
Standard Chartered Saadiq Berhad

Pillar 3 Disclosures 30 June 2015



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 2015 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	16,747	16,747	16,747	-	16,747	1,340
Regulatory retail	520	520	434	-	434	35
Other assets	326,521	326,521	314,295	-	314,295	25,144
Defaulted exposures	25	25	37	-	37	3
Total on-balance sheet exposures	343,813	343,813	331,513	-	331,513	26,522
Off-balance sheet exposures:-						
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	39,584	37,877	37,877	-	37,877	3,030
Total off-balance sheet exposures	39,584	37,877	37,877	-	37,877	3,030
Total on and off-balance sheet exposures	383,397	381,690	369,390	-	369,390	29,552
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	2,366,036	2,366,628	111,564	-	111,564	8,925
Parent bank, Islamic banks, development financial institutions & multilateral development banks ("MDBs")	1,613,199	1,613,199	143,470	-	143,470	11,478
Takaful companies, Syariah compliant securities firms & fund managers	201,040	201,040	33,405	-	33,405	2,672
Corporates	2,066,007	2,065,182	1,549,331	(683,471)	865,860	69,269
Home financing	2,792,065	2,792,065	814,256	-	814,256	65,140
Other retail	1,159,269	1,159,502	713,215	-	713,215	57,057
Defaulted exposures	116,630	116,630	322,000	-	322,000	25,760
Total on-balance sheet exposures	10,314,246	10,314,246	3,687,241	(683,471)	3,003,770	240,301
Off-balance sheet exposures:-						
OTC derivatives	351,152	351,152	198,753	(17,235)	181,518	14,521
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	1,257,201	1,257,201	483,794	(165,909)	317,885	25,431
Total off-balance sheet exposures	1,608,353	1,608,353	682,547	(183,144)	499,403	39,952
	11,922,599	11,922,599	4,369,788	(866,615)	3,503,173	280,253
(b) Large exposures risk requirement						
			-	-	-	-
(c) Market risk						
			-	-	-	-
(d) Operational risk (Standardised approach)						
			378,367	-	378,367	30,269
Total RWA and capital requirements			5,117,545	(866,615)	4,250,930	340,074
CET 1, Tier 1 and Total capital ratios						
			Before effect of PSIA		After effect of PSIA	
CET 1 capital ratio			11.06%		13.32%	
Tier 1 capital ratio			11.06%		13.32%	
Total capital ratio			13.21%		15.90%	

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1. Regulatory capital requirement (continued)

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

31 December 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	20,422	20,422	20,422	-	20,422	1,634
Regulatory retail	788	788	639	-	639	51
Other assets	299,204	299,204	286,545	-	286,545	22,924
Defaulted exposures	24	24	37	-	37	3
Total on-balance sheet exposures	<u>320,438</u>	<u>320,438</u>	<u>307,643</u>	<u>-</u>	<u>307,643</u>	<u>24,612</u>
Off-balance sheet exposures:-						
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	22,128	20,346	20,346	-	20,346	1,628
Total off-balance sheet exposures	<u>22,128</u>	<u>20,346</u>	<u>20,346</u>	<u>-</u>	<u>20,346</u>	<u>1,628</u>
Total on and off-balance sheet exposures	<u>342,566</u>	<u>340,784</u>	<u>327,989</u>	<u>-</u>	<u>327,989</u>	<u>26,240</u>
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	1,455,130	1,455,130	68,383	-	68,383	5,471
Parent bank, Islamic banks, development financial institutions & multilateral development banks ("MDBs")	1,384,088	1,384,088	123,085	-	123,085	9,847
Takaful companies, Syariah compliant securities firms & fund managers	854,147	854,147	91,810	-	91,810	7,345
Corporates	2,249,363	2,247,333	1,822,393	(610,960)	1,211,433	96,915
Home financing	2,580,429	2,580,429	753,375	-	753,375	60,270
Other retail	1,159,424	1,161,454	836,886	-	836,888	66,951
Defaulted exposures	115,783	115,783	319,912	-	319,912	25,593
Total on-balance sheet exposures	<u>9,798,364</u>	<u>9,798,364</u>	<u>4,015,844</u>	<u>(610,960)</u>	<u>3,404,886</u>	<u>272,392</u>
Off-balance sheet exposures:-						
OTC derivatives	258,439	258,439	120,207	(7,294)	112,913	9,033
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	1,237,514	1,237,514	495,020	(6,942)	488,078	39,046
Total off-balance sheet exposures	<u>1,495,953</u>	<u>1,495,953</u>	<u>615,227</u>	<u>(14,236)</u>	<u>600,991</u>	<u>48,079</u>
Total on and off-balance sheet exposures	<u>11,294,317</u>	<u>11,294,317</u>	<u>4,631,071</u>	<u>(625,196)</u>	<u>4,005,877</u>	<u>320,471</u>
(b) Large exposures risk requirement			-	-	-	-
(c) Market risk			-	-	-	-
(d) Operational risk (Standardised approach)			383,234	-	383,234	30,659
Total RWA and capital requirements			<u>5,342,294</u>	<u>(625,196)</u>	<u>4,717,100</u>	<u>377,370</u>
<u>CET 1, Tier 1 and Total capital ratios</u>						
			Before effect of PSIA		After effect of PSIA	
CET 1 capital ratio			10.10%		11.44%	
Tier 1 capital ratio			10.10%		11.44%	
Total capital ratio			12.15%		13.76%	

