

Company No. 823437K



**Standard Chartered Saadiq Berhad**

(Company No. 823437K)

(Incorporated in Malaysia)

**Financial statements for the three months  
ended 31 March 2015**

**STANDARD CHARTERED SAADIQ BERHAD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015**

	Note	31 March 2015 RM'000	31 December 2014 RM'000
<b>Assets</b>			
Cash and short term funds		2,015,384	1,119,521
Investment securities available-for-sale	11	99,439	98,556
Financing and advances	12	6,889,070	7,096,298
Derivative financial assets		141,088	100,296
Other assets	14	1,251,900	1,004,570
Current tax assets		11,381	13,666
Statutory deposits with Bank Negara Malaysia	15	259,430	251,450
Property, plant and equipment		1,362	1,877
Deferred tax assets		926	2,849
<b>Total assets</b>		<b>10,669,980</b>	<b>9,689,083</b>
<b>Liabilities</b>			
Deposits from customers	16	4,514,588	3,485,371
Deposits and placements of banks and other financial institutions	17	5,027,970	5,083,838
Derivatives financial liabilities		147,176	103,967
Other liabilities	18	305,722	355,985
Subordinated sukuk		100,000	100,000
<b>Total liabilities</b>		<b>10,095,456</b>	<b>9,129,161</b>
<b>Equity</b>			
Share capital		102,750	102,750
Reserves		471,774	457,172
<b>Total equity attributable to equity holder of the Bank</b>		<b>574,524</b>	<b>559,922</b>
<b>Total liabilities and equity</b>		<b>10,669,980</b>	<b>9,689,083</b>
<b>Commitments and contingencies</b>	24	<b>8,267,889</b>	<b>6,628,189</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 2014.*

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 1ST QUARTER AND THREE MONTHS ENDED 31 MARCH 2015**

	Note	1st Quarter ended		Three months ended	
		31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Income derived from investment of depositors' funds and others	19	72,061	54,108	72,061	54,108
Income derived from investment of shareholder's funds	21	35,291	41,671	35,291	41,671
Provisions for financing	23	(1,019)	(12,900)	(1,019)	(12,900)
<b>Total distributable income</b>		<b>106,333</b>	<b>82,879</b>	<b>106,333</b>	<b>82,879</b>
Income attributable to depositors	20	(56,707)	(42,123)	(56,707)	(42,123)
<b>Total net income</b>		<b>49,626</b>	<b>40,756</b>	<b>49,626</b>	<b>40,756</b>
Other operating expenses	22	(30,201)	(30,299)	(30,201)	(30,299)
Profit before taxation		19,425	10,457	19,425	10,457
Tax expense		(4,868)	(3,121)	(4,868)	(3,121)
<b>Profit for the period</b>		<b>14,557</b>	<b>7,336</b>	<b>14,557</b>	<b>7,336</b>
<b>Other comprehensive income, net of income tax</b>					
Fair value reserve (investment securities available for sale):					
Net change in fair value		45	9	45	9
<b>Other comprehensive income for the period, net of income tax</b>		<b>45</b>	<b>9</b>	<b>45</b>	<b>9</b>
<b>Total comprehensive income for the period</b>		<b>14,602</b>	<b>7,345</b>	<b>14,602</b>	<b>7,345</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 2014.*

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	31 March 2015 RM'000	31 March 2014 RM'000
Profit before taxation	19,425	10,457
Adjustment for non-cash items	(307)	644
Operating profit before working capital changes	<u>19,118</u>	<u>11,101</u>
Changes in working capital		
Net changes in operating assets	(45,666)	(694,996)
Net changes in operating liabilities	923,086	675,769
Income taxes paid	(675)	(2,553)
Net cash generated from/(used in) operating activities	<u>895,863</u>	<u>(10,679)</u>
Net cash generated from investing activities	-	50,081
Net increase in cash and cash equivalents	<u>895,863</u>	<u>39,402</u>
Cash and cash equivalent at beginning of the year	<u>1,119,521</u>	<u>1,955,600</u>
Cash and cash equivalent at end of the period	<u><u>2,015,384</u></u>	<u><u>1,995,002</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**  
(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	← <i>Non-Distributable Reserves</i> →				<i>Distributable Reserves Retained profits</i>	<b>Total</b>
	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory reserves</b>	<b>AFS reserves</b>	<b>RM'000</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2015</b>	102,750	308,250	102,750	(20)	46,192	559,922
Fair value reserve (investment securities available-for-sale):-						
Net changes in fair value	-	-	-	45	-	45
Total other comprehensive income for the period	-	-	-	45	-	45
Profit for the period	-	-	-	-	14,557	14,557
Total comprehensive income for the period	-	-	-	45	14,557	14,602
<b>At 31 March 2015</b>	<b>102,750</b>	<b>308,250</b>	<b>102,750</b>	<b>25</b>	<b>60,749</b>	<b>574,524</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 2014.*

