
Standard Chartered Saadiq Berhad

**Pillar 3 Disclosures
30 June 2014**



Incorporated in Malaysia with registered Company No. 823437K

Registered Office and Principal Place of Businesses

Level 16, Menara Standard Chartered

No. 30, Jalan Sultan Ismail 50250 Kuala Lumpur

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1. Regulatory capital requirement

Disclosure on capital adequacy under the Standardised and IRB approach

30 June 2014 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Risk weighted assets absorbed by PSIA RM'000	Total risk weighted assets after effects of PSIA RM'000	Minimum Capital requirement at 8% RM'000
(a) Credit risk						
<u>Exposures under the Standardised approach</u>						
On-balance sheet exposures:-						
Corporates	23,041	23,041	23,041	-	23,041	1,843
Regulatory retail	1,484	1,484	1,165	-	1,165	93
Other assets	257,785	257,785	245,501	-	245,501	19,640
Defaulted exposures	25	25	38	-	38	3
Total on-balance sheet exposures	<u>282,335</u>	<u>282,335</u>	<u>269,745</u>	<u>-</u>	<u>269,745</u>	<u>21,579</u>
Off-balance sheet exposures:-						
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	17,047	16,072	16,073	-	16,073	1,286
Total off-balance sheet exposures	<u>17,047</u>	<u>16,072</u>	<u>16,073</u>	<u>-</u>	<u>16,073</u>	<u>1,286</u>
Total on and off-balance sheet exposures	<u>299,382</u>	<u>298,407</u>	<u>285,818</u>	<u>-</u>	<u>285,818</u>	<u>22,865</u>
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	3,150,166	3,167,766	148,578	-	148,578	11,886
Parent bank, Islamic banks, development financial institutions & multilateral development banks ("MDBs")	1,394,373	1,394,373	124,064	-	124,064	9,925
Takaful companies, Syariah compliant securities firms & fund managers	200,874	200,874	42,602	-	42,602	3,408
Corporates	2,134,133	2,114,526	1,623,675	(482,263)	1,141,412	91,313
Home financing	2,276,664	2,276,664	659,372	-	659,372	52,750
Other retail	1,290,695	1,292,702	1,113,967	-	1,113,967	89,117
Defaulted exposures	115,136	115,136	307,319	-	307,319	24,586
Total on-balance sheet exposures	<u>10,562,041</u>	<u>10,562,041</u>	<u>4,019,577</u>	<u>(482,263)</u>	<u>3,537,314</u>	<u>282,985</u>
Off-balance sheet exposures:-						
OTC derivatives	203,443	203,443	88,945	(24,505)	64,440	5,155
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	1,122,734	1,122,734	353,946	(937)	353,009	28,241
Total off-balance sheet exposures	<u>1,326,177</u>	<u>1,326,177</u>	<u>442,891</u>	<u>(25,442)</u>	<u>417,449</u>	<u>33,396</u>
Total on and off-balance sheet exposures	<u>11,888,218</u>	<u>11,888,218</u>	<u>4,462,468</u>	<u>(507,705)</u>	<u>3,954,763</u>	<u>316,381</u>
(b) Large exposures risk requirement			-	-	-	-
(c) Market risk			-	-	-	-
(d) Operational risk (Standardised approach)			391,184	-	391,184	31,295
Total RWA and capital requirements			<u>5,139,470</u>	<u>(507,705)</u>	<u>4,631,765</u>	<u>370,541</u>

CET 1, Tier 1 and risk-weighted capital ratios

	Before effect of PSIA	After effect of PSIA
CET 1 capital ratio	9.96%	11.05%
Tier 1 capital ratio	9.96%	11.05%
Risk-weighted capital ratio	12.01%	13.33%

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1. Regulatory capital requirement (continued)

Disclosure on capital adequacy under the Standardised and IRB approach (continued)