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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 2015	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	2,366,036	-	2,366,036
Parent bank, Islamic banks, development financial institutions & MDBs	1,740,274	218,675	1,958,949
Takaful companies, Syariah compliant securities firms & fund managers	226,865	-	226,865
Corporate exposures (excluding specialised financing and firm-size adjustment)	2,029,032	262,610	2,291,642
Corporate exposures (with firm-size adjustment)	540,949	-	540,949
Specialised financing	40,058	-	40,058
Retail exposures	4,498,100	-	4,498,100
<i>Home financing</i>	3,135,527	-	3,135,527
<i>Other retail exposures</i>	1,362,573	-	1,362,573
Total IRB exposures	11,441,314	481,285	11,922,599
Standardised exposures			
Corporates	54,761	1,570	56,331
Regulatory retail	544	-	544
Other assets	311,529	14,993	326,522
Total Standardised exposures	366,834	16,563	383,397
Total credit risk exposures	11,808,148	497,848	12,305,996

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2. Credit risk (continued)

2.1 Exposure values (continued)

Geographical analysis (continued)

31 December 2014	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	1,455,130	-	1,455,130
Parent bank, Islamic banks, development financial institutions & MDBs	1,509,808	106,153	1,615,961
Takaful companies, Syariah compliant securities firms & multilateral fund managers	878,257	-	878,257
Corporate exposures (excluding specialised financing and firm-size adjustment)	2,157,530	144,462	2,301,992
Corporate exposures (with firm-size adjustment)	529,874	2,069	531,943
Specialised financing	40,048	-	40,048
Retail exposures	4,470,986	-	4,470,986
<i>Home financing</i>	<u>3,085,500</u>	<u>-</u>	<u>3,085,500</u>
<i>Other retail exposures</i>	<u>1,385,486</u>	<u>-</u>	<u>1,385,486</u>
Total IRB exposures	<u>11,041,633</u>	<u>252,684</u>	<u>11,294,317</u>
Standardised exposures			
Corporates	40,640	1,909	42,549
Regulatory retail	813	-	813
Other assets	299,204	-	299,204
Total Standardised exposures	<u>340,657</u>	<u>1,909</u>	<u>342,566</u>
Total credit risk exposures	<u>11,382,290</u>	<u>254,593</u>	<u>11,636,883</u>

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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 2015	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, insurance/ takaful and services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	2,366,036	-	-	-	2,366,036
Parent bank, Islamic banks, development financial institutions & MDBs	-	-	-	-	-	-	-	1,958,949	-	-	-	1,958,949
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-	-	-	-	226,865	-	-	-	226,865
Corporate exposures (excluding specialised financing and firm- size adjustment)	59,282	27,480	990,099	250	1,576	499,953	244,683	195,158	248,787	-	24,374	2,291,642
Corporate exposures (with firm- size adjustment)	-	-	43,122	-	81,721	16,047	21,042	29,689	10,313	-	339,015	540,949
Specialised financing	-	-	-	-	-	-	-	-	40,058	-	-	40,058
Retail exposures	2,384	2,556	48,209	1,056	46,573	99,534	25,469	37,544	283	4,220,602	13,890	4,498,100
<i>Home financing</i>	-	-	-	-	-	-	-	-	-	3,135,527	-	3,135,527
<i>Other retail exposures</i>	2,384	2,556	48,209	1,056	46,573	99,534	25,469	37,544	283	1,085,075	13,890	1,362,573
Total IRB exposures	61,666	30,036	1,081,430	1,306	129,870	615,534	291,194	4,814,241	299,441	4,220,602	377,279	11,922,599
Standardised exposures												
Corporates	-	-	-	-	54,761	-	-	-	-	1,570	-	56,331
Regulatory retail	-	-	-	-	-	-	-	-	-	544	-	544
Other assets	-	-	-	-	-	-	-	-	-	-	326,522	326,522
Total Standardised exposures	-	-	-	-	54,761	-	-	-	-	2,114	326,522	383,397
Total credit risk exposures	61,666	30,036	1,081,430	1,306	184,631	615,534	291,194	4,814,241	299,441	4,222,716	703,801	12,305,996

