

Company No. 823437K



Standard Chartered Saadiq Berhad

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

**Financial statements for the nine months
ended 30 September 2015**

STANDARD CHARTERED SAADIQ BERHAD
(Incorporated in Malaysia)

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

	30 September 2015	31 December 2014
Note	RM'000	RM'000
Assets		
Cash and short term funds	2,454,724	1,119,521
Deposits and placements with banks and other financial institutions	720,092	-
Investment securities available-for-sale	10 203,647	98,556
Financing and advances	11 6,757,223	7,096,298
Derivative financial assets	449,443	100,296
Other assets	13 1,878,582	1,004,570
Current tax assets	10,835	13,666
Statutory deposits with Bank Negara Malaysia	14 185,902	251,450
Property, plant and equipment	609	1,877
Deferred tax assets	1,162	2,849
Total assets	<u>12,662,219</u>	<u>9,689,083</u>
Liabilities		
Deposits from customers	15 3,372,622	3,485,371
Investment account	718,993	-
Deposits and placements of banks and other financial institutions	16 6,580,635	5,083,838
Derivatives financial liabilities	451,983	103,967
Other liabilities	17 851,227	355,985
Subordinated sukuk	100,000	100,000
Total liabilities	<u>12,075,460</u>	<u>9,129,161</u>
Equity		
Share capital	102,750	102,750
Reserves	484,009	457,172
Total equity attributable to equity holder of the Bank	<u>586,759</u>	<u>559,922</u>
Total liabilities and equity	<u>12,662,219</u>	<u>9,689,083</u>
Commitments and contingencies	23 <u>11,095,109</u>	<u>6,628,189</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
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

	Note	3rd Quarter ended		Nine months ended	
		30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Income derived from investment of depositors' funds and others	18	86,024	66,863	238,338	189,183
Income derived from investment of shareholder's funds	20	32,379	38,491	101,173	120,934
Provisions for financing	22	(10,462)	(15,503)	(11,581)	(39,110)
Total distributable income		107,941	89,851	327,930	271,007
Income attributable to depositors	19	(71,226)	(53,337)	(196,476)	(147,542)
Total net income		36,715	36,514	131,454	123,465
Other operating expenses	21	(32,789)	(24,920)	(92,686)	(85,575)
Profit before taxation		3,926	11,594	38,768	37,890
Tax expense		(1,020)	(2,128)	(11,977)	(9,866)
Profit for the period		2,906	9,466	26,791	28,024
Other comprehensive (expense)/income, net of income tax					
Fair value reserve (investment securities available for sale):					
Net change in fair value		(4)	(47)	46	(3)
Other comprehensive (expense)/income for the period, net of income tax		(4)	(47)	46	(3)
Total comprehensive income for the period		2,902	9,419	26,837	28,021

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 CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	46	-	46
Total other comprehensive income for the period	-	-	-	46	-	46
Profit for the period	-	-	-	-	26,791	26,791
Total comprehensive income for the period	-	-	-	46	26,791	26,837
At 30 September 2015	102,750	308,250	102,750	26	72,983	586,759

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 CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	(3)	-	(3)
Total other comprehensive income for the period	-	-	-	(3)	-	(3)
Profit for the period	-	-	-	-	28,024	28,024
Total comprehensive income for the period	-	-	-	(3)	28,024	28,021
At 30 September 2014	102,750	308,250	102,750	(12)	63,963	577,701

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 NINE MONTHS ENDED 30 SEPTEMBER 2015

	30 September 2015 RM'000	30 September 2014 RM'000
Profit before taxation	38,768	37,890
Adjustment for non-cash items	(829)	1,887
Operating profit before working capital changes	<u>37,939</u>	<u>39,777</u>
Changes in working capital		
Net changes in operating assets	(1,190,610)	(1,517,958)
Net changes in operating liabilities	2,598,283	1,205,994
Income taxes paid	(7,474)	(6,034)
Net cash generated from operating activities	<u>1,438,138</u>	<u>(278,221)</u>
Net cash (used in)/generated from investing activities	<u>(102,935)</u>	<u>300</u>
Net increase in cash and cash equivalents	1,335,203	(277,921)
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>2,454,724</u></u>	<u><u>1,677,679</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 last three quarters and commodity prices remaining depressed. Against this challenging backdrop, the Bank registered a pre-tax profit of RM 38.77 million, a 2.32% increase against the corresponding period last year. Income derived from investment of depositors' funds and others increased by 25.98% to RM 238.34 million while income derived from investment of shareholder's funds decreased 16.34% to RM 101.17 million, in line with the reduction in personal financing.