31 December 2013 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Risk weighted assets absorbed by PSIA RM'000	Total risk weighted assets after effects of PSIA RM'000	Minimum Capital requirement at 8% RM'000
(a) Credit risk						
<u>Exposures under the Standardised approach</u>						
On-balance sheet exposures:-						
Corporates	19,553	19,553	19,553	-	19,553	1,564
Regulatory retail	1,168	1,168	931	-	931	74
Other assets	186,977	186,977	172,969	-	172,969	13,838
Defaulted exposures	25	25	38	-	38	3
Total on-balance sheet exposures	<u>207,723</u>	<u>207,723</u>	<u>193,491</u>	<u>-</u>	<u>193,491</u>	<u>15,479</u>
Off-balance sheet exposures:-						
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	18,135	16,947	16,947	-	16,947	1,356
Total off-balance sheet exposures	<u>18,135</u>	<u>16,947</u>	<u>16,947</u>	<u>-</u>	<u>16,947</u>	<u>1,356</u>
Total on and off-balance sheet exposures	<u>225,858</u>	<u>224,670</u>	<u>210,438</u>	<u>-</u>	<u>210,438</u>	<u>16,835</u>
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	2,242,172	2,259,698	106,554	-	106,554	8,524
Parent bank, Islamic banks, development financial institutions & multilateral development banks	1,081,262	1,081,262	96,205	-	96,205	7,696
Takaful companies, Syariah compliant securities firms & fund managers	200,836	200,836	49,604	-	49,604	3,968
Corporates	1,700,444	1,682,494	1,456,001	(675,948)	780,053	62,404
Home financing	1,607,718	1,607,718	458,618	-	458,618	36,689
Other retail	1,379,396	1,379,820	1,431,580	-	1,431,580	114,526
Defaulted exposures	106,711	106,711	272,331	-	272,331	21,786
Total on-balance sheet exposures	<u>8,318,539</u>	<u>8,318,539</u>	<u>3,870,893</u>	<u>(675,948)</u>	<u>3,194,945</u>	<u>255,593</u>
Off-balance sheet exposures:-						
OTC derivatives	20,934	20,934	9,871	-	9,871	790
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	1,712,451	1,712,451	566,371	(2,367)	564,004	45,120
Total off-balance sheet exposures	<u>1,733,385</u>	<u>1,733,385</u>	<u>576,242</u>	<u>(2,367)</u>	<u>573,875</u>	<u>45,910</u>
Total on and off-balance sheet exposures	<u>10,051,924</u>	<u>10,051,924</u>	<u>4,447,135</u>	<u>(678,315)</u>	<u>3,768,820</u>	<u>301,503</u>
(b) Large exposures risk requirement			-	-	-	-
(c) Market risk			-	-	-	-
(d) Operational risk (Basic indicator approach)			367,218	-	367,218	29,377
Total RWA and capital requirements			<u>5,024,791</u>	<u>(678,315)</u>	<u>4,346,476</u>	<u>347,715</u>
<u>CET 1. Tier 1 and risk-weighted capital ratios</u>						
			Before effect of PSIA		After effect of PSIA	
CET 1 capital ratio			9.79%		11.31%	
Tier 1 capital ratio			9.79%		11.31%	
Risk-weighted capital ratio			11.87%		13.72%	

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2. Credit risk

2.1 Exposure values

The following tables detail the Bank's Exposure at Default ("EAD") before the effect of credit risk mitigation, broken down by the relevant exposure class against the relevant industry, maturity and geography. EAD is based on the current outstanding and accrued profit and fees, plus a proportion of the undrawn component of the facility. The amount of the undisbursed facility included is dependant on the product type, and for IRB exposure classes this amount is modeled internally.

Geographical analysis

The below tables provide the Bank's EAD analysed by the booking location of the exposure.

30 June 2014	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	3,150,166	-	3,150,166
Parent bank, Islamic banks, development financial institutions & multilateral development banks	1,520,556	62,851	1,583,407
Takaful companies, Syariah compliant securities firms & fund managers	211,363	-	211,363
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,831,889	92,406	1,924,295
Corporate exposures (with firm-size adjustment)	438,446	-	438,446
Specialised financing	93,891	-	93,891
Retail exposures	4,486,650	-	4,486,650
<i>Home financing</i>	2,944,609	-	2,944,609
<i>Other retail exposures</i>	1,542,041	-	1,542,041
Total IRB exposures	11,732,961	155,257	11,888,218
Standardised exposures			
Corporates	39,700	388	40,088
Regulatory retail	1,509	-	1,509
Other assets	257,785	-	257,785
Total Standardised exposures	298,994	388	299,382
Total credit risk exposures	12,031,955	155,645	12,187,600

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2. Credit risk (continued)

2.1 Exposure values (continued)

Geographical analysis (continued)

31 December 2013	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	2,242,172	-	2,242,172
Parent bank, Islamic banks, development financial institutions & multilateral development banks	1,092,034	-	1,092,034
Takaful companies, Syariah compliant securities firms & multilateral fund managers	207,124	-	207,124
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,225,017	30,392	1,255,409
Corporate exposures (with firm-size adjustment)	630,522	-	630,522
Specialised financing	110,928	-	110,928
Retail exposures	4,513,735	-	4,513,735
<i>Home financing</i>	2,782,323	-	2,782,323
<i>Other retail exposures</i>	1,731,412	-	1,731,412
Total IRB exposures	10,021,532	30,392	10,051,924
Standardised exposures			
Corporates	37,213	476	37,689
Regulatory retail	1,193	-	1,193
Other assets	186,976	-	186,976
Total Standardised exposures	225,382	476	225,858
Total credit risk exposures	10,246,914	30,868	10,277,782

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2. Credit risk (continued)

2.1 Exposure values (continued)

Sector or economic purpose analysis

The below tables provide the Bank's EAD analysed by sector or economic purpose of the exposure.