**STANDARD CHARTERED SAADIQ BERHAD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 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	
<b>At 1 January 2014</b>	102,750	308,250	102,750	(9)	35,939	549,680
Fair value reserve (investment securities available-for-sale):-						
Net changes in fair value	-	-	-	9	-	9
Total other comprehensive income for the period	-	-	-	9	-	9
Profit for the period	-	-	-	-	7,336	7,336
Total comprehensive income for the period	-	-	-	9	7,336	7,345
<b>At 31 March 2014</b>	<b>102,750</b>	<b>308,250</b>	<b>102,750</b>	<b>-</b>	<b>43,275</b>	<b>557,025</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 2014.*

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

**REVIEW OF PERFORMANCE**

The Bank registered a pre-tax profit of RM 19.43 million, a 85.75% increase against the corresponding period last year. Income derived from investment of depositors' funds and others increased by 33.18% to RM 72.06 million while income derived from investment of shareholder's funds decreased 15.31% to RM 35.29 million, in line with the reduction in personal financing. The Bank showed improvement in asset quality as provision for financing has reduced significantly by RM 11.88 million against the corresponding period last year through better asset quality.

Total assets increased by 10.12% to RM 10.67 billion while deposits from customers recorded a significant increase of RM 1.03 billion or 29.64% to RM 4.51 billion during the quarter. The Bank's risk-weighted capital ratio and Common Equity Tier 1 capital ratio remained strong at 15.59% and 13.04%, 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**  
(Incorporated in Malaysia)

**Notes to the financial statements for the three months ended 31 March 2015**

**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 2015 have been prepared in accordance with MFRS 134, *Interim Financial Reporting in Malaysia*.

The accounting policies and methods of computation in the unaudited condensed interim financial statements are consistent with those adopted in the last audited financial statements:-

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

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

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

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

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

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

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

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

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



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

**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 first quarter and three months ended 31 March 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 first quarter and three months ended 31 March 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 first quarter and three months ended 31 March 2015.

**7. Proposed Dividend**

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

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

**9. Changes in the composition of the Bank**

There were no significant changes in the composition of the Bank in the three months period ended 31 March 2015.

**10. Deposits and placements with banks and other financial institutions**

There are no deposits and placements with banks and other financial institutions which are of a duration that is greater than one month.

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

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<u>At fair value</u>		
Bank Negara Malaysia bills	<u>99,439</u>	<u>98,556</u>
	<u>99,439</u>	<u>98,556</u>

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

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

	<b>Bai Bithaman Ajil (deferred payment sale)</b>	<b>Ijarah (lease)</b>	<b>Ijarah Thumma Al-Bai (finance lease)</b>	<b>Murabahah (cost plus)</b>	<b>Bai'Al Inah (sale and buy- back)</b>	<b>Diminishing Musyarakah</b>	<b>Others</b>	<b>Total financing and advances</b>
<b>As at 31 March 2015</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term financing								
- House financing	636,224	-	-	-	-	2,438,068	3,864	3,078,156
- Hire purchase receivables	-	-	222,327	-	-	-	-	222,327
- Lease receivables	-	312,214	-	-	-	-	-	312,214
- Other term financing	74,711	-	-	1,565,215	434,130	897,998	125,124	3,097,178
Bills receivable	-	-	-	-	-	-	306,523	306,523
Trust receipts	-	-	-	261,220	-	-	-	261,220
Staff financing	1,032	-	-	113	295	-	84	1,524
Revolving credit	-	-	-	522,334	-	-	-	522,334
	<u>711,967</u>	<u>312,214</u>	<u>222,327</u>	<u>2,348,882</u>	<u>434,425</u>	<u>3,336,066</u>	<u>435,595</u>	<u>7,801,476</u>
Less: Unearned income								<u>(777,350)</u>
Gross financing and advances								<u>7,024,126</u>
Less: Impairment provisions on financing and advances:-								
- Individual impairment provisions								(26,086)
- Collective impairment provisions								<u>(108,970)</u>
Total net financing and advances								<u><u>6,889,070</u></u>

