

Company No. 823437K



Standard Chartered Saadiq Berhad

(Company No. 823437K)

(Incorporated in Malaysia)

**Financial statements for the three months
ended 31 March 2013**

STANDARD CHARTERED SAADIQ BERHAD
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Note	31 March 2013 RM'000	31 December 2012 RM'000
Assets			
Cash and short term funds		2,635,306	1,577,146
Deposits and placements with banks and other financial institutions	10	320,000	-
Investment securities available-for-sale	11	339,793	1,141,634
Financing and advances	12	3,948,868	3,936,712
Derivative financial assets		10,106	10,031
Other assets	14	648,914	513,939
Tax recoverable		-	-
Statutory deposits with Bank Negara Malaysia		161,013	138,685
Property, plant and equipment		6,577	6,357
Deferred tax assets		5,377	5,384
Total assets		<u>8,075,954</u>	<u>7,329,888</u>
Liabilities			
Deposits from customers	15	5,046,928	3,900,803
Deposits and placements of banks and other financial institutions	16	2,020,095	2,377,526
Derivatives financial liabilities		10,106	9,857
Other liabilities	17	338,531	485,878
Tax payable		10,180	12,186
Subordinated sukuk	6	100,000	-
Total liabilities		<u>7,525,840</u>	<u>6,786,250</u>
Equity			
Share capital		102,750	102,750
Reserves		447,364	440,888
Total equity attributable to equity holder of the Bank		<u>550,114</u>	<u>543,638</u>
Total liabilities and equity		<u>8,075,954</u>	<u>7,329,888</u>
Commitments and contingencies	23	<u>2,759,396</u>	<u>2,474,525</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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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER AND THREE MONTHS ENDED 31 MARCH 2013**

	Note	1st Quarter ended		Three months ended	
		31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Income derived from investment of depositors' funds and others	18	43,180	41,430	43,180	41,430
Income derived from investment of shareholder's funds	20	62,170	56,104	62,170	56,104
Provisions for financing	22	(22,357)	(12,291)	(22,357)	(12,291)
Total distributable income		82,993	85,243	82,993	85,243
Income attributable to depositors	19	(46,146)	(39,279)	(46,146)	(39,279)
Total net income		36,847	45,964	36,847	45,964
Other operating expenses	21	(28,124)	(26,300)	(28,124)	(26,300)
Profit before taxation		8,723	19,664	8,723	19,664
Tax expense		(2,267)	(5,067)	(2,267)	(5,067)
Profit for the period		6,456	14,597	6,456	14,597
Other comprehensive income, net of income tax					
Fair value reserve (investment securities available for sale):					
Net change in fair value		20	(163)	20	(163)
Other comprehensive income / (loss) for the period, net of income tax		20	(163)	20	(163)
Total comprehensive income for the period		6,476	14,434	6,476	14,434

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.

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2013**

	← <i>Non-Distributable Reserves</i> →				<i>Distributable Reserves Retained</i>	Total
	Share capital	Share premium	Statutory reserves	AFS reserves	profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013	102,750	308,250	86,017	(73)	46,694	543,638
Fair value reserve (investment securities available-for-sale):-						
Net changes in fair value	-	-	-	20	-	20
Total other comprehensive income for the period	-	-	-	20	-	20
Profit for the period	-	-	-	-	6,456	6,456
Total comprehensive income for the period	-	-	-	20	6,456	6,476
At 31 March 2013	102,750	308,250	86,017	(53)	53,150	550,114

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.