30 June 2014	Agricultural, hunting, forestry and fishing RM'000	Mining quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale & retail trade and restaurants & hotels RM'000	Transportation, storage and communication RM'000	Finance, takaful and services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	3,150,166	-	-	-	3,150,166
Parent bank, Islamic banks, development financial institutions & multilateral development banks	-	-	-	-	-	-	-	1,583,407	-	-	-	1,583,407
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-	-	-	-	211,363	-	-	-	211,363
Corporate exposures (excluding specialised financing and firm- size adjustment)	120,249	223,535	618,665	-	36,589	427,945	88,349	92,433	272,107	-	44,423	1,924,295
Corporate exposures (with firm- size adjustment)	-	-	10,244	-	1,000	1,644	8,222	22,292	15,162	-	379,882	438,446
Specialised financing	-	-	-	-	-	-	-	-	93,891	-	-	93,891
Retail exposures	2,279	1,406	46,169	389	21,578	71,758	13,285	15,068	-	3,574,637	740,081	4,486,650
<i>Home financing</i>	-	-	-	-	-	-	-	-	-	2,944,609	-	2,944,609
<i>Other retail exposures</i>	2,279	1,406	46,169	389	21,578	71,758	13,285	15,068	-	630,028	740,081	1,542,041
Total IRB exposures	122,528	224,941	675,078	389	59,167	501,347	109,856	5,074,729	381,160	3,574,637	1,164,386	11,888,218
Standardised exposures												
Corporates	-	-	-	-	39,700	-	-	-	-	-	388	40,088
Regulatory retail	-	-	-	-	840	-	-	-	-	669	-	1,509
Other assets	-	-	-	-	-	-	-	-	-	-	257,785	257,785
Total Standardised exposures	-	-	-	-	40,540	-	-	-	-	669	258,173	299,382
Total credit risk exposures	122,528	224,941	675,078	389	99,707	501,347	109,856	5,074,729	381,160	3,575,306	1,422,559	12,187,600

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2 Credit risk (continued)

2.1 Exposure values (continued)

Sector or economic purpose analysis (continued)

31 December 2013	Agricultural, hunting, forestry and fishing RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale & retail trade and restaurants & hotels RM'000	Transportation, storage and communication RM'000	Finance, takaful and services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	2,242,172	-	-	-	2,242,172
Parent bank, Islamic banks, development financial institutions & multilateral development banks	-	-	-	-	-	-	-	1,092,034	-	-	-	1,092,034
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-	-	-	-	207,124	-	-	-	207,124
Corporate exposures (excluding specialised financing and firm- size adjustment)	120,569	74,496	354,929	-	38,694	254,977	67,844	58,702	246,868	-	38,330	1,255,409
Corporate exposures (with firm- size adjustment)	-	-	45,957	-	-	6,651	158,317	14,799	17,493	-	387,305	630,522
Specialised financing	-	-	-	-	-	-	-	-	110,928	-	-	110,928
Retail exposures	1,629	299	53,320	223	21,947	70,195	18,756	14,952	132	3,604,470	727,812	4,513,735
Home financing	-	-	-	-	-	-	-	-	-	2,782,323	-	2,782,323
Other retail exposures	1,629	299	53,320	223	21,947	70,195	18,756	14,952	132	822,147	727,812	1,731,412
Total IRB exposures	122,198	74,795	454,206	223	60,641	331,823	244,917	3,629,783	375,421	3,604,470	1,153,447	10,051,924
Standardised exposures												
Corporates	-	-	-	-	37,213	-	-	-	-	-	476	37,689
Regulatory retail	-	-	-	-	446	-	-	-	-	-	747	1,193
Other assets	-	-	-	-	-	-	-	-	-	-	186,976	186,976
Total Standardised exposures	-	-	-	-	37,659	-	-	-	-	-	188,199	225,858
Total credit risk exposures	122,198	74,795	454,206	223	98,300	331,823	244,917	3,629,783	375,421	3,604,470	1,341,646	10,277,782

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2. Credit risk (continued)

2.1 Exposure values (continued)

Residual contractual maturity analysis

The following tables show the Bank's residual maturity of EAD by each principal category of exposure class.

30 June 2014	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	3,150,166	-	-	3,150,166
Parent bank, Islamic banks, development financial institutions & multilateral development banks	1,413,534	168,176	1,697	1,583,407
Takaful companies, securities firms & Syariah compliant fund managers	10,482	200,874	7	211,363
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,196,483	671,844	55,968	1,924,295
Corporate exposures (with firm-size adjustment)	59,091	57,080	322,275	438,446
Specialised financing	32,965	60,926	-	93,891
Retail exposures	2,881,695	628,160	976,795	4,486,650
Home financing	2,654,416	5,210	284,983	2,944,609
Other retail exposures	227,279	622,950	691,812	1,542,041
Total IRB exposures	8,744,416	1,787,060	1,356,742	11,888,218
Standardised exposures				
Corporates	6,329	33,623	136	40,088
Regulatory retail	26	935	548	1,509
Other assets	257,784	-	1	257,785
Total Standardised exposures	264,139	34,558	685	299,382
Total credit risk exposures	9,008,555	1,821,618	1,357,427	12,187,600

Note: The above table shows that exposures with residual contractual maturity more than 5 years amounted to RM1,357,425,000. Of this amount, 22% are collateralized.

