
Standard Chartered Saadiq Berhad

**Pillar 3 Disclosures
30 June 2012**



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 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	128,135	124,282	124,282	-	124,282	9,943
Regulatory retail	208,338	206,702	155,027	-	155,027	12,402
Residential mortgages	-	-	-	-	-	-
Other assets	76,546	76,546	65,938	-	65,938	5,275
Defaulted exposures	136	136	203	-	203	16
Total on-balance sheet exposures	<u>413,155</u>	<u>407,666</u>	<u>345,450</u>	<u>-</u>	<u>345,450</u>	<u>27,636</u>
Off-balance sheet exposures:-						
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	62,682	60,943	54,747	-	54,747	4,380
Total off-balance sheet exposures	<u>62,682</u>	<u>60,943</u>	<u>54,747</u>	<u>-</u>	<u>54,747</u>	<u>4,380</u>
Total on and off-balance sheet exposures	<u>475,837</u>	<u>468,609</u>	<u>400,197</u>	<u>-</u>	<u>400,197</u>	<u>32,016</u>
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	3,090,605	3,090,605	152,393	-	152,393	12,191
Banks, development financial institutions & MDBs	148,229	148,229	8,070	-	8,070	646
Corporates	1,099,817	1,099,817	642,910	(625,760)	17,150	1,372
Residential mortgages	388,448	388,448	96,478	-	96,478	7,718
Other retail	1,283,405	1,283,405	1,898,137	-	1,898,137	151,851
Defaulted exposures	79,640	79,640	183,043	-	183,043	14,643
Total on-balance sheet exposures	<u>7,720,694</u>	<u>7,720,694</u>	<u>3,115,454</u>	<u>(625,760)</u>	<u>2,489,694</u>	<u>199,175</u>
Off-balance sheet exposures:-						
OTC derivatives	46,925	46,925	35,330	-	35,330	2,826
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	515,822	515,822	189,928	-	189,928	15,194
Defaulted exposures	26	26	29	-	29	2
Total off-balance sheet exposures	<u>562,773</u>	<u>562,773</u>	<u>225,287</u>	<u>-</u>	<u>225,287</u>	<u>18,022</u>
Total on and off-balance sheet exposures	<u>8,283,467</u>	<u>8,283,467</u>	<u>3,340,741</u>	<u>(625,760)</u>	<u>2,714,981</u>	<u>217,197</u>
(b) Large exposures risk requirement			-	-	-	-
(c) Market risk			-	-	-	-
(d) Operational risk (Basic indicator approach)			350,213	-	350,213	28,017
Total RWA and capital requirements			<u>4,091,151</u>	<u>(625,760)</u>	<u>3,465,391</u>	<u>277,230</u>

Tier 1 capital ratio and risk-weighted capital ratio

	Before effect of PSIA	After effect of PSIA
Tier 1 capital ratio	10.51%	12.41%
Risk-weighted capital ratio	10.51%	12.41%

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1.0 Regulatory capital requirement (continued)

