

---

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries**

**Pillar 3 Disclosures  
31 December 2017**

---



Incorporated in Malaysia with registered Company No. 115793P

***Level 16, Menara Standard Chartered  
No. 30, Jalan Sultan Ismail 50250 Kuala Lumpur***

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**1. Overview**

This document describe the Standard Chartered Bank Malaysia Berhad ("the Bank") and its subsidiaries ("the Group")'s risk profile, risk management practises and capital adequacy position in accordance with the disclosure requirements as outlined in the Risk-Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3) issued by Bank Negara Malaysia (BNM).

**Basel II**

The Basel Committee on Banking Supervision ("BCBS") published a framework for International Convergence of Capital Measurement and Capital Standards (commonly referred to as 'Basel II'), which replaced the original 1988 Basel I Accord. Basel II is structured around three 'pillars' which are outlined below:

- Pillar 1 sets out minimum regulatory capital requirements – the minimum amount of regulatory capital banks must hold against the risks they assume;
- Pillar 2 sets out the key principles for supervisory review of a bank’s risk management framework and its capital adequacy. It sets out specific oversight responsibilities for the Board of Directors ("the Board") and senior management, thus reinforcing principles of internal control and other corporate governance practices; and
- Pillar 3, covered in the supplementary financial information (unaudited), aims to bolster market discipline through enhanced disclosure by banks.

Basel II provides three credit risk approaches of increasing sophistication, namely, The Standardised Approach ("TSA"), the Foundation Internal Ratings Based Approach ("FIRB") and the Advanced Internal Ratings Based Approach ("AIRB").

In Malaysia, the Capital Adequacy Framework (Basel II - Risk Weighted Assets) came into effect on 1 January 2013, last updated on 2 February 2018. The framework (previously known as Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) sets out the requirements on the computation of the risk-weighted assets developed based on the Basel Committee on Banking Supervision (BCBS) and the Islamic Financial Services Board (IFSB) papers "International Convergence of Capital Measurement and Capital Standards: A Revised Framework issued in June 2006 and the "Capital Adequacy Standard (CAS)" issued in December 2005, respectively. The framework forms part of the overall Capital Adequacy Framework, hence should be read alongside the Capital Adequacy Framework (Capital Components).

Bank Negara Malaysia ("BNM") has formally approved Standard Chartered Bank Malaysia Berhad ("SCBMB") and Standard Chartered Saadiq Berhad ("SCSB") to use the AIRB for calculating and reporting credit risk regulatory capital in June 2010. As a result, since July 2010 regulatory capital submission, SCBMB and SCSB have been using AIRB for calculating and reporting the credit risk capital requirement. Formal approvals (SCBMB in Nov 2009 and SCSB in May 2013) were also obtained from BNM for the use of TSA for calculating and reporting operational risk. SCBMB and SCSB started using TSA for calculating and reporting the operational risk capital requirement effective July 2010 and September 2013, respectively.

The following summarise the approaches adopted by the Group

<b>Risk Type</b>	<b>Approach Adopted</b>
1. Credit	Advanced Internal Ratings-Based Approach
2. Market	The Standardised Approach
2. Operational	The Standardised Approach

**Scope of application**

The Pillar 3 disclosures are prepared for the Group. The Group offers Islamic banking financial services via the Bank's wholly owned subsidiary company, Standard Chartered Saadiq Berhad. The accounting policy for consolidation is provided in Note 2(a) of the Group's financial statements for the financial year ended 31 December 2017 ("the financial statements"). All subsidiaries are fully consolidated and the treatment is the same for both regulatory and accounting purposes.

The Group is not aware of any material, practical impediments to the prompt transfer of capital resources in excess of those required for regulatory purposes or repayment of intercompany loans and advances.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**2. Capital management**

The Group's capital position is in line with Board-approved risk appetite. The Group is well capitalised with loss absorbing capacity.

Details of the Group's capital management approach are disclosed in Note 45(i) of the Group's financial statements, while details of regulatory capital structure and main features of capital instruments of the Group are disclosed in Note 21 and Note 46 of the financial statements. All ordinary shares in issue confer identical rights in respect of capital, dividends and voting.

**3. Risk management**

Risk management is the set of end-to-end activities through which we make risk-taking decisions and we control and optimize the risk-return profile of the Group. It is a Group-wide activity and starts right at the front-line. The management of risk lies at the heart of the Group's business. Effective risk management is a central part of the financial and operational management of the Group and fundamental to our ability to generate profits consistently and maximize the interests of shareholders and other stakeholders.