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2. Credit risk (continued)

2.1 Exposure values (continued)

Residual contractual maturity analysis (continued)

	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
31 December 2013				
IRB exposures				
Sovereigns/Central banks	2,242,172	-	-	2,242,172
Parent bank, Islamic banks, development financial institutions & multilateral development banks	1,088,948	1,933	1,153	1,092,034
Takaful companies, securities firms & Syariah compliant fund managers	6,281	200,836	7	207,124
Corporate exposures (excluding specialised financing and firm-size adjustment)	757,101	259,897	238,411	1,255,409
Corporate exposures (with firm-size adjustment)	194,243	83,513	352,766	630,522
Specialised financing	50,011	60,917	-	110,928
Retail exposures	2,753,404	882,281	878,050	4,513,735
Home financing	2,477,451	6,531	298,341	2,782,323
Other retail exposures	275,953	875,750	579,709	1,731,412
Total IRB exposures	7,092,160	1,489,377	1,470,387	10,051,924
Standardised exposures				
Corporates	6,160	31,392	137	37,689
Regulatory retail	116	498	579	1,193
Other assets	186,976	-	-	186,976
Total Standardised exposures	193,252	31,890	716	225,858
Total credit risk exposures	7,285,412	1,521,267	1,471,103	10,277,782

Note: The above table shows that exposures with residual contractual maturity more than 5 years amounted to RM1,471,103,000. Of this amount, 28% are collateralized.

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2. Credit risk (continued)

2.2 Credit risk mitigation

The following tables disclose the total exposure before the effect of Credit Risk Mitigation ("CRM") and the exposures covered by guarantees/credit derivatives, eligible financial collateral and other eligible collateral, shown by exposure class.

	Exposures before CRM RM'000	Exposures covered by guarantees or credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
30 June 2014				
On-balance sheet exposures				
Sovereigns/Central banks	3,150,166	-	-	-
Parent bank, Islamic banks, development financial institutions & multilateral development banks	1,394,373	-	-	-
Takaful companies, Syariah compliant securities firms & fund managers	200,874	-	2,592	-
Corporates	2,063,283	16,347	260,043	357,262
Regulatory retail	1,292,179	-	-	475
Home financing	2,276,664	-	-	1,897,693
Other assets	257,785	-	-	-
Specialised financing/investment	93,891	-	-	-
Defaulted exposures	115,161	-	-	2,662
Total on-balance sheet exposures	10,844,376	16,347	262,635	2,258,092
Off-balance sheet exposures				
OTC derivatives	203,443	-	-	-
Off balance sheet exposures other than Islamic OTC derivatives or Islamic credit derivatives	1,139,781	-	4,908	168,143
Total off-balance sheet exposures	1,343,224	-	4,908	168,143
Total on and off-balance sheet exposures	12,187,600	16,347	267,543	2,426,235

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2. Credit risk (continued)

2.2 Credit risk mitigation (continued)

31 December 2013	Exposures before CRM RM'000	Exposures covered by guarantees or credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
On-balance sheet exposures				
Sovereigns/Central banks	2,242,172	-	-	-
Parent bank, Islamic banks, development financial institutions & multilateral development banks	1,081,262	-	-	-
Takaful companies, Syariah compliant securities firms & fund managers	200,836	-	2,592	-
Corporates	1,609,069	17,948	268,725	272,790
Regulatory retail	1,380,564	-	39	5,669
Home financing	1,607,718	-	-	1,360,079
Other assets	186,977	-	-	-
Specialised financing/investment	110,928	-	-	-
Defaulted exposures	106,736	-	-	1,682
Total on-balance sheet exposures	8,526,262	17,948	271,356	1,640,220
Off-balance sheet exposures				
OTC derivatives	20,934	-	-	-
Off balance sheet exposures other than Islamic OTC derivatives or Islamic credit derivatives	1,730,586	75	5,254	430,201
Total off-balance sheet exposures	1,751,520	75	5,254	430,201
Total on and off-balance sheet exposures	10,277,782	18,023	276,610	2,070,421

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2. Credit risk (continued)

2.3 Exposures under IRB approach

Exposures under the IRB approach by risk grade or PD band for non-retail exposures

The below tables analyse the Bank's PD range or internal risk grading for non-retail exposures.