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2. Credit risk (continued)

2.1 Exposure values (continued)

Sector or economic purpose analysis (continued)

31 December 2014	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	-	-	-	-	-	-	-	1,455,130	-	-	-	1,455,130
Parent bank, Islamic banks, development financial institutions & MDBs	-	-	-	-	-	-	-	1,615,961	-	-	-	1,615,961
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-	-	-	-	878,257	-	-	-	878,257
Corporate exposures (excluding specialised financing and firm- size adjustment)	120,650	26,043	922,755	-	12,234	464,500	90,996	222,890	270,851	-	171,073	2,301,992
Corporate exposures (with firm- size adjustment)	-	340	33,382	-	56,790	1,551	25,551	29,354	12,819	-	372,156	531,943
Specialised financing	-	-	-	-	-	-	-	-	40,048	-	-	40,048
Retail exposures	1,801	2,622	34,408	281	24,933	72,986	12,623	23,269	371	3,556,748	740,944	4,470,986
Home financing	-	-	-	-	-	-	-	-	-	3,085,500	-	3,085,500
Other retail exposures	1,801	2,622	34,408	281	24,933	72,986	12,623	23,269	371	471,248	740,944	1,385,486
Total IRB exposures	122,451	29,005	990,545	281	93,957	539,037	129,170	4,224,861	324,089	3,556,748	1,284,173	11,294,317
Standardised exposures												
Corporates	-	-	-	-	40,640	-	-	-	-	-	1,909	42,549
Regulatory retail	-	-	-	-	218	-	-	-	-	595	-	813
Other assets	-	-	-	-	-	-	-	-	-	234,627	64,577	299,204
Total Standardised exposures	-	-	-	-	40,858	-	-	-	-	235,222	66,486	342,566
Total credit risk exposures	122,451	29,005	990,545	281	134,815	539,037	129,170	4,224,861	324,089	3,791,970	1,350,659	11,636,883

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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 2015	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	2,285,127	80,909	-	2,366,036
Parent bank, Islamic banks, development financial institutions & MDBs	48,322	1,910,008	619	1,958,949
Takaful companies, securities firms & Syariah compliant fund managers	25,825	201,040	-	226,865
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,361,415	559,339	370,888	2,291,642
Corporate exposures (with firm-size adjustment)	117,885	113,715	309,349	540,949
Specialised financing	40,058	-	-	40,058
Retail exposures	3,004,444	456,633	1,037,023	4,498,100
Home financing	2,876,980	7,212	251,335	3,135,527
Other retail exposures	127,464	449,421	785,688	1,362,573
Total IRB exposures	6,883,076	3,321,644	1,717,879	11,922,599
Standardised exposures				
Corporates	29,805	25,045	1,481	56,331
Regulatory retail	-	338	206	544
Other assets	326,522	-	-	326,522
Total Standardised exposures	356,327	25,383	1,687	383,397
Total credit risk exposures	7,239,403	3,347,027	1,719,566	12,305,996

Note: The above table shows that exposures with residual contractual maturity more than 5 years amounted to RM1,587,582,000. Of this amount, 21% are collateralized.