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2013**

	← <i>Non-Distributable Reserves</i> →				<i>Distributable Reserves</i>	Total
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
At 1 January 2012	96,500	289,500	59,924	57	20,600	466,581
Fair value reserve (investment securities available-for-sale):-						
Net changes in fair value	-	-	-	(163)	-	(163)
Total other comprehensive income for the period	-	-	-	(163)	-	(163)
Profit for the period	-	-	-	-	14,597	14,597
Total comprehensive income for the period	-	-	-	(163)	14,597	14,434
At 31 March 2012	96,500	289,500	59,924	(106)	35,197	481,015

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 THREE MONTHS ENDED 31 MARCH 2013

	31 March 2013 RM'000	31 March 2012 RM'000
Profit before taxation	8,723	19,664
Adjustment for non-cash items	1,906	3,191
Operating profit before working capital changes	<u>10,629</u>	<u>22,855</u>
Changes in working capital		
Net changes in operating assets	(489,285)	(1,853,190)
Net changes in operating liabilities	641,347	1,592,212
Income taxes paid	<u>(4,273)</u>	<u>(3,682)</u>
Net cash used in operating activities	158,418	(241,805)
Net cash generated from/(used in) investing activities	799,742	(495,894)
Net cash generated from financing activities	<u>100,000</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,058,160	(737,699)
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>2,635,306</u></u>	<u><u>2,045,699</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.

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REVIEW OF PERFORMANCE

The Bank registered a profit before taxation of RM 8.72 million for the financial three months period ended 31 March 2013 while income derived from investment of depositors' funds and others and income derived from investment of shareholder's funds have increased by RM 1.75 million and RM 6.07 million, respectively. The lower profit recorded in the first quarter 2013 was mainly due to higher operating expenses and provision for financing, which has increased by RM 1.82 million and RM 10.07 million, respectively. The latter was attributable to increase in unsecured portfolio provision coupled with the non-recurrence of prior year recoveries. Total assets increased by RM 0.75 million to RM8.08 million as compared to the last financial year ended 31 December 2012.

PROSPECTS

The Bank's strategies remained unchanged. The Bank will continue to grow in both Consumer and Wholesale banking segments. The Consumer Banking will continue to grow loan products and deposit based via customer value proposition and segment strategy. The Wholesale Banking will continue to increase the depth of its client relationships while building new coverage in new segments.

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Notes to the financial statements for the three months ended 31 March 2013

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the first quarter and the three months ended 31 March 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>

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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 first quarter and three months ended 31 March 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 first quarter and three months ended 31 March 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 first quarter and three months ended 31 March 2013.

7. Proposed Dividend

No dividend has been proposed for the first quarter and the three months ended 31 March 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 first quarter and three months ended 31 March 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

	31 March 2013 RM'000	31 December 2012 RM'000
<u>At fair value</u>		
Bank Negara Malaysia bills	299,793	1,096,633
Islamic negotiable instruments of deposit	40,000	39,992
Islamic private debt securities	-	5,009
	<u>339,793</u>	<u>1,141,634</u>

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

	31 March 2013 RM'000	31 December 2012 RM'000
<u>At amortised cost</u>		
Term financing		
- House financing	1,185,736	1,099,405
- Hire purchase receivables	227,846	234,809
- Lease receivables	588,042	559,044
- Other term financing	2,418,305	2,491,825
Bills receivable	67,312	47,352
Trust receipts	110,934	160,608
Staff financing	1,788	1,843
Revolving credit	559,726	667,035
	<u>5,159,689</u>	<u>5,261,921</u>
Less: Unearned income	(1,128,651)	(1,243,438)
Gross financing and advances	4,031,038	4,018,483
Less: Impairment provisions on financing and advances:-		
- Individual impairment provisions	(5,619)	(3,374)
- Collective impairment provisions	(76,551)	(78,397)
Total net financing and advances	<u><u>3,948,868</u></u>	<u><u>3,936,712</u></u>

(ii) By contract

	31 March 2013 RM'000	31 December 2012 RM'000
Bai Bithaman Ajil (<i>deferred payment sale</i>)	399,603	416,846
Ijarah (<i>lease</i>)	479,660	436,749
Ijarah Thumma Al-Bai (<i>finance lease</i>)	211,905	217,923
Murabahah (<i>cost plus</i>)	61,866	61,092
Bai'Al Inah (<i>sale and buy-back</i>)	2,756,939	2,790,226
Others	121,065	95,647
	<u><u>4,031,038</u></u>	<u><u>4,018,483</u></u>

