
Standard Chartered Saadiq Berhad

**Pillar 3 Disclosures
30 June 2013**



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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1.0 Regulatory capital requirement

Disclosure on capital adequacy under the Standardised and IRB approach

30 June 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	380,764	376,416	376,416	-	376,416	30,113
Regulatory retail	396,562	396,316	297,296	-	297,296	23,784
Other assets	154,677	154,677	139,674	-	139,674	11,174
Defaulted exposures	1,939	1,939	2,628	-	2,628	210
Total on-balance sheet exposures	933,942	929,348	816,014	-	816,014	65,281
Off-balance sheet exposures:-						
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	87,962	87,577	77,409	-	77,409	6,193
Total off-balance sheet exposures	87,962	87,577	77,409	-	77,409	6,193
Total on and off-balance sheet exposures	1,021,904	1,016,925	893,423	-	893,423	71,474
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	2,447,317	2,470,662	120,774	-	120,774	9,662
Parent bank, Islamic banks, development financial institutions & multilateral development banks ("MDBs")	682,516	682,516	60,573	-	60,573	4,846
Takaful companies, Syariah compliant securities firms & fund managers	200,717	200,717	54,748	-	54,748	4,380
Corporates	1,151,651	1,128,306	1,046,189	(519,416)	526,773	42,142
Home financing	916,160	916,160	250,605	-	250,605	20,048
Other retail	1,003,968	1,003,968	1,478,548	-	1,478,548	118,284
Defaulted exposures	97,318	97,318	237,685	-	237,685	19,015
Total on-balance sheet exposures	6,499,647	6,499,647	3,249,122	(519,416)	2,729,706	218,377
Off-balance sheet exposures:-						
OTC derivatives	17,978	17,978	24,089	-	24,089	1,927
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	930,917	930,917	282,294	(5,165)	277,129	22,170
Total off-balance sheet exposures	948,895	948,895	306,383	(5,165)	301,218	24,097
Total on and off-balance sheet exposures	7,448,542	7,448,542	3,555,505	(524,581)	3,030,924	242,474
(b) Large exposures risk requirement						
(c) Market risk						
(d) Operational risk (Basic indicator approach)						
			390,690	-	390,690	31,255
Total RWA and capital requirements			4,839,618	(524,581)	4,315,037	345,203

CET 1, Tier 1 and risk-weighted capital ratios

	Before effect of PSIA	After effect of PSIA
CET 1 capital ratio	9.27%	10.40%
Tier 1 capital ratio	9.27%	10.40%
Risk-weighted capital ratio	11.62%	13.04%

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1.0 Regulatory capital requirement (continued)

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

31 December 2012 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	218,888	217,388	217,388	-	217,388	17,391
Regulatory retail	362,010	362,010	271,569	-	271,569	21,726
Other assets	152,763	152,763	136,679	-	136,679	10,934
Defaulted exposures	917	917	1,092	-	1,092	87
Total on-balance sheet exposures	<u>734,578</u>	<u>733,078</u>	<u>626,728</u>	<u>-</u>	<u>626,728</u>	<u>50,138</u>
Off-balance sheet exposures:-						
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	105,768	105,768	93,970	-	93,970	7,518
Total off-balance sheet exposures	<u>105,768</u>	<u>105,768</u>	<u>93,970</u>	<u>-</u>	<u>93,970</u>	<u>7,518</u>
Total on and off-balance sheet exposures	<u>840,346</u>	<u>838,846</u>	<u>720,698</u>	<u>-</u>	<u>720,698</u>	<u>57,656</u>
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	2,797,679	2,821,679	138,595	-	138,595	11,088
Parent bank, Islamic banks, development financial institutions & multilateral development banks ("MDBs")	530,952	530,952	46,009	-	46,009	3,681
Takaful companies, Syariah compliant securities firms & fund managers	200,688	200,688	59,830	-	59,830	4,786
Corporates	1,215,121	1,191,121	950,942	(927,363)	23,579	1,886
Home financing	589,730	589,730	154,599	-	154,599	12,368
Other retail	1,298,944	1,298,944	1,894,193	-	1,894,193	151,535
Defaulted exposures	88,702	88,702	206,210	-	206,210	16,497
Total on-balance sheet exposures	<u>6,721,816</u>	<u>6,721,816</u>	<u>3,450,378</u>	<u>(927,363)</u>	<u>2,523,015</u>	<u>201,841</u>
Off-balance sheet exposures:-						
OTC derivatives	21,601	21,601	29,403	-	29,403	2,352
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	559,249	559,249	183,797	(19,847)	163,950	13,116
Total off-balance sheet exposures	<u>580,850</u>	<u>580,850</u>	<u>213,200</u>	<u>(19,847)</u>	<u>193,353</u>	<u>15,468</u>
Total on and off-balance sheet exposures	<u>7,302,666</u>	<u>7,302,666</u>	<u>3,663,578</u>	<u>(947,210)</u>	<u>2,716,368</u>	<u>217,309</u>
(b) Large exposures risk requirement			-	-	-	-
(c) Market risk			-	-	-	-
(d) Operational risk (Basic indicator approach)			384,920	-	384,920	30,794
Total RWA and capital requirements			<u>4,769,196</u>	<u>(947,210)</u>	<u>3,821,986</u>	<u>305,759</u>