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

31 December 2011 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	106,244	106,244	106,244	-	106,244	8,500
Regulatory retail	56,704	56,513	42,386	-	42,386	3,391
Residential mortgages	8	8	3	-	3	-
Other assets	78,666	78,801	67,174	-	67,174	5,374
Defaulted exposures	215	215	322	-	322	26
Total on-balance sheet exposures	<u>241,837</u>	<u>241,781</u>	<u>216,129</u>	<u>-</u>	<u>216,129</u>	<u>17,291</u>
Off-balance sheet exposures:-						
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	6,954	6,954	6,457	-	6,457	517
Total off-balance sheet exposures	<u>6,954</u>	<u>6,954</u>	<u>6,457</u>	<u>-</u>	<u>6,457</u>	<u>517</u>
Total on and off-balance sheet exposures	<u>248,791</u>	<u>248,735</u>	<u>222,586</u>	<u>-</u>	<u>222,586</u>	<u>17,808</u>
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	2,870,513	2,870,513	142,996	-	142,996	11,440
Banks, development financial institutions & MDBs	159,561	159,561	7,932	-	7,932	635
Corporates	1,014,667	1,014,667	681,990	(530,364)	151,626	12,130
Residential mortgages	363,102	363,102	85,734	-	85,734	6,859
Other retail	1,305,721	1,305,721	1,912,068	-	1,912,068	152,965
Defaulted exposures	66,081	66,081	153,331	-	153,331	12,266
Total on-balance sheet exposures	<u>5,779,645</u>	<u>5,779,645</u>	<u>2,984,051</u>	<u>(530,364)</u>	<u>2,453,687</u>	<u>196,295</u>
Off-balance sheet exposures:-						
OTC derivatives	62,183	62,183	40,659	-	40,659	3,253
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	399,929	399,929	154,383	-	154,383	12,351
Defaulted exposures	27	27	30	-	30	2
Total off-balance sheet exposures	<u>462,139</u>	<u>462,139</u>	<u>195,072</u>	<u>-</u>	<u>195,072</u>	<u>15,606</u>
Total on and off-balance sheet exposures	<u>6,241,784</u>	<u>6,241,784</u>	<u>3,179,123</u>	<u>(530,364)</u>	<u>2,648,759</u>	<u>211,901</u>
(b) Large exposures risk requirement				-	-	-
(c) Market risk				-	-	-
(d) Operational risk (Basic indicator approach)			314,840	-	314,840	25,187
Total RWA and capital requirements			<u>3,716,549</u>	<u>(530,364)</u>	<u>3,186,185</u>	<u>254,896</u>
<u>Tier 1 capital ratio and risk-weighted capital ratio</u>						
			Before effect of PSIA		After effect of PSIA	
Tier 1 capital ratio			10.64%		12.41%	
Risk-weighted capital ratio			10.64%		12.41%	

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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 undrawn 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 2012	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	3,090,605	-	3,090,605
Banks, development financial institutions & multilateral development banks ("MDBs")	96,914	78,313	175,227
Insurance/Takaful companies, securities firms & fund managers	1,631,048	-	1,631,048
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,270,654	8,696	1,279,350
Corporate exposures (with firm-size adjustment)	56,998	-	56,998
Specialised financing	107,716	-	107,716
Retail exposures	1,942,523	-	1,942,523
<i>Residential mortgages</i>	559,074	-	559,074
<i>Other retail exposures</i>	1,383,449	-	1,383,449
Total IRB exposures	8,196,458	87,009	8,283,467
Standardised exposures			
Corporates	165,742	-	165,742
Regulatory retail	233,549	-	233,549
Residential mortgages	-	-	-
Other assets	76,546	-	76,546
Total Standardised exposures	475,837	-	475,837
Total credit risk exposures	8,672,295	87,009	8,759,304

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Geographical analysis (continued)

31 December 2011	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	2,870,513	-	2,870,513
Banks, development financial institutions & multilateral development banks ("MDBs")	76,964	119,347	196,311
Insurance/Takaful companies, securities firms & fund managers	498	-	498
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,202,094	10,339	1,212,433
Corporate exposures (with firm-size adjustment)	77,312	-	77,312
Qualifying corporate purchased receivables	-	-	-
Specialised financing	108,196	-	108,196
Retail exposures	1,776,521	-	1,776,521
<i>Residential mortgages</i>	<i>383,194</i>	<i>-</i>	<i>383,194</i>
<i>Other retail exposures</i>	<i>1,393,327</i>	<i>-</i>	<i>1,393,327</i>
Total IRB exposures	6,112,098	129,686	6,241,784
Standardised exposures			
Corporates	111,211	-	111,211
Regulatory retail	58,906	-	58,906
Residential mortgages	8	-	8
Other assets	78,666	-	78,666
Total Standardised exposures	248,791	-	248,791
Total credit risk exposures	6,360,889	129,686	6,490,575

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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.