Our risk management framework, principles and governance are disclosed in Note 38 of the Group's financial statements.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**4. Regulatory capital requirement**

**Disclosure on capital adequacy under the Standardised and IRB approach**

<b>Group 31 December 2017 Exposure class</b>	<b>Gross exposures RM'000</b>	<b>Net exposures RM'000</b>	<b>Risk weighted assets RM'000</b>	<b>Minimum capital requirement at 8% RM'000</b>
<b>(a) Credit risk</b>				
<u>Exposures under the Standardised approach</u>				
On-balance sheet exposures:				
Banks, development financial institutions & multilateral development banks ("MDBs")	58,433	58,433	1,444	116
Corporates	263,762	252,211	252,211	20,177
Regulatory retail	430,616	380,798	313,292	25,063
Residential mortgages	11,159	11,159	3,906	312
Other assets	828,178	819,564	727,475	58,198
Defaulted exposures	38,044	36,568	49,511	3,961
Total on-balance sheet exposures	1,630,192	1,558,733	1,347,839	107,827
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	54,873	29,603	29,026	2,322
Defaulted exposures	224	224	336	27
Total off-balance sheet exposures	55,097	29,827	29,362	2,349
Total on and off-balance sheet exposures	1,685,289	1,588,560	1,377,201	110,176
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	7,658,676	7,658,676	1,294,475	103,558
Banks, development financial institutions & multilateral development banks ("MDBs")	4,428,228	4,533,235	763,552	61,084
Insurance companies, securities firms & fund managers	178,180	202,727	19,368	1,549
Corporates	8,622,264	8,557,257	7,543,849	603,508
Residential mortgages	11,455,434	11,455,434	1,759,990	140,799
Qualifying revolving retail exposures	1,813,566	1,813,566	1,060,773	84,862
Other retail	3,605,622	3,541,075	1,550,349	124,028
Defaulted exposures	1,711,957	1,711,957	4,021,816	321,745
Total on-balance sheet exposures	39,473,927	39,473,927	18,014,172	1,441,133
Off-balance sheet exposures:				
OTC derivatives	5,472,459	5,472,459	1,897,850	151,828
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	10,375,082	10,375,082	4,325,674	346,054
Defaulted exposures	55,100	55,100	60,588	4,847
Total off-balance sheet exposures	15,902,641	15,902,641	6,284,112	502,729
Total on and off-balance sheet exposures	55,376,568	55,376,568	24,298,284	1,943,862
<b>(b) Large exposures risk requirement</b>				
	-	-	-	-
<b>(c) Market risk (Standardised approach)</b>				
Interest rate risk	23,259,814	29,810,467	877,522	70,202
Foreign currency risk	66,223,215	66,405,161	962,249	76,980
Options risk	2,032,585	1,993,617	39,791	3,183
<b>(d) Operational risk (Standardised approach)</b>				
			3,242,662	259,413
<b>Total RWA and capital requirements</b>			<b>30,797,709</b>	<b>2,463,816</b>
<u>CET1, Tier 1 and Total Capital ratios</u>				
			Before proposed dividend	After proposed dividend
CET 1 capital ratio			13.143%	12.795%
Tier 1 capital ratio			14.377%	14.029%
Total capital ratio			17.797%	17.449%

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**4. Regulatory capital requirement (continued)**