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2. Credit risk (continued)

2.1 Exposure values (continued)

Residual contractual maturity analysis (continued)

31 December 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	1,203,680	251,450	-	1,455,130
Parent bank, Islamic banks, development financial institutions & MDBs	15,324	1,600,115	522	1,615,961
Takaful companies, securities firms & Syariah compliant fund managers	677,295	200,962	-	878,257
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,522,230	519,439	260,323	2,301,992
Corporate exposures (with firm-size adjustment)	113,404	100,873	317,666	531,943
Specialised financing	40,048	-	-	40,048
Retail exposures	2,994,981	468,786	1,007,219	4,470,986
Home financing	2,812,023	6,609	266,868	3,085,500
Other retail exposures	182,958	462,177	740,351	1,385,486
Total IRB exposures	6,566,962	3,141,625	1,585,730	11,294,317
Standardised exposures				
Corporates	13,206	27,708	1,635	42,549
Regulatory retail	-	596	217	813
Other assets	299,204	-	-	299,204
Total Standardised exposures	312,410	28,304	1,852	342,566
Total credit risk exposures	6,879,372	3,169,929	1,587,582	11,636,883

Note: The above table shows that exposures with residual contractual maturity more than 5 years amounted to RM1,587,582,000. Of this amount, 21% 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 2015				
On-balance sheet exposures				
Sovereigns/Central banks	2,366,036	-	-	-
Parent bank, Islamic banks, development financial institutions & MDBs	1,613,199	-	-	-
Takaful companies, Syariah compliant securities firms & fund managers	201,040	-	2,592	-
Corporates	2,042,696	842	121,082	335,197
Regulatory retail	1,159,789	16	-	571
Home financing	2,792,065	-	-	2,646,279
Other assets	326,521	-	-	-
Specialised financing/investment	40,058	-	-	-
Defaulted exposures	116,655	-	-	2,022
Total on-balance sheet exposures	10,658,059	858	123,674	2,984,069
Off-balance sheet exposures				
OTC derivatives	351,152	-	-	-
Off balance sheet exposures other than Islamic OTC derivatives or Islamic credit derivatives	1,296,785	2,950	11,235	285,593
Total off-balance sheet exposures	1,647,937	2,950	11,235	285,593
Total on and off-balance sheet exposures	12,305,996	3,808	134,909	3,269,662

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2. Credit risk (continued)

2.2 Credit risk mitigation (continued)

31 December 2014	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	1,455,130	-	-	-
Parent bank, Islamic banks, development financial institutions & MDBs	1,384,088	-	-	-
Takaful companies, Syariah compliant securities firms & fund managers	854,147	-	2,592	-
Corporates	2,229,737	2,497	196,520	368,139
Regulatory retail	1,160,212	-	-	65
Home financing	2,580,429	-	-	2,163,292
Other assets	299,204	-	-	-
Specialised financing/investment	40,048	-	-	-
Defaulted exposures	115,807	-	-	2,017
Total on-balance sheet exposures	10,118,802	2,497	199,112	2,533,513
Off-balance sheet exposures				
OTC derivatives	258,439	-	-	-
Off balance sheet exposures other than Islamic OTC derivatives or Islamic credit derivatives	1,259,642	2,968	48,136	96,835
Total off-balance sheet exposures	1,518,081	2,968	48,136	96,835
Total on and off-balance sheet exposures	11,636,883	5,465	247,248	2,630,348

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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 2015	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	2,366,036	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	1,613,199	-	-	-	-	-
Corporate	592	379,957	346,123	1,389,244	148,397	2,734	1,198
Total on-balance sheet exposures	2,366,628	1,993,156	346,123	1,389,244	148,397	2,734	1,198
<u>Undrawn commitments</u>							
Corporate	-	90,596	162,024	229,354	22,591	-	-
Total undrawn commitments	-	90,596	162,024	229,354	22,591	-	-
<u>Derivatives</u>							
Parent Bank & Islamic Bank	23,628	127,037	-	165,697	-	-	-
Corporate	-	24,187	8,367	2,230	6	-	-
Total derivatives	23,628	151,224	8,367	167,927	6	-	-
<u>Contingent</u>							
Corporate	-	168,168	9,298	97,111	17,337	-	-
Total contingent	-	168,168	9,298	97,111	17,337	-	-
Exposure weighted average LGD (%)							
Sovereign	26.20%	-	-	-	-	-	-
Parent Bank & Islamic Bank	26.20%	26.20%	-	41.20%	-	-	-
Corporate	25.75%	32.75%	43.79%	39.22%	34.02%	84.41%	80.38%
Exposure weighted average risk weight (%)							
Sovereign	4.71%	-	-	-	-	-	-
Parent Bank & Islamic Bank	13.62%	9.69%	-	96.68%	-	-	-
Corporate	4.60%	14.87%	56.73%	75.93%	124.42%	610.77%	929.35%