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

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

	<b>Bai Bithaman Ajil (deferred payment sale)</b>	<b>Ijarah (lease)</b>	<b>Ijarah Thumma Al-Bai (finance lease)</b>	<b>Murabahah (cost plus)</b>	<b>Bai'Al Inah (sale and buy- back)</b>	<b>Diminishing Musyarakah</b>	<b>Others</b>	<b>Total financing and advances</b>
<b>As at 31 December 2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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								<u>7,239,126</u>
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>

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

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

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Domestic non-bank financial institutions	900,903	959,735
Domestic business enterprises	2,513,501	2,730,915
<i>Small medium enterprises</i>	1,071,391	1,086,066
<i>Others</i>	1,442,110	1,644,849
Individuals	3,165,357	3,128,562
Foreign entities	444,365	419,914
	7,024,126	7,239,126

**(iii) By profit rate sensitivity**

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Fixed rate		
- House financing	2,067	2,145
- Hire purchase receivables	203,402	216,930
- Other financing	1,868,531	1,920,617
Variable rate		
- House financing	2,726,092	2,620,842
- Revolving credit	463,831	789,098
- Other financing	1,760,203	1,689,494
	7,024,126	7,239,126

**(iv) By sector**

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Agriculture	2,934	122,785
Mining and quarrying	154,263	122,048
Manufacturing	805,458	793,733
Electricity, gas and water	749	759
Construction	121,554	123,489
Real estate	273,746	257,211
Wholesale & retail trade and restaurants & hotels	481,336	607,977
Transportation, storage and communication	119,243	113,833
Finance, insurance and business services	1,313,688	1,412,647
Household	3,609,722	3,548,476
Others	141,433	136,168
	7,024,126	7,239,126

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

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Purchase of landed property		
- Residential	2,746,672	2,642,024
- Non-residential	925,476	926,396
Fixed assets excluding land and building	185,544	195,775
Personal Use	622,728	670,210
Working Capital	1,888,163	2,151,926
Others	655,543	652,798
	<u>7,024,126</u>	<u>7,239,129</u>

**(vi) By maturity structure**

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Maturing within one year	1,583,570	1,878,897
One year to three years	751,122	792,072
Three years to five years	697,980	689,657
Over five years	3,991,454	3,878,500
	<u>7,024,126</u>	<u>7,239,126</u>

**(vii) By geographical distribution**

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Within Malaysia	<u>7,024,126</u>	<u>7,239,126</u>

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

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
USD	672,069	657,373
GBP	658,879	652,798
Other foreign currencies	-	401
	<u>1,330,948</u>	<u>1,310,572</u>

## STANDARD CHARTERED SAADIQ BERHAD

## 13. Impaired financing and advances

## (i) Movements in impaired financing and advances

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
At 1 January	38,121	40,609
Classified as impaired during the financial period/year	18,654	83,084
Reclassified as performing during the financial period/year	(3,606)	(8,057)
Amount recovered during the financial period/year	(3,163)	(13,214)
Amount written off during the financial period/year	<u>(11,952)</u>	<u>(64,301)</u>
At end of reporting period/year	38,054	38,121
Individual impairment provisions	<u>(26,086)</u>	<u>(23,790)</u>
Net impaired financing and advances	<u>11,968</u>	<u>14,331</u>

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

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<b>Collective impairment provisions</b>		
At 1 January	119,038	103,937
Impairments made during the financial period/year	1,375	35,622
Amount written back	<u>(11,443)</u>	<u>(20,521)</u>
At end of reporting period/year	<u>108,970</u>	<u>119,038</u>
As a percentage of gross financing and advances less individual impairment provisions	<u>1.56%</u>	<u>1.65%</u>

## STANDARD CHARTERED SAADIQ BERHAD

## 13. Impaired financing and advances (continued)

	31 March 2015 RM'000	31 December 2014 RM'000
<b>Individual impairment provisions</b>		
At 1 January	23,790	15,783
Impairments made during the financial period/year	16,458	79,086
Amount written back	(2,208)	(6,969)
Amount written off	(11,954)	(64,110)
At end of reporting period/year	<u>26,086</u>	<u>23,790</u>