30 June 2014	0<0.04% RM'000	0.04<0.17% RM'000	0.17<0.59% RM'000	0.59<3.05% RM'000	3.05<12.00% RM'000	12.00<100% RM'000	Default or 100% RM'000
Non-retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Sovereign	3,150,166	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	1,394,373	-	-	-	-	-
Corporate	17,600	238,456	575,347	1,412,558	89,807	1,239	1,316
Total on-balance sheet exposures	3,167,766	1,632,829	575,347	1,412,558	89,807	1,239	1,316
<u>Undrawn commitments</u>							
Corporate	-	11,500	-	83,460	-	-	-
Total undrawn commitments	-	11,500	-	83,460	-	-	-
<u>Derivatives</u>							
Parent Bank & Islamic Bank	16,292	126,183	-	46,559	-	-	-
Corporate	-	9,274	197	4,938	-	-	-
Total derivatives	16,292	135,457	197	51,497	-	-	-
<u>Contingent</u>							
Corporate	-	-	20,065	199,527	2,711	-	-
Total contingent	-	-	20,065	199,527	2,711	-	-
Exposure weighted average LGD (%)							
Sovereign	26.20%	-	-	-	-	-	-
Parent Bank & Islamic Bank	26.20%	26.20%	-	41.20%	-	-	-
Corporate	22.94%	36.46%	31.16%	36.74%	54.14%	55.18%	95.81%
Exposure weighted average risk weight (%)							
Sovereign	4.68%	-	-	-	-	-	-
Parent Bank & Islamic Bank	12.57%	9.77%	-	116.31%	-	-	-
Corporate	6.97%	21.83%	40.42%	77.60%	179.41%	299.60%	858.68%

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2. Credit risk (continued)

2.3 Exposures under IRB approach (continued)

Exposures under the IRB approach by risk grade or PD band for non-retail exposures (continued)

31 December 2013	0<0.04% RM'000	0.04<0.17% RM'000	0.17<0.59% RM'000	0.59<3.05% RM'000	3.05<12.00% RM'000	12.00<100% RM'000	Default or 100% RM'000
Non-retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Sovereign	2,242,172	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	1,081,262	-	-	-	-	-
Corporate	17,525	203,851	433,438	1,172,749	56,223	17,494	-
Total on-balance sheet exposures	2,259,697	1,285,113	433,438	1,172,749	56,223	17,494	-
<u>Undrawn commitments</u>							
Corporate	75	12,000	8,851	135,371	136	-	-
Total undrawn commitments	75	12,000	8,851	135,371	136	-	-
<u>Derivatives</u>							
Parent Bank & Islamic Bank	-	10,772	-	-	-	-	-
Corporate	-	5,302	164	4,282	414	-	-
Total derivatives	-	16,074	164	4,282	414	-	-
<u>Contingent</u>							
Corporate	-	-	68,450	63,891	3,767	-	-
Total contingent	-	-	68,450	63,891	3,767	-	-
Exposure weighted average LGD (%)							
Sovereign	26.20%	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	26.20%	-	-	-	-	-
Corporate	25.75%	32.75%	19.01%	43.11%	35.83%	7.00%	-
Exposure weighted average risk weight (%)							
Sovereign	4.68%	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	8.93%	-	-	-	-	-
Corporate	9.56%	24.25%	23.99%	100.46%	132.26%	32.67%	-

Standard Chartered Saadiq Berhad
Pillar 3 disclosures

2. Credit risk (continued)

2.3 Exposures under IRB approach (continued)

Exposures under the IRB approach by risk grade or PD band for retail exposures

The below tables analyse the Bank's PD range for retail exposures.

30 June 2014	0<0.11% RM'000	0.11<0.30% RM'000	0.30<0.43% RM'000	0.43<3.05% RM'000	3.05<9.20% RM'000	9.20<100% RM'000	Default or 100% RM'000
Retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Home financing	2,507	150,699	180,787	1,547,388	286,854	108,429	2,803
Other retail	46,158	36,019	109,331	680,111	233,793	185,283	111,017
Total on-balance sheet exposures	48,665	186,718	290,118	2,227,499	520,647	293,712	113,820
<u>Undrawn commitments</u>							
Home financing	-	-	423	650,049	13,332	1,338	-
Other retail	322	92	1,159	138,445	283	28	-
Total undrawn commitments	322	92	1,582	788,494	13,615	1,366	-
Exposure weighted average LGD (%)							
Home financing	12.35%	12.06%	12.13%	12.26%	12.28%	12.72%	16.60%
Other retail	15.88%	15.89%	19.86%	49.34%	82.79%	84.23%	83.68%
Exposure weighted average risk weight (%)							
Home financing	10.13%	13.97%	16.05%	26.09%	50.34%	76.54%	102.61%
Other retail	2.75%	8.33%	12.36%	61.63%	129.58%	178.36%	264.05%

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2. Credit risk (continued)

2.3 Exposures under IRB approach (continued)

Exposures under the IRB approach by risk grade or PD band for retail exposures (continued)