Total assets increased by 30.69% to RM 12.66 billion while deposits from customers decreased by 3.23% to RM 3.37 billion. The Bank's Common Equity Tier 1 capital ratio and Total Capital Ratio remained strong at 13.19% and 15.72%, 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.

STANDARD CHARTERED SAADIQ BERHAD
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Notes to the financial statements for the nine months ended 30 September 2015

1. Basis of preparation of the financial statements

The unaudited condensed interim financial statements for the third quarter and the nine months ended 30 September 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 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> |
|----|--------|-------------------------------------|

STANDARD CHARTERED SAADIQ BERHAD
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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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 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 third quarter and nine months ended 30 September 2015.

7. Proposed Dividend

No dividend has been proposed for the third quarter and the nine months ended 30 September 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 nine months ended 30 September 2015.

10. Investment securities available-for-sale

	30 September 2015 RM'000	31 December 2014 RM'000
<u>At fair value</u>		
Malaysian Government treasury bills	73,800	-
Bank Negara Malaysia bills	49,417	98,556
Government Islamic bonds	80,430	-
	<u>203,647</u>	<u>98,556</u>

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11. 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 September 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term financing								
- House financing	592,626	-	-	-	-	2,639,295	3,983	3,235,904
- Hire purchase receivables	-	-	167,193	-	-	-	-	167,193
- Lease receivables	-	252,271	-	-	-	-	2,936	255,207
- Other term financing	53,997	-	-	1,130,871	308,647	903,555	94,520	2,491,590
Bills receivable	-	-	-	-	-	-	281,199	281,199
Trust receipts	-	-	-	541,627	-	-	20,911	562,538
Staff financing	1,364	-	-	758	92	-	112	2,326
Revolving credit	-	-	-	585,497	-	-	-	585,497
	647,987	252,271	167,193	2,258,753	308,739	3,542,850	403,661	7,581,454
Less: Unearned income								(698,459)
Gross financing and advances								6,882,995
Less: Impairment provisions on financing and advances:-								
- Individual impairment provisions								(29,812)
- Collective impairment provisions								(95,960)
Total net financing and advances								6,757,223

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

	30 September 2015 RM'000	31 December 2014 RM'000
Domestic non-bank financial institutions	230,953	959,735
Domestic business enterprises	2,773,373	2,730,915
<i>Small medium enterprises</i>	1,126,529	1,086,066
<i>Others</i>	1,646,844	1,644,849
Individuals	3,186,174	3,128,562
Foreign entities	692,495	419,914
	6,882,995	7,239,126

(iii) By profit rate sensitivity

	30 September 2015 RM'000	31 December 2014 RM'000
Fixed rate		
- House financing	1,978	2,145
- Hire purchase receivables	167,193	216,930
- Other financing	1,273,310	1,920,617
Variable rate		
- House financing	3,228,244	2,620,842
- Revolving credit	585,498	789,098
- Other financing	1,626,772	1,689,494
	6,882,995	7,239,126

(iv) By sector

	30 September 2015 RM'000	31 December 2014 RM'000
Agriculture	3,017	122,785
Mining and quarrying	166,632	122,048
Manufacturing	895,807	793,733
Electricity, gas and water	2,368	759
Construction	160,205	123,489
Real estate	329,600	257,211
Wholesale & retail trade and restaurants & hotels	616,947	607,977
Transportation, storage and communication	102,102	113,833
Finance, insurance and business services	587,474	1,412,647
Household	3,691,989	3,548,476
Others	326,854	136,168
	6,882,995	7,239,126

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

	30 September 2015 RM'000	31 December 2014 RM'000
Purchase of landed property		
- Residential	2,924,086	2,642,021
- Non-residential	927,352	926,396
Fixed assets excluding land and building	157,828	195,775
Personal Use	527,173	670,210
Working Capital	2,346,556	2,151,926
Others	-	652,798
	<u>6,882,995</u>	<u>7,239,126</u>