	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
30 June 2012												
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	3,090,605	-	-	-	3,090,605
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	175,227	-	-	-	175,227
Insurance/Takaful companies, securities firms & fund managers	-	-	-	-	-	-	-	1,631,048	-	-	-	1,631,048
Corporate exposures (excluding specialised financing and firm- size adjustment)	240,542	23,909	468,890	-	33,643	180,426	186,201	72,630	31,465	-	41,644	1,279,350
Corporate exposures (with firm- size adjustment)	-	45,471	-	-	3,000	1,087	1,537	5,903	-	-	-	56,998
Specialised financing	-	-	-	-	-	-	-	-	107,716	-	-	107,716
Retail exposures	-	-	-	-	-	496	184	-	-	1,889,615	52,228	1,942,523
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	559,074	-	559,074
<i>Other retail exposures</i>	-	-	-	-	-	496	184	-	-	1,330,541	52,228	1,383,449
Total IRB exposures	240,542	69,380	468,890	-	36,643	182,009	187,922	4,975,413	139,181	1,889,615	93,872	8,283,467
Standardised exposures												
Corporates	1,313	-	44,029	-	14,974	18,119	6,705	12,695	24,334	-	43,573	165,742
Regulatory retail	1,700	-	71,452	2,279	22,834	75,734	13,736	18,166	246	870	26,532	233,549
Residential mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	76,546	76,546
Total Standardised exposures	3,013	-	115,481	2,279	37,808	93,853	20,441	30,861	24,580	870	146,651	475,837
Total credit risk exposures	243,555	69,380	584,371	2,279	74,451	275,862	208,363	5,006,274	163,761	1,890,485	240,523	8,759,304

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Sector or economic purpose analysis (continued)

31 December 2011	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	-	-	-	-	-	-	-	2,870,513	-	-	-	2,870,513
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	196,311	-	-	-	196,311
Insurance/Takaful companies, securities firms & fund managers	-	-	-	-	-	-	-	498	-	-	-	498
Corporate exposures (excluding specialised financing and firm- size adjustment)	123,383	39,475	488,212	-	10,620	154,822	197,907	124,980	52,707	-	20,327	1,212,433
Corporate exposures (with firm- size adjustment)	-	41,611	16,079	-	5,002	2,459	3,979	8,182	-	-	-	77,312
Specialised financing	-	-	-	-	-	-	-	-	108,196	-	-	108,196
Retail exposures	-	-	-	-	-	1,368	333	-	-	1,716,494	58,326	1,776,521
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	383,194	-	383,194
<i>Other retail exposures</i>	-	-	-	-	-	1,368	333	-	-	1,333,300	58,326	1,393,327
Total IRB exposures	123,383	81,086	504,291	-	15,622	158,649	202,219	3,200,484	160,903	1,716,494	78,653	6,241,784
Standardised exposures												
Corporates	1,313	-	32,925	-	10,495	14,738	3,546	-	26,332	-	21,862	111,211
Regulatory retail	-	-	32,369	2,292	2,129	9,876	1,972	8,404	-	1,036	828	58,906
Residential mortgages	-	-	-	-	-	-	-	-	-	8	-	8
Other assets	-	-	-	-	-	-	-	-	-	-	78,666	78,666
Total Standardised exposures	1,313	-	65,294	2,292	12,624	24,614	5,518	8,404	26,332	1,044	101,356	248,791
Total credit risk exposures	124,696	81,086	569,585	2,292	28,246	183,263	207,737	3,208,888	187,235	1,717,538	180,009	6,490,575

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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 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	3,066,605	24,000	-	3,090,605
Banks, development financial institutions & MDBs	162,811	3,870	8,546	175,227
Insurance/Takaful companies, securities firms & fund managers	1,630,759	-	289	1,631,048
Corporate exposures (excluding specialised financing and firm-size adjustment)	866,998	190,387	221,965	1,279,350
Corporate exposures (with firm-size adjustment)	51,095	5,903	-	56,998
Specialised financing	107,716	-	-	107,716
Retail exposures	221,507	1,239,585	481,431	1,942,523
<i>Residential mortgages</i>	153,808	5,477	399,789	559,074
<i>Other retail exposures</i>	67,699	1,234,108	81,642	1,383,449
Total IRB exposures	6,107,491	1,463,745	712,231	8,283,467
Standardised exposures				
Corporates	8,802	100,613	56,327	165,742
Regulatory retail	6,244	192,603	34,702	233,549
Residential mortgages	-	-	-	-
Other assets	76,546	-	-	76,546
Total Standardised exposures	91,592	293,216	91,029	475,837
Total credit risk exposures	6,199,083	1,756,961	803,260	8,759,304

Note: The above table shows that exposures with residual contractual maturity more than 5 years amounted to RM803,260,000. Of this amount, 70% are collateralized.