31 December 2013	0<0.11% RM'000	0.11<0.30% RM'000	0.30<0.43% RM'000	0.43<3.05% RM'000	3.05<9.20% RM'000	9.20<100% RM'000	Default or 100% RM'000
Retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Home financing	1,372	105,788	131,213	1,094,880	200,750	73,715	1,911
Other retail	32,731	23,053	42,928	750,262	306,890	223,532	104,800
Total on-balance sheet exposures	34,103	128,841	174,141	1,845,142	507,640	297,247	106,711
<u>Undrawn commitments</u>							
Home financing	-	-	722	1,146,247	23,373	2,352	-
Other retail	452	318	231	244,237	1,952	26	-
Total undrawn commitments	452	318	953	1,390,484	25,325	2,378	-
Exposure weighted average LGD (%)							
Home financing	12.37%	12.11%	12.16%	12.38%	12.35%	12.99%	15.98%
Other retail	17.09%	20.77%	20.29%	51.90%	89.46%	87.55%	84.01%
Exposure weighted average risk weight (%)							
Home financing	6.98%	12.87%	14.36%	26.91%	51.01%	79.36%	97.82%
Other retail	3.08%	10.75%	12.57%	66.22%	140.00%	186.00%	258.07%

**Standard Chartered Saadiq Berhad
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2. Credit risk (continued)

2.3 Exposures under IRB approach (continued)

Retail exposures under the IRB approach by expected loss range for retail exposures

The below tables analyse the Bank's expected loss range for retail exposures.

30 June 2014	Up to 0.10% RM'000	>0.10 to 0.20% RM'000	>0.20 to 0.50% RM'000	>0.50 to 1.00% RM'000	>1.00 to 30.00% RM'000	>30 to <100% RM'000	100% RM'000
Retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Home financing	118,913	75,878	1,064,672	788,200	231,804	-	-
Other retail	191,614	165,600	189,599	47,474	650,846	156,579	-
Total on-balance sheet exposures	310,527	241,478	1,254,271	835,674	882,650	156,579	-
<u>Undrawn commitments</u>							
Home financing	169	5	36,594	621,137	7,237	-	-
Other retail	2,753	2,083	135,182	282	29	-	-
Total undrawn commitments	2,922	2,088	171,776	621,419	7,266	-	-
Exposure weighted average risk weight (%)							
Home financing	9.60%	17.92%	20.24%	32.28%	66.46%	-	-
Other retail	9.19%	15.65%	30.08%	66.65%	135.85%	250.09%	-

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2. Credit risk (continued)

2.3 Exposures under IRB approach (continued)

Retail exposures under the IRB approach by expected loss range for retail exposures (continued)

31 December 2013	Up to 0.10% RM'000	>0.10 to 0.20% RM'000	>0.20 to 0.50% RM'000	>0.50 to 1.00% RM'000	>1.00 to 30.00% RM'000	>30 to <100% RM'000	100% RM'000
Retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Home financing	129,090	71,518	718,053	536,481	154,487	-	-
Other retail	102,980	84,453	267,322	43,520	824,226	161,695	-
Total on-balance sheet exposures	232,070	155,971	985,375	580,001	978,713	161,695	-
<u>Undrawn commitments</u>							
Home financing	177	5	63,084	1,096,683	12,745	-	-
Other retail	1,037	2,548	240,036	2,046	1,529	20	-
Total undrawn commitments	1,214	2,553	303,120	1,098,729	14,274	20	-
Exposure weighted average risk weight (%)							
Home financing	9.79%	18.25%	19.97%	31.60%	68.44%	-	-
Other retail	8.06%	16.64%	33.69%	76.80%	140.81%	243.99%	-

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2. Credit risk (continued)

2.3 Exposures under IRB approach (continued)

The following tables set out exposures subject to the supervisory risk weights under the IRB approach for the Bank.

	Strong or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Weak or 250% RM'000	Default or 0% RM'000
30 June 2014					
Income producing real estate					
- Total exposures	-	93,891	-	-	-
- Risk weighted assets	-	84,502	-	-	-
31 December 2013					
Income producing real estate					
- Total exposures	-	110,928	-	-	-
- Risk weighted assets	-	99,836	-	-	-

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2. Credit Risk (continued)

2.4 Exposures under Standardised approach

Risk weights under the Standardised approach

The following tables set out analysis of risk weights under the Standardised approach for the Bank.

30 June 2014	← Exposures After Netting and Credit Risk Mitigation →				Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
	Corporates* RM'000	Regulatory retail RM'000	Home financing RM'000	Other assets RM'000		
Risk weights						
0%	-	-	-	12,283	12,283	-
35%	-	-	-	-	-	-
50%	-	-	-	-	-	-
75%	-	1,277	-	-	1,277	958
100%	39,113	207	-	245,502	284,822	284,822
150%	-	25	-	-	25	38
Total exposures	39,113	1,509	-	257,785	298,407	285,818
Risk-weighted assets by exposures	39,113	1,202	-	245,503	285,818	
Average risk weight	100.0%	79.7%	-	95.2%	95.8%	
Deduction from capital base	-	-	-	-	-	

31 December 2013	← Exposures After Netting and Credit Risk Mitigation →				Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
	Corporates* RM'000	Regulatory retail RM'000	Home financing RM'000	Other assets RM'000		
Risk weights						
0%	-	-	-	14,008	14,008	-
35%	-	-	-	-	-	-
50%	-	-	-	-	-	-
75%	-	947	-	-	947	710
100%	36,500	221	-	172,969	209,690	209,690
150%	-	25	-	-	25	38
Total exposures	36,500	1,193	-	186,977	224,670	210,438
Risk-weighted assets by exposures	36,500	969	-	172,969	210,438	
Average risk weight	100.0%	81.2%	-	92.5%	93.7%	
Deduction from capital base	-	-	-	-	-	

* All corporate standardised exposures are unrated.