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

Group 31 December 2016 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Minimum capital requirement at 8% RM'000
<b>(a) Credit risk</b>				
<u>Exposures under the Standardised approach</u>				
On-balance sheet exposures:				
Corporates	290,491	274,244	272,415	21,793
Regulatory retail	287,034	234,158	220,034	17,603
Residential mortgages	12,382	12,382	4,334	347
Other assets	609,830	604,388	453,504	36,280
Defaulted exposures	34,814	32,874	65,152	5,212
Total on-balance sheet exposures	1,234,551	1,158,046	1,015,439	81,235
Off-balance sheet exposures:				
OTC derivatives	33	-	-	-
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	112,751	88,258	88,172	7,054
Defaulted exposures	236	236	354	28
Total off-balance sheet exposures	113,020	88,494	88,526	7,082
Total on and off-balance sheet exposures	1,347,571	1,246,540	1,103,965	88,317
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	6,035,427	6,035,427	1,120,726	89,658
Banks, development financial institutions & multilateral development banks ("MDBs")	5,763,930	5,870,764	998,215	79,857
Insurance companies, securities firms & fund managers	312,754	348,601	90,497	7,240
Corporates	9,386,073	9,314,980	8,572,494	685,800
Residential mortgages	11,860,672	11,860,672	1,817,320	145,386
Qualifying revolving retail exposures	1,798,930	1,798,930	1,097,952	87,836
Other retail	4,027,875	3,956,287	1,786,882	142,951
Defaulted exposures	1,721,891	1,721,891	3,186,630	254,930
Total on-balance sheet exposures	40,907,552	40,907,552	18,670,716	1,493,658
Off-balance sheet exposures:				
OTC derivatives	8,050,480	8,050,480	2,177,204	174,177
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	10,805,363	10,805,363	4,726,439	378,115
Defaulted exposures	50,917	50,917	10,171	814
Total off-balance sheet exposures	18,906,760	18,906,760	6,913,814	553,106
Total on and off-balance sheet exposures	59,814,312	59,814,312	25,584,530	2,046,764
<b>(b) Large exposures risk requirement</b>				
	-	-	-	-
<b>(c) Market risk (Standardised approach)</b>				
Interest rate risk	31,069,267	29,625,653	682,188	54,575
Foreign currency risk	60,484,588	60,262,038	38,777	3,102
Options risk	4,447,836	4,445,300	177,186	14,175
<b>(d) Operational risk (Standardised approach)</b>				
			3,344,050	267,524
<b>Total RWA and capital requirements</b>			<b>30,930,696</b>	<b>2,474,457</b>
<u><b>CET1, Tier 1 and Total Capital ratios</b></u>				
			Before proposed dividend	After proposed dividend
CET 1 capital ratio			12.365%	12.002%
Tier 1 capital ratio			13.594%	13.230%
Total capital ratio			17.107%	16.744%

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**4. Regulatory capital requirement (continued)**

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

Bank 31 December 2017 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Minimum capital requirement at 8% RM'000
<b>(a) Credit risk</b>				
<u>Exposures under the Standardised approach</u>				
On-balance sheet exposures:				
Banks, development financial institutions & MDBs	58,433	58,433	1,444	116
Corporates	262,158	250,607	250,607	20,049
Regulatory retail	313,914	264,096	198,326	15,866
Residential mortgages	10,820	10,820	3,787	303
Other assets	752,210	743,596	654,589	52,367
Defaulted exposures	23,962	22,486	33,663	2,693
Total on-balance sheet exposures	1,421,497	1,350,038	1,142,416	91,394
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	49,554	25,706	25,145	2,012
Defaulted exposures	224	224	336	27
Total off-balance sheet exposures	49,778	25,930	25,481	2,039
Total on and off-balance sheet exposures	1,471,275	1,375,968	1,167,897	93,433
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	6,753,787	6,753,787	1,184,010	94,721
Banks, development financial institutions & MDBs	6,110,214	6,215,221	1,285,138	102,811
Insurance companies, securities firms & fund managers	178,180	202,727	19,368	1,549
Corporates	7,272,734	7,207,695	6,359,671	508,774
Residential mortgages	8,867,236	8,867,236	1,362,005	108,960
Qualifying revolving retail exposures	1,813,566	1,813,566	1,060,773	84,862
Other retail	2,921,806	2,857,291	1,352,165	108,173
Defaulted exposures	1,629,480	1,629,480	3,798,017	303,841
Total on-balance sheet exposures	35,547,003	35,547,003	16,421,147	1,313,691
Off-balance sheet exposures:				
OTC derivatives	5,662,971	5,662,971	2,000,878	160,070
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	9,879,632	9,879,632	4,010,364	320,829
Defaulted exposures	55,091	55,091	60,574	4,846
Total off-balance sheet exposures	15,597,694	15,597,694	6,071,816	485,745
Total on and off-balance sheet exposures	51,144,697	51,144,697	22,492,963	1,799,436
<b>(b) Large exposures risk requirement</b>				
	-	-	-	-
<b>(c) Market risk (Standardised approach)</b>				
	<b>Long position</b>	<b>Short position</b>		
Interest rate risk	23,259,814	29,810,467	877,522	70,202
Foreign currency risk	66,223,215	66,405,161	962,249	76,980
Options risk	2,032,585	1,993,617	39,791	3,183
<b>(d) Operational risk (Standardised approach)</b>			3,124,905	249,992
<b>Total RWA and capital requirements</b>			<b>28,665,327</b>	<b>2,293,226</b>