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Residual contractual maturity analysis (continued)

31 December 2011	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	2,846,513	24,000	-	2,870,513
Banks, development financial institutions & MDBs	177,117	8,715	10,479	196,311
Insurance/Takaful companies, securities firms & fund managers	27	182	289	498
Corporate exposures (excluding specialised financing and firm-size adjustment)	596,021	377,711	238,701	1,212,433
Corporate exposures (with firm-size adjustment)	66,129	11,183	-	77,312
Specialised financing	107,433	763	-	108,196
Retail exposures	71,044	1,246,876	458,601	1,776,521
<i>Residential mortgages</i>	11,816	4,814	366,564	383,194
<i>Other retail exposures</i>	59,228	1,242,062	92,037	1,393,327
Total IRB exposures	3,864,284	1,669,430	708,070	6,241,784
Standardised exposures				
Corporates	5,230	54,125	51,856	111,211
Regulatory retail	2,849	50,318	5,739	58,906
Residential mortgages	8	-	-	8
Other assets	78,666	-	-	78,666
Total Standardised exposures	86,753	104,443	57,595	248,791
Total credit risk exposures	3,951,037	1,773,873	765,665	6,490,575

Note: The above table shows that exposures with residual contractual maturity more than 5 years amounted to RM765,665,000. Of this amount, 70% 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.

30 June 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	3,090,605	24,000	-	-
Banks, development financial institutions & MDBs	148,229	-	-	-
Corporates	1,120,515	-	30,386	307,813
Regulatory retail	1,491,743	-	1,636	-
Residential mortgages	388,448	-	-	381,406
Other assets	76,546	-	-	-
Specialised financing/investment	107,437	-	-	-
Defaulted exposures	79,776	-	-	6,453
Total on-balance sheet exposures	8,133,849	24,000	32,022	695,672
Off-balance sheet exposures				
OTC derivatives	46,925	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	578,504	-	6,160	143,966
Defaulted exposures	26	-	-	26
Total off-balance sheet exposures	625,455	-	6,160	143,992
Total on and off-balance sheet exposures	8,759,304	24,000	38,182	839,664

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2.0 Credit risk (continued)

2.2 Credit risk mitigation (continued)

31 December 2011	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	2,870,513	24,000	-	-
Banks, development financial institutions & MDBs	159,561	-	-	-
Corporates	1,013,477	-	26,391	315,129
Regulatory retail	1,362,425	135	56	-
Residential mortgages	363,110	-	-	358,479
Other assets	78,666	-	-	-
Specialised financing/investment	107,434	-	-	-
Defaulted exposures	66,296	-	-	6,926
Total on-balance sheet exposures	6,021,482	24,135	26,447	680,534
Off-balance sheet exposures				
OTC derivatives	62,183	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	406,883	-	1,808	12,088
Defaulted exposures	27	-	-	27
Total off-balance sheet exposures	469,093	-	1,808	12,115
Total on and off-balance sheet exposures	6,490,575	24,135	28,255	692,649

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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 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	3,090,605	-	-	-	-	-	-
Bank	78,314	69,915	-	-	-	-	-
Corporate	-	1,822,607	238,665	481,742	187,353	-	-
Total on-balance sheet exposures	3,168,919	1,892,522	238,665	481,742	187,353	-	-
<u>Undrawn commitments</u>							
Corporate	-	24,360	21,330	6,114	421	-	-
Total undrawn commitments	-	24,360	21,330	6,114	421	-	-
<u>Derivatives</u>							
Sovereign	-	-	-	-	-	-	-
Bank	-	25,805	1,193	-	-	-	-
Corporate	-	-	32	1,582	18,313	-	-
Total derivatives	-	25,805	1,225	1,582	18,313	-	-
<u>Contingent</u>							
Corporate	-	208	80	272,305	-	-	-
Total contingent	-	208	80	272,305	-	-	-
Exposure weighted average LGD (%)							
Sovereign	26.54%	-	-	-	-	-	-
Bank	26.20%	26.20%	26.20%	-	-	-	-
Corporate	-	35.25%	58.94%	26.65%	13.78%	-	-
Exposure weighted average risk weight (%)							
Sovereign	4.93%	-	-	-	-	-	-
Bank	4.68%	8.09%	28.01%	-	-	-	-
Corporate	-	10.46%	47.45%	67.59%	45.62%	-	-