(vi) By maturity structure

	30 September 2015 RM'000	31 December 2014 RM'000
Maturing within one year	1,288,677	1,878,897
One year to three years	597,173	792,072
Three years to five years	955,053	689,657
Over five years	4,042,092	3,878,500
	<u>6,882,995</u>	<u>7,239,126</u>

(vii) By geographical distribution

	30 September 2015 RM'000	31 December 2014 RM'000
Within Malaysia	<u>6,882,995</u>	<u>7,239,126</u>

(viii) Analysis of foreign currency exposure

	30 September 2015 RM'000	31 December 2014 RM'000
USD	859,951	657,373
GBP	-	652,798
Other foreign currencies	-	401
	<u>859,951</u>	<u>1,310,572</u>

STANDARD CHARTERED SAADIQ BERHAD

12. Impaired financing and advances

(i) Movements in impaired financing and advances

	30 September 2015 RM'000	31 December 2014 RM'000
At 1 January	38,121	40,609
Classified as impaired during the financial period/year	57,565	83,084
Reclassified as performing during the financial period/year	(9,388)	(8,057)
Amount recovered during the financial period/year	(9,897)	(13,214)
Amount written off during the financial period/year	(34,124)	(64,301)
At end of reporting period/year	42,277	38,121
Individual impairment provisions	(29,812)	(23,790)
Net impaired financing and advances	<u>12,465</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 September 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	9,086	35,622
Amount written back	(32,164)	(20,521)
At end of reporting period/year	<u>95,960</u>	<u>119,038</u>
As a percentage of gross financing and advances less individual impairment provisions	<u>1.40%</u>	<u>1.65%</u>

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12. Impaired financing and advances (continued)

	30 September 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	53,222	79,086
Amount written back	(8,666)	(6,969)
Amount written off	(38,534)	(64,110)
At end of reporting period/year	<u>29,812</u>	<u>23,790</u>

(iii) Impaired financing and advances by sector

	30 September 2015 RM'000	31 December 2014 RM'000
Agriculture	32	-
Manufacturing	1,726	1,619
Construction	137	103
Wholesale & retail trade and restaurants & hotels	697	513
Transportation, storage and communication	2,445	1,115
Household	37,021	34,582
Others	219	189
	<u>42,277</u>	<u>38,121</u>

(iv) Impaired financing and advances by purpose

	30 September 2015 RM'000	31 December 2014 RM'000
Purchase of landed property	9,985	5,411
- Residential	8,496	4,369
- Non-residential	1,489	1,042
Fixed assets excluding land and building	1,120	735
Personal use	27,436	29,171
Working capital	3,736	2,804
	<u>42,277</u>	<u>38,121</u>

(v) Impaired financing and advances by geographical distribution

	30 September 2015 RM'000	31 December 2014 RM'000
Within Malaysia	<u>42,277</u>	<u>38,121</u>

13. Other assets

	30 September 2015 RM'000	31 December 2014 RM'000
Income receivable	1,499	97
Other receivables, deposits and prepayments	1,877,083	1,004,473
	<u>1,878,582</u>	<u>1,004,570</u>

STANDARD CHARTERED SAADIQ BERHAD

14. 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.

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

	30 September 2015 RM'000	31 December 2014 RM'000
Demand deposits	669,876	1,334,194
- Mudharabah	-	977,601
- Wadiah	669,876	356,593
Saving deposits	97,909	212,100
- Mudharabah	-	168,493
- Wadiah	97,909	43,607
Investment deposits		
- Murabahah	16,410	18,588
Negotiable instruments of deposits		
- Bai-Inah	109,441	114,188
General investment deposits	2,478,986	1,806,301
- Mudharabah	834,541	1,148,069
- Murabahah	1,644,445	658,232
	<u>3,372,622</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 September 2015 RM'000	31 December 2014 RM'000
Due within six months	1,713,110	1,572,782
Six months to one year	762,528	206,990
One year to three years	149	45,117
Three years to five years	129,050	114,188
	<u>129,050</u>	<u>114,188</u>