**CET1, Tier 1 and Total Capital ratios**

	Before proposed dividend	After proposed dividend
CET 1 capital ratio	12.224%	11.586%
Tier 1 capital ratio	13.550%	12.927%
Total capital ratio	16.520%	15.739%

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**4. Regulatory capital requirement (continued)**

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

Bank 31 December 2016 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Minimum capital requirement at 8% RM'000
<b>(a) Credit risk</b>				
<u>Exposures under the Standardised approach</u>				
On-balance sheet exposures:				
Corporates	258,170	241,923	240,094	19,208
Regulatory retail	99,044	46,168	35,067	2,805
Residential mortgages	12,031	12,031	4,211	337
Other assets	535,785	530,343	382,847	30,628
Defaulted exposures	27,840	25,900	56,346	4,508
Total on-balance sheet exposures	932,870	856,365	718,565	57,486
Off-balance sheet exposures:				
OTC derivatives	33	-	-	-
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	74,460	51,517	51,434	4,115
Defaulted exposures	236	236	354	28
Total off-balance sheet exposures	74,729	51,753	51,788	4,143
Total on and off-balance sheet exposures	1,007,599	908,118	770,353	61,629
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	5,269,484	5,269,484	1,027,223	82,178
Banks, development financial institutions & MDBs	8,682,769	8,789,603	1,634,865	130,789
Insurance companies, securities firms & fund managers	184,059	219,906	41,955	3,356
Corporates	7,874,710	7,803,573	7,135,605	570,848
Residential mortgages	9,107,587	9,107,587	1,379,645	110,372
Qualifying revolving retail exposures	1,798,930	1,798,930	1,097,952	87,836
Other retail	3,173,521	3,101,977	1,451,858	116,149
Defaulted exposures	1,612,884	1,612,884	2,904,099	232,328
Total on-balance sheet exposures	37,703,944	37,703,944	16,673,202	1,333,856
Off-balance sheet exposures:				
OTC derivatives	8,338,151	8,338,151	2,288,367	183,069
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	10,214,841	10,214,841	4,487,710	359,017
Defaulted exposures	50,690	50,690	9,939	795
Total off-balance sheet exposures	18,603,682	18,603,682	6,786,016	542,881
Total on and off-balance sheet exposures	56,307,626	56,307,626	23,459,218	1,876,737
<b>(b) Large exposures risk requirement</b>				
	-	-	-	-
<b>(c) Market risk (Standardised approach)</b>				
	<b>Long position</b>	<b>Short position</b>		
Interest rate risk	31,069,267	29,625,653	682,188	54,575
Foreign currency risk	60,484,588	60,262,038	38,777	3,102
Options risk	4,447,836	4,445,300	177,186	14,175
			3,195,375	255,630
<b>(d) Operational risk (Standardised approach)</b>				
<b>Total RWA and capital requirements</b>			<b>28,323,097</b>	<b>2,265,848</b>

**CET1, Tier 1 and Total Capital ratios:**

	Before proposed dividend	After proposed dividend
CET 1 capital ratio	11.983%	11.586%
Tier 1 capital ratio	13.324%	12.927%
Total capital ratio	16.161%	15.764%

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk**

Credit risk is the potential for loss due to the failure of a counterparty to meet its obligations to pay the bank in accordance with agreed terms. Credit exposures may arise from both the banking and trading book. Credit risk is managed through a framework which sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and the approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework.

Our credit risk management policies, governance and reporting & measurement system are disclosed in Note 38(b) of the Group's financial statements.

The Group uses the Internal Ratings Based ("IRB") approach to manage credit risk for the majority of its portfolios. This allows the Group to use its own internal estimates of Probability of Default ("PD"), Loss Given Default ("LGD"), Residual Maturity, Exposure at Default ("EAD") and Credit Conversion Factor ("CCF") to determine an asset risk-weighting. TSA is applied to portfolios that are classified as permanently exempt from the IRB approach, and those portfolios that are currently under transition to the IRB approach or too small an exposure for IRB model built. The development, use and governance of models under the IRB approach is covered in more detail in Section 5(i).

**(i) Internal Ratings Based models**

The overall governance and development process for the Group's IRB models are consistent across all portfolios.