## (iii) Impaired financing and advances by sector

	31 March 2015 RM'000	31 December 2014 RM'000
Manufacturing	1,159	1,619
Construction	78	103
Wholesale & retail trade and restaurants & hotels	732	513
Transportation, storage and communication	1,118	1,115
Finance, insurance and business services	78	-
Household	34,796	34,582
Others	93	189
	<u>38,054</u>	<u>38,121</u>

## (iv) Impaired financing and advances by purpose

	31 March 2015 RM'000	31 December 2014 RM'000
Purchase of landed property	7,029	5,411
- Residential	5,987	4,369
- Non-residential	1,042	1,042
Fixed assets excluding land and building	1,958	735
Personal use	27,767	29,171
Working capital	1,300	2,804
	<u>38,054</u>	<u>38,121</u>

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

	31 March 2015 RM'000	31 December 2014 RM'000
Within Malaysia	<u>38,054</u>	<u>38,121</u>

## 14. Other assets

	31 March 2015 RM'000	31 December 2014 RM'000
Income receivable	177	97
Other receivables, deposits and prepayments	1,251,723	1,004,473
	<u>1,251,900</u>	<u>1,004,570</u>



## STANDARD CHARTERED SAADIQ BERHAD

## 15. Statutory deposits with Bank Negara Malaysia

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

## 16. Deposits from customers

## (i) By type of deposits

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Demand deposits	1,362,363	1,334,194
- Mudharabah	1,036,562	977,601
- Wadiah	325,801	356,593
Saving deposits	192,773	212,100
- Mudharabah	150,929	168,493
- Wadiah	41,844	43,607
Investment deposits		
- Murabahah	16,424	18,588
Negotiable instruments of deposits		
- Bai-Inah	106,356	114,188
General investment deposits	2,836,672	1,806,301
- Mudharabah	2,180,388	1,148,069
- Murabahah	656,284	658,232
	<u>4,514,588</u>	<u>3,485,371</u>

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

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Due within six months	2,493,330	1,572,782
Six months to one year	229,272	206,990
One year to three years	110,885	45,117
Three years to five years	125,965	114,188
	<u>2,959,452</u>	<u>1,939,077</u>

## (ii) By type of customers

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Government and statutory bodies	1,158,139	748,962
Business enterprises	1,083,581	593,266
Individuals	1,530,312	1,669,262
Others	742,556	473,881
	<u>4,514,588</u>	<u>3,485,371</u>

## STANDARD CHARTERED SAADIQ BERHAD

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

	31 March 2015 RM'000	31 December 2014 RM'000
<b>Non-Mudharabah</b>		
Licensed banks	100,057	104,232
Other financial institutions	67,155	52,676
<b>Mudharabah</b>		
Licensed bank	4,860,758	4,926,930
	<u>5,027,970</u>	<u>5,083,838</u>

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

## 18. Other liabilities

	31 March 2015 RM'000	31 December 2014 RM'000
Income payable	31,289	19,831
Other payables and accruals	274,433	336,154
	<u>305,722</u>	<u>355,985</u>

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

	1st Quarter ended		Three months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Income derived from investment of:-				
(i) General investment deposits	45,398	35,171	45,398	35,171
(ii) Other deposits	26,663	18,937	26,663	18,937
	<u>72,061</u>	<u>54,108</u>	<u>72,061</u>	<u>54,108</u>

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

**19. 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 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
<b>Finance income and hibah</b>				
Financing and advances	35,645	28,296	35,645	28,296
Money at call and deposits with financial institutions	5,532	5,413	5,532	5,413
	41,177	33,709	41,177	33,709
Amortisation of premium less accretion of discount	(1,860)	(2,445)	(1,860)	(2,445)
Total finance income and hibah	39,317	31,264	39,317	31,264
<b>Other operating income</b>				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	9,378	6,205	9,378	6,205
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(3,297)	(2,298)	(3,297)	(2,298)
	6,081	3,907	6,081	3,907
	45,398	35,171	45,398	35,171