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

	31 March 2013 RM'000	31 December 2012 RM'000
Domestic non-bank financial institutions	200,608	249,761
Domestic business enterprises	1,788,277	1,734,919
<i>Small medium enterprises</i>	565,230	492,635
<i>Others</i>	1,223,047	1,242,284
Individuals	1,953,815	1,968,313
Foreign entities	88,338	65,490
	4,031,038	4,018,483

(iv) By profit rate sensitivity

	31 March 2013 RM'000	31 December 2012 RM'000
Fixed rate		
- House financing	2,976	3,045
- Hire purchase receivables	227,846	234,809
- Other financing	1,538,649	1,628,673
Variable rate		
- House financing	719,146	607,510
- Revolving credit	508,808	612,233
- Other financing	1,033,613	932,213
	4,031,038	4,018,483

(v) By sector

	31 March 2013 RM'000	31 December 2012 RM'000
Agriculture	144,117	152,690
Mining and quarrying	73,001	57,505
Manufacturing	597,395	512,174
Electricity, gas and water	2,178	2,225
Construction	79,335	78,203
Real estate	110,001	111,705
Wholesale & retail trade and restaurants & hotels	276,573	367,749
Transportation, storage and communication	236,055	230,755
Finance, insurance and business services	376,178	390,520
Household	2,042,153	2,033,803
Others	94,052	81,154
	4,031,038	4,018,483

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

	31 March 2013 RM'000	31 December 2012 RM'000
Purchase of landed property		
- Residential	747,023	636,949
- Non-residential	316,327	181,408
Fixed assets excluding land and building	145,815	148,826
Personal Use	1,224,922	1,364,134
Working Capital	1,596,951	1,687,166
	<u>4,031,038</u>	<u>4,018,483</u>

(vii) By maturity structure

	31 March 2013 RM'000	31 December 2012 RM'000
Maturing within one year	581,530	728,327
One year to three years	829,525	851,449
Three years to five years	1,183,563	1,279,406
Over five years	1,436,420	1,159,301
	<u>4,031,038</u>	<u>4,018,483</u>

(viii) By geographical distribution

	31 March 2013 RM'000	31 December 2012 RM'000
Within Malaysia	<u>4,031,038</u>	<u>4,018,483</u>

(ix) Analysis of foreign currency exposure

	31 March 2013 RM'000	31 December 2012 RM'000
USD	<u>57,146</u>	<u>122,373</u>

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13. Impaired financing and advances

(i) Movements in impaired financing and advances

	31 March 2013 RM'000	31 December 2012 RM'000
At 1 January	33,889	18,510
Classified as impaired during the financial period/year	28,428	95,470
Reclassified as performing during the financial	(361)	(1,687)
Amount recovered during the financial period/year	(847)	(11,616)
Amount written off	<u>(22,902)</u>	<u>(66,788)</u>
At end of reporting period/year	38,207	33,889
Individual impairment provisions	<u>(5,619)</u>	<u>(3,374)</u>
Net impaired financing and advances	<u><u>32,588</u></u>	<u><u>30,515</u></u>
Ratio of net impaired financing and advances to net financing and advances	<u>0.81%</u>	<u>0.76%</u>

(ii) Movements in impairment provisions for financing and advances

	31 March 2013 RM'000	31 December 2012 RM'000
Collective impairment provisions		
At 1 January	78,397	75,115
Impairments made during the financial period/year	1,577	15,241
Amount written back	<u>(3,423)</u>	<u>(11,959)</u>
At end of reporting period/year	<u><u>76,551</u></u>	<u><u>78,397</u></u>
As a percentage of gross financing and advances individual impairment provisions	<u>1.90%</u>	<u>1.95%</u>

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13. Impaired financing and advances (continued)

	31 March 2013 RM'000	31 December 2012 RM'000
Individual impairment provisions		
At 1 January	3,374	2,509
Impairments made during the financial period/year	25,746	70,102
Amount written back in respect of recoveries	(329)	(1,519)
Amount written off	(23,172)	(67,718)
At end of reporting period/year	<u>5,619</u>	<u>3,374</u>