CET 1, Tier 1 and risk-weighted capital ratios

	Before effect of PSIA	After effect of PSIA
CET 1 capital ratio	9.20% **	11.48% **
Tier 1 capital ratio	9.20%	11.48%
Risk-weighted capital ratio	9.20%	11.48%

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

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

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2.0 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 2013	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	2,447,317	-	2,447,317
Parent bank, Islamic banks, development financial institutions & MDBs	688,799	-	688,799
Takaful companies, Syariah compliant securities firms & fund managers	201,712	-	201,712
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,188,659	4,599	1,193,258
Corporate exposures (with firm-size adjustment)	21,413	-	21,413
Specialised financing	65,911	-	65,911
Retail exposures	2,830,132	-	2,830,132
<i>Home financing</i>	1,719,391	-	1,719,391
<i>Other retail exposures</i>	1,110,741	-	1,110,741
Total IRB exposures	7,443,943	4,599	7,448,542
Standardised exposures			
Corporates	427,909	-	427,909
Regulatory retail	439,318	-	439,318
Other assets	154,677	-	154,677
Total Standardised exposures	1,021,904	-	1,021,904
Total credit risk exposures	8,465,847	4,599	8,470,446

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Geographical analysis (continued)

31 December 2012	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	2,797,679	-	2,797,679
Parent bank, Islamic banks, development financial institutions & MDBs	539,226	-	539,226
Takaful companies, Syariah compliant securities firms & multilateral fund managers	201,309	-	201,309
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,358,729	6,820	1,365,549
Corporate exposures (with firm-size adjustment)	11,085	-	11,085
Specialised financing	117,066	-	117,066
Retail exposures	2,270,752	-	2,270,752
<i>Home financing</i>	874,190	-	874,190
<i>Other retail exposures</i>	1,396,562	-	1,396,562
Total IRB exposures	7,295,846	6,820	7,302,666
Standardised exposures			
Corporates	277,704	-	277,704
Regulatory retail	409,879	-	409,879
Other assets	152,763	-	152,763
Total Standardised exposures	840,346	-	840,346
Total credit risk exposures	8,136,192	6,820	8,143,012

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2.0 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 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 & hotels RM'000	Transportation, storage and communication RM'000	Finance, insurance/ takaful and services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	2,447,317	-	-	-	2,447,317
Parent bank, Islamic banks, development financial institutions & MDBs	-	-	-	-	-	-	-	688,799	-	-	-	688,799
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-	-	-	-	201,712	-	-	-	201,712
Corporate exposures (excluding specialised financing and firm- size adjustment)	223,938	79,922	405,685	-	33,666	197,487	197,252	53,490	-	-	1,818	1,193,258
Corporate exposures (with firm- size adjustment)	-	-	-	-	-	-	230	-	-	-	21,183	21,413
Specialised financing	-	-	-	-	-	-	-	-	65,911	-	-	65,911
Retail exposures	-	-	-	-	441	1,328	-	171	-	2,787,697	40,495	2,830,132
<i>Home financing</i>	-	-	-	-	-	-	-	-	-	1,719,391	-	1,719,391
<i>Other retail exposures</i>	-	-	-	-	441	1,328	-	171	-	1,068,306	40,495	1,110,741
Total IRB exposures	223,938	79,922	405,685	-	34,107	198,815	197,482	3,391,489	65,911	2,787,697	63,496	7,448,542
Standardised exposures												
Corporates	672	3,510	43,987	-	20,609	43,579	19,141	15,887	26,992	-	253,532	427,909
Regulatory retail	1,395	466	94,232	2,437	33,617	102,940	24,669	31,561	12,108	6,252	129,641	439,318
Other assets	-	-	-	-	-	-	-	-	-	-	154,677	154,677
Total Standardised exposures	2,067	3,976	138,219	2,437	54,226	146,519	43,810	47,448	39,100	6,252	537,850	1,021,904
Total credit risk exposures	226,005	83,898	543,904	2,437	88,333	345,334	241,292	3,438,937	105,011	2,793,949	601,346	8,470,446