(ii) By type of customers

	30 September 2015 RM'000	31 December 2014 RM'000
Government and statutory bodies	792,221	748,962
Business enterprises	848,015	593,266
Individuals	1,229,196	1,669,262
Others	503,190	473,881
	<u>3,372,622</u>	<u>3,485,371</u>

STANDARD CHARTERED SAADIQ BERHAD

16. Deposits and placements of banks and other financial institutions

	30 September 2015 RM'000	31 December 2014 RM'000
Non-Mudharabah		
Licensed banks	2,214,653	104,232
Other financial institutions	2,083	52,676
Mudharabah		
Licensed bank	4,363,899	4,926,930
	<u>6,580,635</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").

17. Other liabilities

	30 September 2015 RM'000	31 December 2014 RM'000
Income payable	15,859	19,831
Other payables and accruals	835,368	336,154
	<u>851,227</u>	<u>355,985</u>

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

	3rd Quarter ended		Nine months ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Income derived from investment of:-				
(i) General investment deposits	81,936	39,790	176,371	122,969
(ii) Other deposits	4,088	27,073	61,967	66,214
	<u>86,024</u>	<u>66,863</u>	<u>238,338</u>	<u>189,183</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**

	3rd Quarter ended		Nine months ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Finance income and hibah				
Financing and advances	53,408	32,213	123,523	94,298
Investment securities available-for-sale	606	-	817	-
Money at call and deposits with financial institutions	19,069	7,988	35,877	24,174
	73,083	40,201	160,217	118,472
Amortisation of premium less accretion of discount	(2,866)	(2,652)	(6,647)	(7,332)
Total finance income and hibah	70,217	37,549	153,570	111,140
Other operating income				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	15,260	6,530	31,254	20,514
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(3,541)	(4,289)	(8,453)	(8,685)
	11,719	2,241	22,801	11,829
	81,936	39,790	176,371	122,969

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

	3rd Quarter ended		Nine months ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Finance income and hibah				
Financing and advances	425	21,560	43,399	50,776
Investment securities available-for-sale	158	-	287	-
Money at call and deposits with financial institutions	2,304	5,400	12,605	13,017
	2,887	26,960	56,291	63,793
Amortisation of premium less accretion of discount	(18)	(1,745)	(2,335)	(3,948)
Total finance income and hibah	2,869	25,215	53,956	59,845
Other operating income				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	1,178	4,467	10,981	11,046
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	41	(2,609)	(2,970)	(4,677)
	1,219	1,858	8,011	6,369
	4,088	27,073	61,967	66,214

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19. Income attributable to depositors

	3rd Quarter ended		Nine months ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Deposits from customers				
- Mudharabah fund	9,938	23,224	51,274	69,044
- Non-Mudharabah fund	12,936	8,059	29,502	12,640
Investment accounts	966	-	966	-
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	39,643	20,439	100,727	61,241
- Non-Mudharabah fund	7,743	1,615	14,007	4,617
	<u>71,226</u>	<u>53,337</u>	<u>196,476</u>	<u>147,542</u>

20. Income derived from investment of shareholder's funds

	3rd Quarter ended		Nine months ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Finance income and hibah				
Financing and advances	<u>32,379</u>	<u>38,491</u>	<u>101,173</u>	<u>120,934</u>

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21. Other operating expenses

	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, bonus, wages and allowances	2,319	3,050	6,730	8,788
- Other staff related cost	654	463	1,687	1,423
	<u>2,973</u>	<u>3,513</u>	<u>8,417</u>	<u>10,211</u>
Establishment costs				
- Depreciation of property, plant and equipment	356	603	1,268	1,887
- Rental	512	492	1,531	1,476
- Information technology expenses	4	120	40	167
- Utilities and maintenance	610	414	1,818	1,370
	<u>1,482</u>	<u>1,629</u>	<u>4,657</u>	<u>4,900</u>
Marketing expenses				
- Advertisement and publicity	246	3	328	57
- Others	66	278	271	641
	<u>312</u>	<u>281</u>	<u>599</u>	<u>698</u>
Administration and general expenses				
- Communication expenses	57	82	183	242
- Group administration fees and business support expenses	5,745	1,334	9,133	4,873
- Management fee	20,475	19,559	66,657	60,454
- Others	1,745	(1,478)	3,040	4,197
	<u>28,022</u>	<u>19,497</u>	<u>79,013</u>	<u>69,766</u>
Total other operating expenses	<u>32,789</u>	<u>24,920</u>	<u>92,686</u>	<u>85,575</u>