(iii) Impaired financing and advances by sector

	31 March 2013 RM'000	31 December 2012 RM'000
Manufacturing	997	880
Wholesale & retail trade and restaurants & hotels	230	144
Household	36,980	32,719
Others	-	146
	<u>38,207</u>	<u>33,889</u>

(iv) Impaired financing and advances by purpose

	31 March 2013 RM'000	31 December 2012 RM'000
Purchase of landed property (<i>Residential</i>)	3,632	4,026
Personal use	34,152	29,573
Working capital	423	290
	<u>38,207</u>	<u>33,889</u>

(v) Impaired financing and advances by geographical distribution

	31 March 2013 RM'000	31 December 2012 RM'000
Within Malaysia	<u>38,207</u>	<u>33,889</u>

14. Other assets

	31 March 2013 RM'000	31 December 2012 RM'000
Income receivable	3,405	1,653
Other receivables, deposits and prepayments	645,509	512,286
	<u>648,914</u>	<u>513,939</u>

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15. Deposits from customers

(i) By type of deposits

	31 March 2013 RM'000	31 December 2012 RM'000
Non-Mudharabah		
Demand deposits	299,783	250,883
Savings deposits	51,506	51,283
Investment deposits	13,522	13,599
Negotiable instruments of deposits	119,235	122,281
	<u>484,046</u>	<u>438,046</u>
Mudharabah		
Demand deposits	924,366	1,040,364
Savings deposits	21,987	34,987
General investment deposits	3,616,529	2,387,406
	<u>5,046,928</u>	<u>3,900,803</u>

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

	31 March 2013 RM'000	31 December 2012 RM'000
Due within six months	3,478,497	2,166,871
Six months to one year	152,214	239,158
One year to three years	9,447	9,231
Three years to five years	13,522	13,599
Over five years	95,606	94,427
	<u>3,749,286</u>	<u>2,523,286</u>

(ii) By type of customers

	31 March 2013 RM'000	31 December 2012 RM'000
Government and statutory bodies	2,030,075	1,154,653
Business enterprises	680,983	703,653
Individuals	1,509,207	1,570,905
Others	826,663	471,592
	<u>5,046,928</u>	<u>3,900,803</u>

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16. Deposits and placements of banks and other financial institutions

	31 March 2013 RM'000	31 December 2012 RM'000
Non-Mudharabah		
Licensed banks	143,829	98,796
Other financial institutions	3,614	37,137
	<u>147,443</u>	<u>135,933</u>
Mudharabah		
Licensed banks	1,872,652	2,241,593
	<u>2,020,095</u>	<u>2,377,526</u>

17. Other liabilities

	31 March 2013 RM'000	31 December 2012 RM'000
Income payable	30,034	24,228
Profit equalisation reserve	-	-
Other payables and accruals	308,497	461,650
	<u>338,531</u>	<u>485,878</u>

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

	1st Quarter ended		Three months ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Income derived from investment of:-				
(i) General investment deposits	31,090	23,839	31,090	23,839
(ii) Other deposits	12,090	17,591	12,090	17,591
	<u>43,180</u>	<u>41,430</u>	<u>43,180</u>	<u>41,430</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**

	1st Quarter ended		Three months ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Finance income and hibah				
Financing and advances	18,904	13,827	18,904	13,827
Investment securities available-for-sale	-	132	-	132
Money at call and deposits with financial institutions	11,649	9,524	11,649	9,524
	30,553	23,483	30,553	23,483
Amortisation of premium less accretion of discount	(786)	(1,478)	(786)	(1,478)
Total finance income and hibah	29,767	22,005	29,767	22,005
Other operating income				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	4,248	4,542	4,248	4,542
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(2,925)	(2,708)	(2,925)	(2,708)
	1,323	1,834	1,323	1,834
	31,090	23,839	31,090	23,839