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2. Credit risk (continued)

2.5 Problem credit management and provisioning

Impairment provisions analysed by customers' business or industry

The following tables show the Bank's collective impairment provisions and movement in individual impairment provisions by each principal category of customers' business or industry for Consumer Banking and Wholesale Banking.

	Collective impairment provisions as at 30 June 2014 RM'000	Individual impairment provisions held as at 1 January 2013 RM'000	Net individual impairment charge during the financial period RM'000	Amounts written off or other movements during the financial period RM'000	Individual impairment provisions held as at 30 June 2014 RM'000
30 June 2014					
Financing and advances to individuals					
Home financing	4,079	369	543	(248)	664
Others	83,094	14,047	36,995	(32,979)	18,063
Small and medium enterprises and others	2,342	1,367	4,491	(4,504)	1,354
Consumer Banking	89,515	15,783	42,029	(37,731)	20,081
Agriculture	382	-	-	-	-
Mining and quarrying	602	-	-	-	-
Manufacturing	1,136	-	-	-	-
Construction	42	-	-	-	-
Real estate	585	-	-	-	-
Wholesale & retail trade and restaurants & hotels	1,214	-	-	-	-
Transportation, storage and communication	35	-	-	-	-
Finance, takaful and business services	907	-	-	-	-
Others	24	-	-	-	-
Wholesale Banking	4,927	-	-	-	-

Standard Chartered Saadiq Berhad
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2. Credit risk (continued)

2.5 Problem credit management and provisioning (continued)

Impairment provisions analysed by customers' business or industry (continued)

31 December 2013	Collective impairment provisions as at 31 December 2013 RM'000	Individual impairment provisions held as at 1 January 2013 RM'000	Net individual impairment charge during the financial year RM'000	Amounts written off or other movements during the financial year RM'000	Individual impairment provisions held as at 31 December 2013 RM'000
Financing and advances to individuals					
Home financing	2,993	393	735	(759)	369
Others	95,792	2,531	91,812	(80,296)	14,047
Small and medium enterprises and others	1,866	450	9,836	(8,919)	1,367
Consumer Banking	100,651	3,374	102,383	(89,974)	15,783
Agriculture	338	-	-	-	-
Mining and quarrying	124	-	-	-	-
Manufacturing	1,216	-	-	-	-
Construction	46	-	-	-	-
Real estate	361	-	-	-	-
Wholesale & retail trade and restaurants & hotels	407	-	-	-	-
Transportation, storage and communication	329	-	-	-	-
Finance, takaful and business services	445	-	-	-	-
Others	20	-	-	-	-
Wholesale Banking	3,286	-	-	-	-

Standard Chartered Saadiq Berhad
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2. Credit risk (continued)

2.5 Problem credit management and provisioning (continued)

The following table analyses the Bank's financing and advances past due but not impaired, analysed by customers' business and industry for Consumer Banking and Wholesale Banking.

	30 June 2014 RM'000	31 December 2013 RM'000
Financing and advances to individuals		
Home financing	174,027	129,376
Others	199,820	212,969
Small and medium enterprises and others	116,354	110,384
Consumer Banking	<u>490,201</u>	<u>452,729</u>
Wholesale & retail trade and restaurants & hotels	5,000	-
Wholesale Banking	<u>5,000</u>	<u>-</u>

The following table analyses the Bank's financing and advances past due but not impaired, analysed by significant geographical areas.

	30 June 2014 RM'000	31 December 2013 RM'000
Malaysia	495,201	452,729
Others	-	-
	<u>495,201</u>	<u>452,729</u>

Summary analysis of financing and advances

The following table shows the Bank's impaired financing and advances, individual impairment provisions and collective impairment provisions by significant geographic areas.

	Within Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
30 June 2014			
Gross impaired financing and advances	39,639	-	39,639
Individual impairment provisions	20,081	-	20,081
Collective impairment provisions	94,442	-	94,442
31 December 2013			
Gross impaired financing and advances	40,609	-	40,609
Individual impairment provisions	15,783	-	15,783
Collective impairment provisions	103,937	-	103,937

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2. Credit risk (continued)

2.6 Off-balance sheet and counterparty credit risk

The following table analyses the Bank's off-balance sheet and counterparty credit risk.