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2. Credit risk (continued)

2.3 Exposures under IRB approach (continued)

31 December 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	1,455,130	-	-	-	-	-	-
Parent Bank & Islamic Bank	-	1,384,088	-	-	-	-	-
Corporate	-	1,017,453	392,205	1,566,322	123,167	4,363	1,325
Total on-balance sheet exposures	1,455,130	2,401,541	392,205	1,566,322	123,167	4,363	1,325
<u>Undrawn commitments</u>							
Corporate	140,679	28,355	178,682	298	-	-	-
Total undrawn commitments	140,679	28,355	178,682	298	-	-	-
<u>Derivatives</u>							
Parent Bank & Islamic Bank	18,422	125,682	-	87,731	-	-	-
Corporate	-	21,092	151	5,361	-	-	-
Total derivatives	18,422	146,774	151	93,092	-	-	-
<u>Contingent</u>							
Corporate	-	8,501	15,043	229,151	20,092	-	-
Total contingent	-	8,501	15,043	229,151	20,092	-	-
Exposure weighted average LGD (%)							
Sovereign	29.16%	-	-	-	-	-	-
Parent Bank & Islamic Bank	26.20%	26.20%	-	41.20%	-	-	-
Corporate	-	28.79%	46.12%	39.68%	47.76%	84.56%	78.44%
Exposure weighted average risk weight (%)							
Sovereign	4.70%	-	-	-	-	-	-
Parent Bank & Islamic Bank	11.20%	9.67%	-	100.28%	-	-	-
Corporate	-	10.09%	57.09%	81.98%	159.61%	493.73%	1039.35%

Standard Chartered Saadiq Berhad
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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

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

30 June 2015	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	5,073	186,508	212,985	1,908,094	356,890	122,515	1,882
Other retail	61,768	58,287	150,037	612,391	169,025	107,761	113,550
Total on-balance sheet exposures	66,841	244,795	363,022	2,520,485	525,915	230,276	115,432
<u>Undrawn commitments</u>							
Home financing	-	-	213	333,790	6,864	713	-
Other retail	-	253	699	88,607	194	1	-
Total undrawn commitments	-	253	912	422,397	7,058	714	-
Exposure weighted average LGD (%)							
Home financing	12.34%	12.06%	12.06%	12.14%	12.28%	12.58%	15.38%
Other retail	14.78%	16.18%	20.55%	44.33%	65.77%	71.91%	83.04%
Exposure weighted average risk weight (%)							
Home financing	9.40%	14.28%	16.74%	25.57%	50.71%	78.04%	97.03%
Other retail	2.76%	8.43%	12.84%	53.48%	102.98%	149.40%	272.16%

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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 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	3,830	173,291	200,002	1,719,958	364,414	118,934	1,748
Other retail	45,150	41,660	102,921	649,945	186,181	133,567	112,710
Total on-balance sheet exposures	48,980	214,951	302,923	2,369,903	550,595	252,501	114,458
<u>Undrawn commitments</u>							
Home financing	-	-	318	491,785	10,158	1,062	-
Other retail	111	441	-	112,547	253	-	-
Total undrawn commitments	111	441	318	604,332	10,411	1,062	-
Exposure weighted average LGD (%)							
Home financing	12.32%	12.09%	12.14%	12.23%	12.36%	12.77%	15.93%
Other retail	15.82%	14.09%	19.63%	44.52%	73.31%	80.22%	83.34%
Exposure weighted average risk weight (%)							
Home financing	9.18%	13.83%	16.32%	25.71%	49.65%	77.22%	96.97%
Other retail	2.61%	7.42%	12.28%	53.93%	114.68%	168.83%	270.12%

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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 2015	Up to 0.10%	>0.10 to 0.20%	>0.20 to 0.50%	>0.50 to 1.00%	>1.00 to 30.00%	>30 to <100%	100%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Home financing	105,465	77,314	1,326,331	1,043,126	241,711	-	-
Other retail	270,272	265,086	48,752	140,409	414,306	133,994	-
Total on-balance sheet exposures	375,737	342,400	1,375,083	1,183,535	656,017	133,994	-
<u>Undrawn commitments</u>							
Home financing	169	-	19,893	317,790	3,728	-	-
Other retail	1,059	1,087	87,296	-	312	-	-
Total undrawn commitments	1,228	1,087	107,189	317,790	4,040	-	-
Exposure weighted average risk weight (%)							
Home financing	9.59%	18.01%	20.28%	33.16%	69.29%	-	-
Other retail	9.51%	15.87%	26.48%	56.03%	123.04%	262.94%	-