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Sector or economic purpose analysis (continued)

31 December 2012	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, insurance/ takaful and services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	2,797,679	-	-	-	2,797,679
Parent bank, Islamic banks, development financial institutions & MDBs	-	-	-	-	-	-	-	530,952	-	-	8,274	539,226
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-	-	-	-	200,871	-	-	438	201,309
Corporate exposures (excluding specialised financing and firm- size adjustment)	151,643	68,638	441,334	-	28,150	314,287	202,513	120,115	-	-	38,869	1,365,549
Corporate exposures (with firm- size adjustment)	-	-	-	-	3,000	3,008	1,504	3,573	-	-	-	11,085
Specialised financing	-	-	-	-	-	-	-	-	117,066	-	-	117,066
Retail exposures	-	-	-	-	444	1,369	-	171	-	2,224,094	44,674	2,270,752
<i>Home financing</i>	-	-	-	-	-	-	-	-	-	874,190	-	874,190
<i>Other retail exposures</i>	-	-	-	-	444	1,369	-	171	-	1,349,904	44,674	1,396,562
Total IRB exposures	151,643	68,638	441,334	-	31,594	318,664	204,017	3,653,361	117,066	2,224,094	92,255	7,302,666
Standardised exposures												
Corporates	1,313	-	45,753	-	21,233	37,915	20,410	11,908	22,279	-	116,893	277,704
Regulatory retail	2,136	1,902	102,432	2,225	42,971	116,348	23,464	28,480	5,470	3,624	80,827	409,879
Other assets	-	-	-	-	-	-	-	-	-	-	152,763	152,763
Total Standardised exposures	3,449	1,902	148,185	2,225	64,204	154,263	43,874	40,388	27,749	3,624	350,483	840,346
Total credit risk exposures	155,092	70,540	589,519	2,225	95,798	472,927	247,891	3,693,749	144,815	2,227,718	442,738	8,143,012

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2.0 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 2013	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	2,447,317	-	-	2,447,317
Parent bank, Islamic banks, development financial institutions & MDBs	683,732	1,841	3,226	688,799
Takaful companies, securities firms & Syariah compliant fund managers	988	200,716	8	201,712
Corporate exposures (excluding specialised financing and firm-size adjustment)	649,821	217,632	325,805	1,193,258
Corporate exposures (with firm-size adjustment)	21,413	-	-	21,413
Specialised financing	5,000	60,911	-	65,911
Retail exposures	1,457,369	962,276	410,487	2,830,132
<i>Home financing</i>	1,395,442	6,421	317,528	1,719,391
<i>Other retail exposures</i>	61,927	955,855	92,959	1,110,741
Total IRB exposures	5,265,640	1,443,376	739,526	7,448,542
Standardised exposures				
Corporates	21,164	115,672	291,073	427,909
Regulatory retail	8,209	245,629	185,480	439,318
Other assets	154,677	-	-	154,677
Total Standardised exposures	184,050	361,301	476,553	1,021,904
Total credit risk exposures	5,449,690	1,804,677	1,216,079	8,470,446

Note: The above table shows that exposures with residual contractual maturity more than 5 years amounted to RM1,216,079,000. Of this amount, 34% are collateralized.