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

(ii) **Income derived from investment of other deposits**

	1st Quarter ended		Three months ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Finance income and hibah				
Financing and advances	7,351	10,204	7,351	10,204
Investment securities available-for-sale	-	98	-	98
Money at call and deposits with financial institutions	4,530	7,028	4,530	7,028
	11,881	17,330	11,881	17,330
Amortisation of premium less accretion of discount	(305)	(1,091)	(305)	(1,091)
Total finance income and hibah	11,576	16,239	11,576	16,239
Other operating income				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	1,651	3,350	1,651	3,350
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(1,137)	(1,998)	(1,137)	(1,998)
	514	1,352	514	1,352
	12,090	17,591	12,090	17,591

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19. Income attributable to depositors

	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	28,295	15,269	28,295	15,269
- Non-Mudharabah fund	575	1,277	575	1,277
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	17,064	22,678	17,064	22,678
- Non-Mudharabah fund	212	55	212	55
	<u>46,146</u>	<u>39,279</u>	<u>46,146</u>	<u>39,279</u>

20. Income derived from investment of shareholder's funds

	1st Quarter ended		Three months ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing and advances	62,129	55,580	62,129	55,580
Investment securities available-for-sale	41	524	41	524
	<u>62,170</u>	<u>56,104</u>	<u>62,170</u>	<u>56,104</u>

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21. Other operating expenses

	1st Quarter ended		Three months ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	2,295	1,642	2,295	1,642
- Other staff related cost	710	1,053	710	1,053
	<u>3,005</u>	<u>2,695</u>	<u>3,005</u>	<u>2,695</u>
Establishment costs				
- Depreciation of property, plant and equipment	815	622	815	622
- Rental	480	414	480	414
- Information technology expenses	(11)	34	(11)	34
- Utilities and maintenance	380	809	380	809
	<u>1,664</u>	<u>1,879</u>	<u>1,664</u>	<u>1,879</u>
Marketing expenses				
- Advertisement and publicity	26	208	26	208
- Others	92	64	92	64
	<u>118</u>	<u>272</u>	<u>118</u>	<u>272</u>
Administration and general expenses				
- Communication expenses	128	133	128	133
- Group administration fees and business support expenses	1,877	1,765	1,877	1,765
- Management fee	18,226	16,658	18,226	16,658
- Others	3,106	2,898	3,106	2,898
	<u>23,337</u>	<u>21,454</u>	<u>23,337</u>	<u>21,454</u>
Total other operating expenses	<u>28,124</u>	<u>26,300</u>	<u>28,124</u>	<u>26,300</u>

22. Provisions for financing

	1st Quarter ended		Three months ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Provisions for financing:-				
Individual impairment provisions	25,417	13,702	25,417	13,702
- Made in the financial period	25,746	13,973	25,746	13,973
- Written back in respect of recoveries	(329)	(271)	(329)	(271)
Collective impairment provisions				
- Made in the financial period	1,577	2,265	1,577	2,265
- Written back	(3,423)	(1,072)	(3,423)	(1,072)
Bad and doubtful debts on financing and advances:-				
- Recovered	(1,214)	(2,604)	(1,214)	(2,604)
	<u>22,357</u>	<u>12,291</u>	<u>22,357</u>	<u>12,291</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 31 March 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	1,925	1,861	221	3,565	2,221	611
Transaction-related contingent items	56,219	44,954	14,413	57,501	48,579	17,722
Short-term self liquidating trade-related contingencies	86,380	83,051	17,690	159,685	158,253	44,916
Obligations under underwriting agreement	-	-	-	-	-	-
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	1,201,823	438,055 **	135,767 **	827,365	299,652	101,260 **
- maturity exceeding one year	490,009	150,575	106,086	752,751	116,913 **	93,411 **
Foreign exchange related contracts:-						
- less than one year	675,591	3,394	1,704	221,209	2,955	1,450
- one year to less than five years	-	-	-	-	-	-
Profit rate related contracts:-						
- less than one year	100,000	129	80	300,000	532	141
- one year to less than five years	27,221	4,766 **	5,602 **	27,221	10,288	18,112
- five years and above	120,228	3,395 **	103 **	125,228	7,826	9,700
	<u>2,759,396</u>	<u>730,180</u>	<u>281,666</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 RM27.5 million (2012: RM39.4 million) and RM25.3 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. Rate of return risk