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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 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	104,008	69,576	1,224,228	931,900	252,465	-	-
Other retail	189,584	274,635	92,120	82,142	487,481	146,172	-
Total on-balance sheet exposures	293,592	344,211	1,316,348	1,014,042	739,946	146,172	-
<u>Undrawn commitments</u>							
Home financing	169	5	28,238	469,399	5,512	-	-
Other retail	798	3,673	108,269	367	245	-	-
Total undrawn commitments	967	3,678	136,507	469,766	5,757	-	-
Exposure weighted average risk weight (%)							
Home financing	9.56%	18.28%	20.25%	32.58%	67.13%	-	-
Other retail	8.85%	16.20%	28.25%	57.63%	129.01%	257.65%	-

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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 2015					
Income producing real estate					
- Total exposures	-	40,058	-	-	-
- Risk weighted assets	-	36,052	-	-	-
31 December 2014					
Income producing real estate					
- Total exposures	-	40,048	-	-	-
- Risk weighted assets	-	36,044	-	-	-

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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.

	← Exposures After Netting and Credit Risk Mitigation →				Total exposures after netting and credit risk mitigation	Total risk weighted assets
30 June 2015	Corporates*	Regulatory retail	Home financing	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000		
Risk weights						
0%	-	-	-	12,227	12,227	-
35%	-	-	-	-	-	-
50%	-	-	-	-	-	-
75%	-	342	-	-	342	257
100%	54,624	177	-	314,295	369,096	369,096
150%	-	25	-	-	25	37
Total exposures	54,624	544	-	326,522	381,690	369,390
Risk-weighted assets by exposures	54,624	471	-	314,295	369,390	
Average risk weight	100.0%	86.6%	-	96.3%	96.8%	
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 2014	Corporates*	Regulatory retail	Home financing	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000		
Risk weights						
0%	-	-	-	12,658	12,658	-
35%	-	-	-	-	-	-
50%	-	-	-	-	-	-
75%	-	596	-	-	596	447
100%	40,768	192	-	286,546	327,506	327,506
150%	-	24	-	-	24	36
Total exposures	40,768	812	-	299,204	340,784	327,989
Risk-weighted assets by exposures	40,768	675	-	286,546	327,989	
Average risk weight	100.0%	83.1%	-	95.8%	96.2%	
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.

	Collective impairment provisions as at 30 June 2015 RM'000	Individual impairment provisions held as at 1 January 2015 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 2015 RM'000
30 June 2015					
Home financing	8,557	521	1,731	(1,035)	1,217
Others	82,970	22,549	29,956	(28,304)	24,201
Retail Clients	91,527	23,070	31,687	(29,339)	25,418
Agriculture	-	-	-	-	-
Mining and quarrying	-	-	-	-	-
Manufacturing	3,594	720	1,146	-	1,866
Construction	108	-	-	-	-
Real estate	570	-	-	-	-
Wholesale & retail trade and restaurants & hotels	2,318	-	-	-	-
Transportation, storage and communication	47	-	-	-	-
Finance, insurance/takaful and business services	1,063	-	-	-	-
Others	83	-	-	-	-
Corporates, Institutional and Commercial Clients	7,783	720	1,146	-	1,866

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Pillar 3 disclosures

2. Credit risk (continued)

2.5 Problem credit management and provisioning (continued)

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

31 December 2014	Collective impairment provisions as at 31 December 2014 RM'000	Individual impairment provisions held as at 1 January 2014 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 2014 RM'000
Home financing	9,184	369	1,762	(1,610)	521
Others	104,920	14,694	77,324	(69,469)	22,549
Retail Clients	114,104	15,063	79,086	(71,079)	23,070
Agriculture	368	-	-	-	-
Mining and quarrying	-	-	-	-	-
Manufacturing	1,971	720	-	-	720
Construction	80	-	-	-	-
Real estate	228	-	-	-	-
Wholesale & retail trade and restaurants & hotels	1,167	-	-	-	-
Transportation, storage and communication	57	-	-	-	-
Finance, insurance/takaful and business services	833	-	-	-	-
Others	230	-	-	-	-
Corporates, Institutional and Commercial Clients	4,934	720	-	-	720

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Pillar 3 disclosures

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 or industry.