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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 2011	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	2,870,513	-	-	-	-	-	-
Bank	119,347	40,214	-	-	-	-	-
Corporate	-	55,651	254,915	624,305	79,796	-	-
Total on-balance sheet exposures	2,989,860	95,865	254,915	624,305	79,796	-	-
<u>Undrawn commitments</u>							
Corporate	-	23,002	26,660	6,856	125	-	-
Total undrawn commitments	-	23,002	26,660	6,856	125	-	-
<u>Derivatives</u>							
Sovereign	-	-	-	-	-	-	-
Bank	-	33,418	-	3,332	-	-	-
Corporate	-	-	-	25,433	-	-	-
Total derivatives	-	33,418	-	28,765	-	-	-
<u>Contingent</u>							
Corporate	-	-	25,271	276,425	-	-	-
Total contingent	-	-	25,271	276,425	-	-	-
Exposure weighted average LGD (%)							
Sovereign	26.57%	-	-	-	-	-	-
Bank	26.20%	24.91%	-	26.20%	-	-	-
Corporate	-	51.67%	52.01%	26.62%	21.86%	-	-
Exposure weighted average risk weight (%)							
Sovereign	4.98%	-	-	-	-	-	-
Bank	4.68%	8.85%	-	49.90%	-	-	-
Corporate	-	21.01%	43.52%	67.45%	74.70%	-	-

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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 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>							
Residential mortgage	43	25,000	25,679	263,191	47,245	27,290	7,007
Other retail	9,707	4,990	4,717	416,460	587,965	259,566	72,633
Total on-balance sheet exposures	9,750	29,990	30,396	679,651	635,210	286,856	79,640
<u>Undrawn commitments</u>							
Residential mortgage	-	-	-	160,787	2,506	300	26
Other retail	-	-	-	16,688	10,161	562	-
Total undrawn commitments	-	-	-	177,475	12,667	862	26
Exposure weighted average LGD (%)							
Residential mortgage	12.33%	12.27%	12.28%	12.67%	12.57%	13.25%	20.82%
Other retail	18.58%	19.68%	22.89%	90.03%	93.53%	93.95%	85.26%
Exposure weighted average risk weight (%)							
Residential mortgage	3.53%	6.32%	8.63%	23.52%	45.49%	70.04%	115.12%
Other retail	3.46%	10.17%	14.27%	120.23%	145.75%	203.20%	240.90%

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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 2011	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>							
Residential mortgage	45	28,536	22,554	250,449	37,452	24,066	7,566
Other retail	11,801	7,697	6,959	393,413	655,917	229,934	58,515
Total on-balance sheet exposures	11,846	36,233	29,513	643,862	693,369	254,000	66,081
<u>Undrawn commitments</u>							
Residential mortgage	-	-	-	11,752	338	409	27
Other retail	9	-	-	18,476	9,500	1,106	-
Total undrawn commitments	9	-	-	30,228	9,838	1,515	27
Exposure weighted average LGD (%)							
Residential mortgage	12.32%	12.28%	12.32%	12.64%	12.67%	13.56%	20.65%
Other retail	20.94%	21.09%	25.38%	89.31%	93.97%	94.22%	83.67%
Exposure weighted average risk weight (%)							
Residential mortgage	2.99%	5.75%	8.12%	19.86%	44.69%	68.94%	113.66%
Other retail	3.61%	10.90%	15.88%	119.56%	146.34%	204.31%	247.34%

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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 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>							
Residential mortgage	124,522	86,711	103,143	37,998	43,081	-	-
Other retail	19,415	10,829	1,095	27,640	1,164,720	132,339	-
Total on-balance sheet exposures	143,937	97,540	104,238	65,638	1,207,801	132,339	-
<u>Undrawn commitments</u>							
Residential mortgage	229	37	5,159	157,109	1,085	-	-
Other retail	-	-	13,557	340	13,489	25	-
Total undrawn commitments	229	37	18,716	157,449	14,574	25	-
Exposure weighted average risk weight (%)							
Residential mortgage	9.96%	18.44%	27.20%	32.28%	74.09%	-	-
Other retail	7.81%	17.32%	34.51%	81.02%	149.37%	231.62%	-