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Residual contractual maturity analysis (continued)

31 December 2012	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	2,797,679	-	-	2,797,679
Parent bank, Islamic banks, development financial institutions & MDBs	532,832	2,326	4,068	539,226
Takaful companies, securities firms & Syariah compliant fund managers	613	200,688	8	201,309
Corporate exposures (excluding specialised financing and firm-size adjustment)	842,069	214,710	308,770	1,365,549
Corporate exposures (with firm-size adjustment)	11,085	-	-	11,085
Specialised financing	56,074	60,992	-	117,066
Retail exposures	596,897	1,245,203	428,652	2,270,752
<i>Home financing</i>	528,878	6,825	338,487	874,190
<i>Other retail exposures</i>	68,019	1,238,378	90,165	1,396,562
Total IRB exposures	4,837,249	1,723,919	741,498	7,302,666
Standardised exposures				
Corporates	14,994	115,455	147,255	277,704
Regulatory retail	5,134	300,485	104,260	409,879
Other assets	152,763	-	-	152,763
Total Standardised exposures	172,891	415,940	251,515	840,346
Total credit risk exposures	5,010,140	2,139,859	993,013	8,143,012

Note: The above table shows that exposures with residual contractual maturity more than 5 years amounted to RM993,013,000. Of this amount, 46% are collateralized.

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2.0 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 2013				
On-balance sheet exposures				
Sovereigns/Central banks	2,447,317	-	-	-
Parent bank, Islamic banks, development financial institutions & MDBs	682,516	-	-	-
Takaful companies, Syariah compliant securities firms & fund managers	200,717	-	2,592	-
Corporates	1,471,504	21,132	42,779	228,742
Regulatory retail	1,400,530	-	246	-
Home financing	916,160	-	-	812,758
Other assets	154,677	-	-	-
Specialised financing/investment	60,911	-	-	-
Defaulted exposures	99,257	-	-	1,460
Total on-balance sheet exposures	7,433,589	21,132	45,617	1,042,960
Off-balance sheet exposures				
OTC derivatives	17,978	-	-	-
Off balance sheet exposures other than Islamic OTC derivatives or Islamic credit derivatives	1,018,879	9	2,650	413,108
Total off-balance sheet exposures	1,036,857	9	2,650	413,108
Total on and off-balance sheet exposures	8,470,446	21,141	48,267	1,456,068

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2.0 Credit risk (continued)

2.2 Credit risk mitigation (continued)

31 December 2012	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	2,797,679	-	-	-
Parent bank, Islamic banks, development financial institutions & MDBs	530,952	-	-	-
Takaful companies, Syariah compliant securities firms & fund managers	200,688	-	2,592	-
Corporates	1,322,701	23,066	40,312	245,023
Regulatory retail	1,660,954	-	-	-
Home financing	589,730	-	-	536,560
Other assets	152,763	-	-	-
Specialised financing/investment	111,308	-	-	-
Defaulted exposures	89,619	-	-	3,144
Total on-balance sheet exposures	7,456,394	23,066	42,904	784,727
Off-balance sheet exposures				
OTC derivatives	21,601	-	-	-
Off balance sheet exposures other than Islamic OTC derivatives or Islamic credit derivatives	665,017	-	-	161,780
Total off-balance sheet exposures	686,618	-	-	161,780
Total on and off-balance sheet exposures	8,143,012	23,066	42,904	946,507

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2.0 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 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	2,447,317	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	682,516	-	-	-	-	-
Corporate	23,344	200,717	316,566	806,997	4,744	-	-
Total on-balance sheet exposures	2,470,661	883,233	316,566	806,997	4,744	-	-
<u>Undrawn commitments</u>							
Corporate	100	13,000	7,886	7,505	-	-	-
Total undrawn commitments	100	13,000	7,886	7,505	-	-	-
<u>Derivatives</u>							
Parent Bank & Islamic Bank	-	6,283	-	-	-	-	-
Corporate	-	-	164	11,531	-	-	-
Total derivatives	-	6,283	164	11,531	-	-	-
<u>Contingent</u>							
Corporate	-	-	44,290	45,359	91	-	-
Total contingent	-	-	44,290	45,359	91	-	-
Exposure weighted average LGD (%)							
Sovereign	26.20%	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	26.20%	-	-	-	-	-
Corporate	63.18%	32.43%	50.42%	47.06%	6.49%	-	-
Exposure weighted average risk weight (%)							
Sovereign	4.68%	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	8.88%	-	-	-	-	-
Corporate	26.88%	26.98%	49.46%	105.64%	26.86%	-	-