	30 June 2015 RM'000	31 December 2014 RM'000
Home financing	332,443	283,960
Others	155,369	181,624
Retail Clients	487,812	465,584
Manufacturing	4,319	14
Wholesale & retail trade and restaurants & hotels	-	-
Transport, storage and communication	3,972	1,115
Finance, insurance/takaful and business services	-	-
Corporates, Institutional and Commercial Clients	8,291	1,129

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

	30 June 2015 RM'000	31 December 2014 RM'000
Malaysia	496,103	466,713
Others	-	-
	496,103	466,713

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 2015			
Gross impaired financing and advances	38,521	-	38,521
Individual impairment provisions	27,284	-	27,284
Collective impairment provisions	99,310	-	99,310
31 December 2014			
Gross impaired financing and advances	38,121	-	38,121
Individual impairment provisions	23,790	-	23,790
Collective impairment provisions	119,038	-	119,038

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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 2015					
Direct credit substitutes	8,891	-	-	8,891	3,850
Transaction related contingent items	267,633	-	-	267,633	43,669
Short term self liquidating trade related contingencies	58,374	-	-	58,374	15,403
Foreign exchange related contracts					
<i>One year or less</i>	2,192,448	24,396	22,344	52,202	10,881
<i>Over one year to five years</i>	1,404,136	104,312	104,312	221,983	172,487
<i>Over five years</i>					
Profit rate related contracts					
<i>One year or less</i>	-	-	-	-	-
<i>Over one year to five years</i>	1,498,472	25,462	28,594	70,920	14,690
<i>Over five years</i>	228	613	613	625	162
Commodity contracts					
<i>One year or less</i>	-	720	720	720	64
<i>Over one year to five years</i>	29,616	1,148	1,148	4,702	469
<i>Over five years</i>					
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	809,953	-	-	368,474	212,436
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	453,075	-	-	356,539	120,837
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	1,813,654	-	-	236,874	125,476
	<u>8,536,480</u>	<u>156,651</u>	<u>157,731</u>	<u>1,647,937</u>	<u>720,424</u>
31 December 2014					
Direct credit substitutes	27,997	-	-	27,997	24,324
Transaction related contingent items	154,144	-	-	154,144	58,183
Short term self liquidating trade related contingencies	103,036	-	-	103,036	27,821
Foreign exchange related contracts					
<i>One year or less</i>	1,374,936	15,688	18,385	39,770	5,184
<i>Over one year to five years</i>	835,380	50,321	50,321	125,506	96,382
<i>Over five years</i>					
Profit rate related contracts					
<i>One year or less</i>	-	-	-	-	-
<i>Over one year to five years</i>	1,406,085	30,336	31,310	85,909	17,722
<i>Over five years</i>	228	516	516	528	137
Commodity contracts					
<i>One year or less</i>	-	330	330	330	29
<i>Over one year to five years</i>	27,427	3,105	3,105	6,396	753
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,073,862	-	-	662,351	280,726
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	258,146	-	-	161,242	71,622
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	1,366,948	-	-	150,872	52,690
	<u>6,628,189</u>	<u>100,296</u>	<u>103,967</u>	<u>1,518,081</u>	<u>635,573</u>

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2. Credit risk (continued)

2.7 Actual losses

The table below shows net individual impairment charges raised and write off during the financial half year ended 2015 versus 2014 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 2015 Actual losses RM'000	30 June 2014 Actual losses RM'000
Corporates	1,146	-
Home financing	1,731	543
Other Retail	29,956	41,486
	<u>32,833</u>	<u>42,029</u>

The lower actual loss as compared to the corresponding period was mainly due to lower retail provisions made during the period due to reduced exposures and better asset quality.

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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 2015	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	725	(1,609)
US Dollar	(2,300)	1,415
Euro	37	(31)

31 December 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	(3,864)	(31,233)
US Dollar	(2,161)	1,964
Pound Sterling	(1)	1

4. Shariah non-compliant events and income

During the financial period, there were three (2014: four) syariah non-compliant events being detected. Thus far, none of the Syariah non-compliant event has resulted in Syariah non-compliant income. Syariah non-compliant income in 2014 was Nil.

**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 period ended 30 June 2015 are consistent with the manner in which the Bank assesses and manages its risk, and are not misleading in any particular way.

.....
Adhha Abdullah
Chief Executive Officer

Date: 30 October 2015