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

**19. 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 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
<b>Finance income and hibah</b>				
Financing and advances	20,934	15,236	20,934	15,236
Money at call and deposits with financial institutions	3,249	2,915	3,249	2,915
	24,183	18,151	24,183	18,151
Amortisation of premium less accretion of discount	(1,092)	(1,316)	(1,092)	(1,316)
Total finance income and hibah	23,091	16,835	23,091	16,835
<b>Other operating income</b>				
Fees and commission income:-				
- Arising from financial instruments not fair valued through profit or loss	5,508	3,339	5,508	3,339
Fees and commission expense:-				
- Arising from financial instruments not fair valued through profit or loss	(1,936)	(1,237)	(1,936)	(1,237)
	3,572	2,102	3,572	2,102
	26,663	18,937	26,663	18,937

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

**20. Income attributable to depositors**

	1st Quarter ended		Three months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Deposits from customers				
- Mudharabah fund	19,616	20,799	19,616	20,799
- Non-Mudharabah fund	6,132	801	6,132	801
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	29,465	19,219	29,465	19,219
- Non-Mudharabah fund	1,494	1,304	1,494	1,304
	<u>56,707</u>	<u>42,123</u>	<u>56,707</u>	<u>42,123</u>

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

	1st Quarter ended		Three months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
<b>Finance income and hibah</b>				
Financing and advances	<u>35,291</u>	<u>41,671</u>	<u>35,291</u>	<u>41,671</u>

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

**22. Other operating expenses**

	1st Quarter ended		Three months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	2,217	2,935	2,217	2,935
- Other staff related cost	434	352	434	352
	<u>2,651</u>	<u>3,287</u>	<u>2,651</u>	<u>3,287</u>
<b>Establishment costs</b>				
- Depreciation of property, plant and equipment	516	644	516	644
- Rental	509	493	509	493
- Information technology expenses	26	23	26	23
- Utilities and maintenance	590	496	590	496
	<u>1,641</u>	<u>1,656</u>	<u>1,641</u>	<u>1,656</u>
<b>Marketing expenses</b>				
- Advertisement and publicity	12	34	12	34
- Others	70	139	70	139
	<u>82</u>	<u>173</u>	<u>82</u>	<u>173</u>
<b>Administration and general expenses</b>				
- Communication expenses	63	83	63	83
- Group administration fees and business support expenses	1,710	1,620	1,710	1,620
- Management fee	23,914	20,821	23,914	20,821
- Others	140	2,659	140	2,659
	<u>25,827</u>	<u>25,183</u>	<u>25,827</u>	<u>25,183</u>
<b>Total other operating expenses</b>	<u>30,201</u>	<u>30,299</u>	<u>30,201</u>	<u>30,299</u>

**23. Provisions for financing**

	1st Quarter ended		Three months ended	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Provisions for financing:-				
Individual impairment provisions	14,250	20,137	14,250	20,137
- Made in the financial period	16,458	21,369	16,458	21,369
- Written back in respect of recoveries	(2,208)	(1,232)	(2,208)	(1,232)
Collective impairment provisions				
- Made in the financial period	1,375	780	1,375	780
- Written back	(11,443)	(5,154)	(11,443)	(5,154)
Bad and doubtful debts on financing and advances:-				
- Recovered	(3,163)	(2,863)	(3,163)	(2,863)
	<u>1,019</u>	<u>12,900</u>	<u>1,019</u>	<u>12,900</u>

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

**24. Commitments and contingencies**

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

The commitments and contingencies are as follows:-

	As at 31 March 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	27,425	27,425	7,153	27,997	27,997	24,324
Transaction-related contingent items	185,908	185,908	44,656	154,144	154,144	58,183
Short-term self liquidating trade-related contingencies	70,755	70,755	17,986	103,036	103,036	27,821
Irrevocable commitments to extend credit:-						
- maturity not exceeding one year	2,392,081	743,659	339,300	1,625,094	312,114	124,312
- maturity exceeding one year	525,787	152,780 **	37,875 **	1,073,862	612,351 **	273,432 **
Foreign exchange related contracts:-						
- less than one year	2,215,095	44,264 **	3,606 **	1,374,936	39,770	5,184
- one year to less than five years	1,352,363	199,332	148,364	835,380	125,506	96,382
Profit rate related contracts:-						
- one year to less than five years	1,469,209	56,758 **	11,755 **	1,406,085	53,700 **	10,780 **
- five years and above	228	649	167	228	528	137
Miscellaneous commitments and contingencies	29,038	5,880	628	27,427	6,726	782
	8,267,889	1,487,410	611,490	6,628,189	1,435,872	621,337

\*\* Excluded in the credit equivalent and risk weighted amount of the Bank are RM119.8million (2014: RM82.2million) and RM54.8million (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 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.