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2.0 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 2012	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	2,797,679	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	530,952	-	-	-	-	-
Corporate	24,000	401,077	245,823	729,759	15,150	-	-
Total on-balance sheet exposures	2,821,679	932,029	245,823	729,759	15,150	-	-
<u>Undrawn commitments</u>							
Corporate	-	26,095	23,350	12,434	-	-	-
Total undrawn commitments	-	26,095	23,350	12,434	-	-	-
<u>Derivatives</u>							
Parent Bank & Islamic Bank	-	8,274	-	-	-	-	-
Corporate	-	-	-	13,327	-	-	-
Total derivatives	-	8,274	-	13,327	-	-	-
<u>Contingent</u>							
Corporate	-	-	94,900	109,094	-	-	-
Total contingent	-	-	94,900	109,094	-	-	-
Exposure weighted average LGD (%)							
Sovereign	26.20%	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	26.20%	-	-	-	-	-
Corporate	67.27%	49.16%	44.25%	41.10%	6.20%	-	-
Exposure weighted average risk weight (%)							
Sovereign	4.68%	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	8.68%	-	-	-	-	-
Corporate	32.22%	27.64%	46.39%	97.44%	26.65%	-	-

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2.0 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 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	136	59,589	52,818	642,982	115,490	45,145	1,756
Other retail	5,879	3,471	3,536	390,950	364,412	235,720	95,562
Total on-balance sheet exposures	6,015	63,060	56,354	1,033,932	479,902	280,865	97,318
<u>Undrawn commitments</u>							
Home financing	-	-	463	783,596	15,940	1,476	-
Other retail	-	-	-	10,708	488	15	-
Total undrawn commitments	-	-	463	794,304	16,428	1,491	-
Exposure weighted average LGD (%)							
Home financing	12.38%	12.10%	12.11%	12.36%	12.32%	13.09%	16.80%
Other retail	18.21%	18.13%	21.82%	90.24%	93.27%	93.92%	85.10%
Exposure weighted average risk weight (%)							
Home financing	6.27%	10.70%	12.64%	26.49%	49.24%	75.49%	100.50%
Other retail	3.41%	9.51%	13.49%	118.60%	145.89%	200.74%	246.88%

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2.0 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 2012	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	59	37,455	32,137	414,400	70,291	35,388	3,558
Other retail	7,977	4,948	4,181	511,583	509,375	260,880	85,144
Total on-balance sheet exposures	8,036	42,403	36,318	925,983	579,666	296,268	88,702
<u>Undrawn commitments</u>							
Home financing	-	-	-	274,935	5,426	541	-
Other retail	-	-	-	11,955	499	20	-
Total undrawn commitments	-	-	-	286,890	5,925	561	-
Exposure weighted average LGD (%)							
Home financing	12.35%	12.16%	12.16%	12.42%	12.40%	13.00%	16.57%
Other retail	17.97%	18.82%	20.99%	91.11%	93.47%	94.09%	85.60%
Exposure weighted average risk weight (%)							
Home financing	6.01%	8.78%	11.14%	24.75%	47.31%	70.61%	103.18%
Other retail	3.29%	9.79%	13.06%	119.78%	145.97%	202.06%	237.88%

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2.0 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 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	130,780	82,375	400,901	211,978	91,882	-	-
Other retail	12,886	7,828	4,431	32,940	886,143	155,302	-
Total on-balance sheet exposures	143,666	90,203	405,332	244,918	978,025	155,302	-
<u>Undrawn commitments</u>							
Home financing	177	68	43,169	749,487	8,574	-	-
Other retail	-	-	10,651	11	534	15	-
Total undrawn commitments	177	68	53,820	749,498	9,108	15	-
Exposure weighted average risk weight (%)							
Home financing	9.84%	18.19%	20.82%	31.81%	66.26%	-	-
Other retail	7.82%	17.15%	31.75%	86.94%	148.30%	237.03%	-

