b>	
On-balance sheet profit sensitivity gap	(8,051)	(2,050,377)	2,010,472	378,632	213,407		
<b>Total profit sensitivity gap</b>	<b>(8,051)</b>	<b>(2,050,377)</b>	<b>2,010,472</b>	<b>378,632</b>	<b>213,407</b>		

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**26. Fair values of financial assets and liabilities (continued)****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 loans Over-the-counter (OTC) derivatives	Private debt equity investments Corporate bonds with illiquid markets
Type of financial liabilities	-	OTC derivatives	-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30 June 2013</b>				
<b>Assets</b>				
<b>Investment securities available-for-sale</b>				
Malaysian Government / Bank Negara Bills	397,880	-	-	397,880
Debt securities	-	5,000	-	5,000
<b>Derivative financial instruments</b>	-	9,296	-	9,296
At 30 June 2013	<u>397,880</u>	<u>14,296</u>	<u>-</u>	<u>412,176</u>
<b>Liabilities</b>				
<b>Derivative financial instruments</b>	-	9,296	-	9,296
At 30 June 2013	<u>-</u>	<u>9,296</u>	<u>-</u>	<u>9,296</u>
<b>31 December 2012</b>				
<b>Assets</b>				
<b>Investment securities available-for-sale</b>				
Malaysian Government / Bank Negara Bills	1,096,633	-	-	1,096,633
Debt securities	-	45,001	-	45,001
<b>Derivative financial instruments</b>	-	10,031	-	10,031
At 31 December 2012	<u>1,096,633</u>	<u>55,032</u>	<u>-</u>	<u>1,151,665</u>
<b>Liabilities</b>				
<b>Derivative financial instruments</b>	-	9,857	-	9,857
At 31 December 2012	<u>-</u>	<u>9,857</u>	<u>-</u>	<u>9,857</u>

There were no transfers between Level 1 and Level 2 during the period ended 30 June 2013.



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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 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Aggregate value of outstanding credit exposures to connected parties	6,283	8,649
As a percentage of total credit exposures	0.1%	0.2%

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 2013 RM'000</b>	<b>31 December 2012 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	141,946	132,711
Less: Deferred tax assets	(5,609)	(5,360)
Deductions in excess of Tier 2 capital	-	(99,497)
Excess of Expected Loss over Expected Provisions under IRB approach	(98,507)	-
Unrealised gains and losses on 'available-for-sale' financial instruments	(76)	-
<b>CET 1 and Eligible Tier 1 capital</b>	<u>448,754</u>	<u>438,854</u>
<b>Tier 2 Capital</b>		
Islamic subordinated sukuk	100,000	-
Collective impairment provisions under standardised approach	13,712	12,607
	<u>113,712</u>	<u>12,607</u>
Less : Excess of expected loss over expected provisions under IRB approach	-	(95,171)
Exclusion of collective impairment provisions on impaired loans	-	(16,933)
<b>Eligible Tier 2 capital</b>	<u>113,712</u>	<u>-</u>
<b>Total capital base</b>	<u>562,466</u>	<u>438,854</u>

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

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<b>Total risk-weighted assets:-</b>		
Credit risk	3,924,347	3,437,066
Operational risk	390,690	384,920
	<u>4,315,037</u>	<u>3,821,986</u>

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**28. Capital adequacy (continued)**

	<b>30 June 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
CET 1 capital ratio	10.40%	11.48% **
Tier 1 capital ratio	10.40%	11.48%
Risk-weighted capital ratio	13.04%	11.48%

With effect from 1 January 2013, the capital ratios have been computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB) - Basel III.

Comparative figures computed based on CAFIB - Basel II have not been restated. However, CET 1 ratio (\*\*\*) have been presented for comparative purpose.