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

**25. Profit rate risk**

As at 31 March 2015	3 months or less RM'000	> 3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non profit sensitive RM'000	Total RM'000	Effective profit rate (%)
<b>Financial assets</b>							
Cash and short term funds	2,002,820	-	-	-	12,564	2,015,384	3.22
Investment securities available-for-sale	99,439	-	-	-	-	99,439	3.17
Financing and advances							
- Performing	4,523,768	281,516	1,410,861	660,957	-	6,877,102	5.09
- Impaired	-	-	-	-	11,968	11,968	
Derivative financial assets	19,268	4,214	116,968	638	-	141,088	
Other balances	-	-	-	-	1,511,330	1,511,330	
	<b>6,645,295</b>	<b>285,730</b>	<b>1,527,829</b>	<b>661,595</b>	<b>1,535,862</b>	<b>10,656,311</b>	
<b>Financial liabilities</b>							
Deposits from customers	3,260,022	1,021,762	232,804	-	-	4,514,588	2.83
Deposits and placements of banks and other financial institutions	3,280,219	1,744,137	-	3,614	-	5,027,970	2.90
Derivative financial liabilities	19,268	7,100	120,170	638	-	147,176	
Subordinated sukuk	-	-	-	100,000	-	100,000	4.85
Other balances	-	-	-	-	305,722	305,722	
	<b>6,559,509</b>	<b>2,772,999</b>	<b>352,974</b>	<b>104,252</b>	<b>305,722</b>	<b>10,095,456</b>	
On-balance sheet profit sensitivity gap	85,786	(2,487,269)	1,174,855	557,343	1,230,140		
<b>Total profit sensitivity gap</b>	<b>85,786</b>	<b>(2,487,269)</b>	<b>1,174,855</b>	<b>557,343</b>	<b>1,230,140</b>		

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



**STANDARD CHARTERED SAADIQ BERHAD**

(Incorporated in Malaysia)

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 March 2015</b>				
<b>Assets</b>				
Investment securities available-for-sale				
Bank Negara Malaysia Bills	99,439	-	-	99,439
Derivative financial instruments	-	141,088	-	141,088
<b>At 31 March 2015</b>	<b>99,439</b>	<b>141,088</b>	<b>-</b>	<b>240,527</b>
<b>Liabilities</b>				
Deposits from customers	-	16,424	-	16,424
Deposits and placements of banks and other financial institutions	-	3,587	-	3,587
Derivative financial instruments	-	147,176	-	147,176
<b>At 31 March 2015</b>	<b>-</b>	<b>167,187</b>	<b>-</b>	<b>167,187</b>
<b>31 December 2014</b>				
<b>Assets</b>				
Investment securities available-for-sale				
Bank Negara Malaysia Bills	98,556	-	-	98,556
Derivative financial instruments	-	100,296	-	100,296
<b>At 31 December 2014</b>	<b>98,556</b>	<b>100,296</b>	<b>-</b>	<b>198,852</b>
<b>Liabilities</b>				
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
<b>At 31 December 2014</b>	<b>-</b>	<b>126,171</b>	<b>-</b>	<b>126,171</b>

There were no transfers between Level 1 and Level 2 during the period ended 31 March 2015.

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

**27. Capital adequacy**

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

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 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	163,499	148,942
Less: Deferred tax assets	(930)	(2,843)
Excess of Expected Loss over Expected Provisions under AIRB approach	(14,647)	(17,405)
Unrealised gains and losses on 'available-for-sale' financial instruments	11	(20)
<b>CET 1 and Eligible Tier 1 capital</b>	<u>558,933</u>	<u>539,674</u>
<b>Tier 2 Capital</b>		
Islamic subordinated sukuk	100,000	100,000
Collective impairment provisions	9,608	9,270
<b>Eligible Tier 2 capital</b>	<u>109,608</u>	<u>109,270</u>
<b>Total capital base</b>	<u>668,541</u>	<u>648,944</u>

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

	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<b>Total risk-weighted assets:-</b>		
Credit risk	3,905,839	4,333,866
Operational risk	381,987	383,234
	<u>4,287,826</u>	<u>4,717,100</u>
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
CET 1 capital ratio	13.035%	11.441%
Tier 1 capital ratio	13.035%	11.441%
Risk-weighted capital ratio	15.592%	13.757%