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2.0 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 2012	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	128,925	75,060	225,014	103,363	60,926	-	-
Other retail	17,106	9,626	2,378	45,861	1,156,466	152,651	-
Total on-balance sheet exposures	146,031	84,686	227,392	149,224	1,217,392	152,651	-
<u>Undrawn commitments</u>							
Home financing	177	1	17,623	262,554	547	-	-
Other retail	-	-	11,059	49	1,366	-	-
Total undrawn commitments	177	1	28,682	262,603	1,913	-	-
Exposure weighted average risk weight (%)							
Home financing	10.04%	17.99%	22.27%	32.93%	67.30%	-	-
Other retail	7.56%	16.54%	32.97%	87.37%	147.40%	228.16%	-

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2.0 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 2013					
Income producing real estate					
- Total exposures	-	65,911	-	-	-
- Risk weighted assets	-	59,320	-	-	-
31 December 2012					
Income producing real estate					
- Total exposures	-	111,416	5,650	-	-
- Risk weighted assets	-	100,274	6,498	-	-

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2.0 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.

	← Exposures After Netting and Credit Risk Mitigation →				Total exposures after netting and credit risk mitigation	Total risk weighted assets
30 June 2013	Corporates*	Regulatory retail	Home financing	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk weights						
0%	-	-	-	15,003	15,003	-
35%	-	150	-	-	150	53
50%	-	208	-	-	208	104
75%	-	436,363	-	-	436,363	327,272
100%	423,561	380	-	139,674	563,615	563,615
150%	-	1,586	-	-	1,586	2,379
Total exposures	423,561	438,687	-	154,677	1,016,925	893,423
Risk-weighted assets by exposures	423,561	330,188	-	139,674	893,423	
Average risk weight	100.0%	75.3%	-	90.3%	87.9%	
Deduction from capital base	-	-	-	-	-	

	← Exposures After Netting and Credit Risk Mitigation →				Total exposures after netting and credit risk mitigation	Total risk weighted assets
31 December 2012	Corporates*	Regulatory retail	Home financing	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk weights						
0%	-	-	-	16,084	16,084	-
35%	-	150	-	-	150	53
50%	-	214	-	-	214	107
75%	-	408,565	-	-	408,565	306,424
100%	276,204	386	-	136,679	413,269	413,268
150%	-	564	-	-	564	846
Total exposures	276,204	409,879	-	152,763	838,846	720,698
Risk-weighted assets by exposures	276,204	307,815	-	136,679	720,698	
Average risk weight	100.0%	75.1%	-	89.5%	85.9%	
Deduction from capital base	-	-	-	-	-	

* All corporate standardised exposures are unrated.

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2.0 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 2013 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 2013 RM'000
30 June 2013					
Financing and advances to individuals					
Home financing	987	393	644	(405)	632
Others	62,014	2,531	48,000	(41,991)	8,540
Small and medium enterprises and others	2,159	450	4,300	(3,933)	817
Consumer Banking	65,160	3,374	52,944	(46,329)	9,989
Agriculture	245	-	-	-	-
Mining and quarrying	81	-	-	-	-
Manufacturing	676	-	-	-	-
Construction	18	-	-	-	-
Real estate	95	-	-	-	-
Wholesale & retail trade and restaurants & hotels	166	-	-	-	-
Transportation, storage and communication	329	-	-	-	-
Finance, insurance/takaful and business services	265	-	-	-	-
Others	1	-	-	-	-
Wholesale Banking	1,876	-	-	-	-

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2.0 Credit risk (continued)

2.5 Problem credit management and provisioning (continued)

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

31 December 2012	Collective impairment provisions as at 31 December 2012 RM'000	Individual impairment provisions held as at 1 January 2012 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 2012 RM'000
Financing and advances to individuals					
Home financing	1,667	2,091	1,587	(3,285)	393
Others	73,304	339	67,126	(64,934)	2,531
Small and medium enterprises and others	2,611	79	1,389	(1,018)	450
Consumer Banking	77,582	2,509	70,102	(69,237)	3,374
Agriculture	33	-	-	-	-
Mining and quarrying	29	-	-	-	-
Manufacturing	280	-	-	-	-
Construction	5	-	-	-	-
Real estate	88	-	-	-	-
Wholesale & retail trade and restaurants & hotels	104	-	-	-	-
Transportation, storage and communication	184	-	-	-	-
Finance, insurance/takaful and business services	69	-	-	-	-
Others	23	-	-	-	-
Wholesale Banking	815	-	-	-	-