22. Provisions for financing

	3rd Quarter ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Provisions for financing:-				
Individual impairment provisions	17,085	15,876	44,556	55,191
- Made in the financial period	20,389	17,978	53,222	60,007
- Written back in respect of recoveries	(3,304)	(2,102)	(8,666)	(4,816)
Collective impairment provisions				
- Made in the financial period	3,893	8,097	9,086	11,905
- Written back	(7,243)	(4,901)	(32,164)	(18,204)
Bad and doubtful debts on financing and advances:-				
- Recovered	(3,273)	(3,569)	(9,897)	(9,782)
	<u>10,462</u>	<u>15,503</u>	<u>11,581</u>	<u>39,110</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 September 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	9,246	9,246	3,776	27,997	27,997	24,324
Transaction-related contingent items	195,719	195,719	38,222	154,144	154,144	58,183
Short-term self liquidating trade-related contingencies	74,807	74,807	26,458	103,036	103,036	27,821
Other commitments to extend credit:-						
- maturity not exceeding one year	2,435,923	505,252**	195,977**	1,625,094	312,114	124,312**
- maturity exceeding one year	852,529	177,535**	144,889**	1,073,862	612,351**	273,432**
Foreign exchange related contracts:-						
- less than one year	1,817,737	99,269**	8,327**	1,374,936	39,770	5,184
- one year to less than five years	2,174,346	254,344	185,462	835,380	125,506	96,382
Profit rate related contracts:-						
- less than one year	145	281**	276**	-	-**	-**
- one year to less than five years	1,744,433	45,792	9,089	1,406,085	53,700	10,780
- five years and above	1,755,751	100,759	27,593	228	528	137
Miscellaneous commitments and contingencies	34,473	12,699	1,729	27,427	6,726	782
	<u>11,095,109</u>	<u>1,475,703</u>	<u>641,798</u>	<u>6,628,189</u>	<u>1,435,872</u>	<u>621,337</u>

* 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 RM459.2million (2014: RM82.2million) and RM315.6million (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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24. 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 September 2015				
Assets				
Investment securities available-for-sale				
Malaysian Government / Bank Negara Bills	-	123,217	-	123,217
Debt securities	-	80,430	-	80,430
Derivative financial instruments	-	449,443	-	449,443
At 30 September 2015	-	653,090	-	653,090
Liabilities				
Deposits from customers	-	16,410	-	16,410
Deposits and placements of banks and other financial institutions	-	3,594	-	3,594
Derivative financial instruments	-	451,983	-	451,983
At 30 September 2015	-	471,987	-	471,987
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 September 2015.

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26. Capital adequacy

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

	30 September 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	175,733	148,942
Less: Deferred tax assets	(1,166)	(2,843)
Deductions in excess of Tier 2 capital	-	-
Excess of Expected Loss over Expected Provisions under AIRB approach	(11,384)	(17,405)
Unrealised gains and losses on 'available-for-sale' financial instruments	12	(20)
CET 1 and Eligible Tier 1 capital	<u>574,195</u>	<u>539,674</u>
Tier 2 Capital		
Islamic subordinated sukuk	100,000	100,000
Collective impairment provisions	10,301	9,270
Eligible Tier 2 capital	<u>110,301</u>	<u>109,270</u>
Total capital base	<u>684,496</u>	<u>648,944</u>

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

	30 September 2015 RM'000	31 December 2014 RM'000
Total risk-weighted assets:-		
Credit risk	3,980,674	4,333,866
Operational risk	373,713	383,234
	<u>4,354,387</u>	<u>4,717,100</u>
	30 September 2015 RM'000	31 December 2014 RM'000
CET 1 capital ratio	13.187%	11.441%
Tier 1 capital ratio	13.187%	11.441%
Total capital ratio	15.720%	13.757%