As at 31 March 2013	Non Trading books					Total RM'000	Effective Profit Rate (%)
	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		
Financial assets							
Cash and short term funds	2,620,000	-	-	-	15,306	2,635,306	2.97
Deposits and placements with banks and other financial institutions	320,000	-	-	-	-	320,000	3.08
Investment securities available-for-sale	239,901	99,892	-	-	-	339,793	3.02
Financing and advances							
- Performing	1,352,682	110,423	1,912,731	540,444	-	3,916,280	8.99
- Impaired	-	-	-	-	32,588	32,588	
Derivative financial assets	1,096	20	8,674	316	-	10,106	
Other balances	-	-	-	-	809,927	809,927	
	4,533,679	210,335	1,921,405	540,760	857,821	8,064,000	
Financial liabilities							
Deposits from customers	2,683,011	2,239,907	25,272	98,738	-	5,046,928	2.73
Deposits and placements of banks and other financial institutions	1,468,871	522,107	-	29,117	-	2,020,095	3.11
Derivative financial liabilities	1,096	20	8,674	316	-	10,106	
Other balances	-	-	-	-	338,531	338,531	
Subordinated sukuk	-	-	-	100,000	-	100,000	4.85
	4,152,978	2,762,034	33,946	128,171	338,531	7,415,660	
On-balance sheet profit sensitivity gap	380,701	(2,551,699)	1,887,459	412,589	519,290		
Total profit sensitivity gap	380,701	(2,551,699)	1,887,459	412,589	519,290		

As at 31 December 2012	Non Trading books					Total RM'000	Effective Profit Rate (%)
	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		
Financial assets							
Cash and short term funds	1,561,000	-	-	-	16,146	1,577,146	2.97
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	
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	
	3,601,226	467,272	2,047,963	502,401	699,285	7,318,147	
Financial liabilities							
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	
	3,609,277	2,517,649	37,491	123,769	485,878	6,774,064	
On-balance sheet profit sensitivity gap	(8,051)	(2,050,377)	2,010,472	378,632	213,407		
Total profit sensitivity gap	(8,051)	(2,050,377)	2,010,472	378,632	213,407		

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25. Capital adequacy

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

	31 March 2013 RM'000	31 December 2012 RM'000
Tier 1 Capital		
Paid-up ordinary share capital	102,750	102,750
Share premium	308,250	308,250
Other reserves	139,167	132,711
Less: Deferred tax assets	(5,359)	(5,360)
Deductions in excess of Tier 2 capital	-	(99,497)
Excess of Expected Loss over Expected Provisions under IRB approach	(112,432)	-
Unrealised gains and losses on 'available-for-sale' financial instruments	(54)	-
CET 1 and Eligible Tier 1 capital	432,322	438,854
Tier 2 Capital		
Islamic subordinated sukuk	100,000	
Collective impairment provisions under standardised approach	13,520	12,607
Regulatory reserves	-	-
	113,520	12,607
Less : Excess of expected loss over expected provisions under IRB approach	-	(95,171)
Exclusion of collective impairment provisions on impaired loans	-	(16,933)
Transfer of deductions in excess of Tier 2 capital	-	-
Eligible Tier 2 capital	113,520	-
Total capital base	545,842	438,854

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

	31 March 2013 RM'000	31 December 2012 RM'000
Total risk-weighted assets:-		
Credit risk	3,622,084	3,437,066
Operational risk	387,885	384,920
	4,009,969	3,821,986
CET 1 capital ratio	10.78%	11.48% **
Tier 1 capital ratio	10.78%	11.48%
Risk-weighted capital ratio	13.61%	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.