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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 2011	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>							
Residential mortgage	133,928	83,493	91,918	25,037	36,292	-	-
Other retail	26,457	14,617	2,634	18,282	1,193,698	108,548	-
Total on-balance sheet exposures	160,385	98,110	94,552	43,319	1,229,990	108,548	-
<u>Undrawn commitments</u>							
Residential mortgage	654	599	10,511	68	694	-	-
Other retail	9	11	12,085	244	16,435	307	-
Total undrawn commitments	663	610	22,596	312	17,129	307	-
Exposure weighted average risk weight (%)							
Residential mortgage	9.91%	18.83%	28.55%	45.18%	76.21%	-	-
Other retail	8.96%	18.45%	35.12%	89.16%	148.82%	236.72%	-

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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 2012					
Income producing real estate					
- Total exposures	-	50,600	57,116	-	-
- Risk weighted assets		45,540	65,683	-	-
31 December 2011					
Income producing real estate					
- Total exposures	-	51,087	57,109	-	-
- Risk weighted assets		45,978	65,675	-	-

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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 2012	Corporates*	Regulatory retail	Residential mortgages	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk weights						
0%	-	-	-	10,608	10,608	-
20%	-	-	-	-	-	-
35%	-	-	-	-	-	-
75%	-	231,387	-	-	231,387	173,540
100%	160,489	-	-	65,938	226,427	226,427
150%	-	136	-	-	136	204
Total exposures	160,489	231,574	-	76,546	468,609	400,197
Risk-weighted assets by exposures	160,489	173,770	-	65,938	400,197	
Average risk weight	100.0%	75.0%	-	86.1%	85.4%	
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 2011	Corporates*	Regulatory retail	Residential mortgages	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk weights						
0%	-	-	-	11,627	11,627	-
20%	-	-	-	-	-	-
35%	-	-	8	-	8	3
75%	-	58,500	-	-	58,500	43,875
100%	111,211	-	-	67,174	178,385	178,385
150%	-	215	-	-	215	323
Total exposures	111,211	58,715	8	78,801	248,735	222,586
Risk-weighted assets by exposures	111,211	44,198	3	67,174	222,586	
Average risk weight	100.0%	75.3%	37.5%	85.2%	89.5%	
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 2012 RM'000	Individual impairment provisions held as at 1 January 2012 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 2012 RM'000
30 June 2012					
Financing and advances to individuals					
Mortgages	465	2,091	1,201	(1,169)	2,123
Others	45,734	339	29,919	(29,552)	706
Small and medium enterprises and others	1,085	79	-	-	79
Consumer Banking	47,284	2,509	31,120	(30,721)	2,908
Agriculture	18	-	-	-	-
Mining and quarrying	11	-	-	-	-
Manufacturing	48	-	-	-	-
Construction	1	-	-	-	-
Real estate	37	-	-	-	-
Wholesale & retail trade and restaurants & hotels	29	-	-	-	-
Transportation, storage and communication	19	-	-	-	-
Finance, insurance/takaful and business services	39	-	-	-	-
Others	6	-	-	-	-
Wholesale Banking	208	-	-	-	-

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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 2011	Collective impairment provisions as at 31 December 2011 RM'000	Individual impairment provisions held as at 1 January 2011 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 2011 RM'000
Financing and advances to individuals					
Mortgages	508	1,285	4,293	(3,487)	2,091
Others	42,812	341	48,063	(48,065)	339
Small and medium enterprises and others	485	79	-	-	79
Consumer Banking	43,805	1,705	52,356	(51,552)	2,509
Agriculture	4	-	-	-	-
Mining and quarrying	10	-	-	-	-
Manufacturing	32	-	-	-	-
Construction	1	-	-	-	-
Real estate	17	-	-	-	-
Wholesale & retail trade and restaurants & hotels	13	-	-	-	-
Transportation, storage and communication	10	-	-	-	-
Finance, insurance/takaful and business services	9	-	-	-	-
Others	1	-	-	-	-
Wholesale Banking	97	-	-	-	-