	Principal amount RM'000	Positive fair value of contracts RM'000	Negative fair value of contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
30 June 2014					
Direct credit substitutes	4,628	-	-	4,628	1,099
Transaction related contingent items	165,903	-	-	165,903	39,615
Short term self liquidating trade related contingencies	57,754	-	-	57,754	22,900
Foreign exchange related contracts					
<i>One year or less</i>	1,046,510	2,810	6,842	28,724	3,504
<i>Over one year to five years</i>	825,523	12,229	12,229	86,014	63,537
<i>Over five years</i>					
Profit rate related contracts					
<i>Over one year to five years</i>	1,266,862	27,305	25,875	78,167	17,073
<i>Over five years</i>	6,228	1,390	1,499	1,704	426
Equity related contracts					
<i>Over one year to five years</i>	13,994	-	1,430	1,120	2,126
<i>Over five years</i>	5,939	-	964	594	1,355
Commodity contracts					
<i>One year or less</i>	-	1,645	1,646	1,645	146
<i>Over one year to five years</i>	-	5,475	5,475	5,475	778
<i>Over five years</i>	-	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,120,156	-	-	262,999	98,415
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,178,039	-	-	648,497	207,990
	<u>5,691,536</u>	<u>50,854</u>	<u>55,960</u>	<u>1,343,224</u>	<u>458,964</u>
	Principal amount RM'000	Positive fair value of contracts RM'000	Negative fair value of contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
31 December 2013					
Direct credit substitutes	2,812	-	-	2,812	572
Transaction related contingent items	73,090	-	-	73,090	20,747
Short term self liquidating trade related contingencies	66,157	-	-	66,157	31,071
Foreign exchange related contracts					
<i>One year or less</i>	523,528	8,048	3,660	14,406	2,152
Profit rate related contracts					
<i>One year or less</i>	-	-	-	-	-
<i>Over one year to five years</i>	27,902	2,782	1,686	3,619	3,753
<i>Over five years</i>	6,293	843	1,499	1,160	292
Equity related contracts					
<i>One year or less</i>	-	-	-	-	-
<i>Over one year to five years</i>	14,291	-	1,096	1,143	2,290
<i>Over five years</i>	6,065	-	524	606	1,384
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,276,469	-	-	232,681	87,349
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,110,403	-	-	1,355,846	443,579
	<u>4,107,010</u>	<u>11,673</u>	<u>8,465</u>	<u>1,751,520</u>	<u>593,189</u>

Standard Chartered Saadiq Berhad
Pillar 3 disclosures

2. Credit risk (continued)

2.7 Actual losses

The table below shows net individual impairment charges versus net individual impairment charges raised during the financial half year 2014 and 2013 for IRB exposure classes. The net individual impairment charge is a point in time actual charge raised in accordance with accounting standards that require the Bank to either provide for or write-off debts when certain conditions are met.

	30 June 2014	30 June 2013
	Net individual	Net individual
	impairment charges	impairment charges
	RM'000	RM'000
Home financing	543	644
Other Retail	41,486	48,000
	42,029	48,644

The actual loss was lower as compared to the corresponding period due to intensified recovery efforts, better asset quality and credit management.

Standard Chartered Saadiq Berhad
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3. Market risk

The table below details the disclosure for rate of return risk in the Banking Book, the increase or decline in earnings and economic value for upward and downward rate shocks which are consistent with shocks applied in stress test for measuring profit rate risk, broken down by various currencies where relevant:-

30 June 2014	Impact on positions as at reporting period (200 basis points) parallel shift	
	Increase/(Decline) in earnings at risk RM'000	Increase/(Decline) in economic value RM'000
Type of Currency		
Ringgit Malaysia	6,062	(47,076)
US Dollar	(18,053)	(469)

31 December 2013	Impact on positions as at reporting period (200 basis points) parallel shift	
	Increase/(Decline) in earnings at risk RM'000	Increase/(Decline) in economic value RM'000
Type of Currency		
Ringgit Malaysia	(33,296)	(145,691)
US Dollar	(1,796)	376

4.0 Shariah non-compliant events and income

During the financial period, there was 1 (2013: 1) Shariah non-compliant event being detected. The event did not result in Shariah non-compliant income (2013: Nil).

5. Changes in New Business Structure

During the half year ended 2014 and in line with the Standard Chartered PLC Group's refreshed strategy, the Bank implemented a new business structure through the creation of three customer segments, namely Corporate and Institutional Clients, Commercial and Private Banking Clients and Retail Customers, as well as five global product groups - Corporate Finance, Financial Markets, Transaction Banking, Wealth Products and Retail Products under one business. The new business structure does not have significant impact to the existing qualitative and quantitative Pillar 3 disclosures.

**Standard Chartered Saadiq Berhad
Pillar 3 disclosures**

Chief Executive Officer Attestation

In accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Standard Chartered Saadiq Berhad's Pillar 3 Disclosures report for the financial half year ended 30 June 2014 are consistent with the manner in which the Bank assesses and manages its risk, and are not misleading in any particular way.

.....
Wasim Akhtar Saifi
Chief Executive Officer

Date: 27 August 2014