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2.0 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 2013 RM'000	31 December 2012 RM'000
Financing and advances to individuals		
Home financing	90,629	56,668
Others	253,058	286,753
Small and medium enterprises and others	82,981	49,190
Consumer Banking	<u>426,668</u>	<u>392,611</u>
Wholesale Banking	<u>-</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 2013 RM'000	31 December 2012 RM'000
Malaysia	426,668	392,611
Others	-	-
	<u>426,668</u>	<u>392,611</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 2013			
Gross impaired financing and advances	42,974	-	42,974
Individual impairment provisions	9,989	-	9,989
Collective impairment provisions	67,036	-	67,036
31 December 2012			
Gross impaired financing and advances	33,889	-	33,889
Individual impairment provisions	3,374	-	3,374
Collective impairment provisions	78,397	-	78,397

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2.0 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 2013					
Direct credit substitutes	11,277	-	-	11,213	3,423
Transaction related contingent items	57,075	-	-	45,141	14,442
Short term self liquidating trade related contingencies	38,856	-	-	37,934	8,277
Foreign exchange related contracts					
<i>One year or less</i>	174,757	1,521	1,521	3,262	1,993
Profit rate related contracts					
<i>Over one year to five years</i>	27,559	7,505	7,505	8,607	14,628
<i>Over five years</i>	115,228	270	270	6,109	7,468
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	730,976	-	-	162,216	100,774
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,209,340	-	-	762,375	232,787
	<u>2,365,068</u>	<u>9,296</u>	<u>9,296</u>	<u>1,036,857</u>	<u>383,792</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 2012					
Direct credit substitutes	3,565	-	-	2,221	611
Transaction related contingent items	57,501	-	-	48,579	17,722
Short term self liquidating trade related contingencies	159,685	-	-	158,253	44,916
Foreign exchange related contracts					
<i>One year or less</i>	221,209	377	377	2,955	1,450
Profit rate related contracts					
<i>One year or less</i>	300,000	231	57	532	141
<i>Over one year to five years</i>	27,221	9,200	9,200	10,288	18,112
<i>Over five years</i>	125,228	223	223	7,826	9,700
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	752,751	-	-	156,312	113,258
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	827,365	-	-	299,652	101,260
	<u>2,474,525</u>	<u>10,031</u>	<u>9,857</u>	<u>686,618</u>	<u>307,170</u>

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2.0 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 2013 and 2012 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 2013	30 June 2012
	Net individual	Net individual
	impairment charges	impairment charges
	RM'000	RM'000
Home financing	644	1,570
Other Retail	48,000	29,550
	48,644	31,120

The higher actual loss as compared to the corresponding period was mainly due to changes in impairment provision methodology for Consumer Banking loans under Debt Restructuring Programs.

3.0 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:-

	Impact on positions as at reporting period	
	(200 basis points) parallel shift	
30 June 2013	Increase/(Decline)	Increase/(Decline)
Type of Currency	in earnings at risk	in economic value
	RM'000	RM'000
Ringgit Malaysia	(28,834)	(86,003)
US Dollar	(1,427)	(482)

	Impact on positions as at reporting period	
	(200 basis points) parallel shift	
31 December 2012	Increase/(Decline)	Increase/(Decline)
Type of Currency	in earnings at risk	in economic value
	RM'000	RM'000
Ringgit Malaysia	(31,703)	(406)
US Dollar	(1,722)	2

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4.0 Operational risk

On 23 May 2013, the Bank obtained BNM's approval to adopt the Standardised Approach ("TSA") for its Operational Risk capital assessment. The Bank will apply TSA approach in the Pillar 3 Disclosures report for the financial year ending 31 December 2013.

5.0 Shariah non-compliant events and income

During the financial period, there was 1 (2012: 2) Shariah non-compliant event being detected. None of the event has resulted in Shariah non-compliant income (2012: Nil).

6.0 Comparative figures

Certain comparative figures have been restated to conform with current year presentation.

**Standard Chartered Saadiq Berhad
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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 2013 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: 26 August 2013