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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 2012 RM'000	31 December 2011 RM'000
Financing and advances to individuals		
Mortgages	189,127	160,811
Others	108,431	75,241
Small and medium enterprises and others	46,008	30,570
Consumer Banking	<u>343,566</u>	<u>266,622</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 2012 RM'000	31 December 2011 RM'000
Malaysia	343,566	266,622
Others	-	-
	<u>343,566</u>	<u>266,622</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 2012			
Gross impaired financing and advances	25,794	-	25,794
Individual impairment provisions	2,908	-	2,908
Collective impairment provisions	47,492	-	47,492
31 December 2011			
Gross impaired financing and advances	18,510	-	18,510
Individual impairment provisions	2,509	-	2,509
Collective impairment provisions	43,902	-	43,902

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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 2012					
Direct credit substitutes	4,283	-	-	4,283	2,637
Transaction related contingent items	60,810	-	-	53,880	14,608
Short term self liquidating trade related contingencies	223,222	-	-	220,534	76,711
Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	-	-	-	-	-
Foreign exchange related contracts					
<i>One year or less</i>	530,364	10,593	10,607	14,594	1,822
<i>Over one year to five years</i>	-	-	-	-	-
Profit rate related contracts					
<i>One year or less</i>	300,000	563	154	1,313	338
<i>Over one year to five years</i>	258,000	6,703	6,703	14,443	31,157
<i>Over five years</i>	265,228	517	517	16,575	2,013
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	474,722	-	-	89,810	76,975
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	866,320	-	-	210,023	73,773
	<u>2,982,949</u>	<u>18,376</u>	<u>17,981</u>	<u>625,455</u>	<u>280,034</u>
31 December 2011					
Direct credit substitutes	6,398	-	-	6,245	3,751
Transaction related contingent items	50,090	-	-	47,102	12,267
Short term self liquidating trade related contingencies	250,873	-	-	249,640	75,666
Financing of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	-	-	-	-	-
Foreign exchange related contracts					
<i>One year or less</i>	328,431	11,216	11,208	18,764	3,817
<i>Over one year to five years</i>	-	-	-	-	-
Profit rate related contracts					
<i>Over one year to five years</i>	577,111	8,867	8,194	22,952	34,405
<i>Over five years</i>	284,339	491	491	20,467	2,437
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	297,783	-	-	27,200	27,568
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	876,835	-	-	76,723	41,618
	<u>2,671,860</u>	<u>20,574</u>	<u>19,893</u>	<u>469,093</u>	<u>201,529</u>

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2.0. Credit risk (continued)

2.7 Actual losses

The table below shows net individual impairment charges as at 31 December 2011 versus net individual impairment charges raised as at 30 June 2012 for IRB exposure classes.

	30 June 2012	31 December 2011
	Net individual impairment charges RM'000	Net individual impairment charges RM'000
	1,570	4,293
	29,550	48,063
	31,120	52,356

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:-

30 June 2012	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	9,476	(109,473)
US Dollar	965	(196)
Euro	(536)	13
Pound Sterling	1,290	4,230
Japanese Yen	(146)	4

31 December 2011	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	5,081	(96,442)
US Dollar	2,618	(494)
Euro	(402)	11
Pound Sterling	489	(7)
Japanese Yen	(129)	4

4.0 Shariah non-compliant events and income

During the financial period, there were two (2011: five) Shariah non-compliant events being detected. None of these events have resulted in Shariah non-compliant income.

5.0 Comparative figures

On 1 January 2012, the Bank adopted Malaysian Financial Reporting Standards ("MFRSs") in the Bank's interim financial statements. This transition to MFRSs has affected the reported financial position, financial performance and cash flows of the Bank as provided in Note 28 to the interim financial statements for the financial half year ended 30 June 2012. As a result, certain comparative figures in this document have been revised to conform with changes arising from the adoption of MFRSs.

**Standard Chartered Saadiq Berhad
Pillar 3 disclosures**

In accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3), we 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 2012 are consistent with the manner in which the Bank assesses and manages its risk, and are not misleading in any particular way.

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Wasim Akhtar Saifi
Chief Executive Officer

Date: 5 September 2012