The table below provides the Group's and the Bank's portfolio under IRB models:

<b>Portfolio</b>	<b>Exposure</b>
Sovereign and Central Bank	Central Government, Central Government department, Central banks, Entities owned or guaranteed by Central Government
Bank, DFIs and MDBs	Bank, Finance & Leasing, Life insurance, Non-life insurance, Broker dealer, Funds managers
Corporates	Large Corporate, Mid Corporate, Emerging Middle Market, Commodity Traders & Buyers, Medium Enterprise, Small Business
Residential Mortgages	Retails Clients Residential Mortgage
Qualifying revolving retail exposures	Retail Clients Credit card
Other retail exposures	Corporate SME (including Business & Commercial Clients) property lending, Corporate SME (including Business & Commercial Clients) lending, Personal financing, and residential properties under construction

Model governance

All IRB Models are developed by Group Risk Measurement ("GRM"). Both new and existing models, as well as changes to existing models, are subject to independent validation by the Group Model Validation ("GMV") and are reviewed and approved by the Group Credit Model Assessment Committee ("CMAC") and the Group Stress Testing Committee. GRM and GMV are separate departments within the Group Risk.

The performance of existing IRB models, including actual against predicted metrics, is monitored regularly by GRM and reported to Group CMAC on a quarterly basis. In addition, existing models are subject to annual independent validation by GMV. The Group CMAC sets out internal standards for model development, validation and performance monitoring.

Group Internal Audit is responsible for carrying out independent audit reviews of IRB models development, validation, approval and monitoring.

As part of local governance, IRB model development and validation findings are subjected to local Executive Risk Committee ("ERC") and local Board Risk Committee ("BRC") review, endorsement and recommendation to the Board for adoption or approval. These decision making bodies are comprised of senior management whose role is to review model assumptions, performance, local regulatory requirements, agree on appropriate model use for local business decision making and capital reporting.



**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**(i) Internal Ratings Based models (continued)**

Probability of Default

Standard Chartered PLC Group employs a variety of techniques to develop its PD models. PDs are estimated based on one of the three industry standard approaches, namely the good-bad approach where a sufficient number of internal defaults is available, the shadow-bond approach where there are not sufficient internal defaults but there are external ratings for a large number of obligors, or the constrained expert judgement approach where neither internal defaults nor external ratings are available.

In Corporate and Institutional Banking ("CIB"), the largest portfolios are rated based on the shadow bond approach (Sovereigns, Banks, Corporates) or the good-bad approach (Mid-Corporates). Central governments and Central Banks are rated using the sovereign model, and institutions are rated using models depending on their line of business. Corporate clients are differentiated by their annual sales turnover and rated using one of the corporate models, unless they are classified under specialised lending.

PD models for retail clients under each asset class are developed based on the good-bad approach. The main drivers of retail PD models are the application and behavioural scores. The application scores are computed at the point of origination and used for approval decisions, while behavioural scores are updated monthly using customer behaviour and transaction data, and are used for portfolio management. PD models are also segmented by other drivers such as months-on-book and delinquency status.

Loss Given Default

The CIB LGD model is a parameter based model which takes into account risk drivers such as portfolio segment, product, credit grade of the obligor and collateral attached to the exposure. The model is calibrated based on downturn experience. Regulatory floors are applied to unsecured LGD for Sovereign and to secured facilities.

LGD for retail portfolio follow two approaches:

- i) LGDs for unsecured products are based on historical loss experience of defaults during a downturn; these are portfolio specific LGD estimates segmented by default status (including restructuring).
- ii) LGDs for secured products are parameter based estimates mainly driven by how the default is resolved (cure, sale or charge-off).

Exposure at Default

EAD takes into consideration the potential drawdown of a commitment as an obligor defaults by estimating the CCF of undrawn commitments. EAD for corporate and institutional clients is determined on a global basis, while the commercial and retail EAD is dependent on country product data.

The corporate and institutional EAD model has adopted the momentum approach to estimate the CCF, with the type of facility being one of the key drivers of CCF. EAD for retail products differs between revolving products and term products. For revolving products, EAD is computed by estimating the CCF of the undrawn commitments. For term products, EAD is set at the outstanding balance plus any undrawn portion.

Model use

IRB models cover a substantial majority of the Group's loans and are used extensively in assessing risks at customer and portfolio level, setting strategy and optimising the risk-return decisions. The Group makes use of internal estimates of PD, LGD and EAD in the areas of credit approval and decision; pricing; limit setting; provisioning; economic capital calculation and risk appetite. Key inputs used in the assessment of business and market variables for setting Risk Appetite includes but not limited to consideration of risk based methodologies such as IRB parameters.

Section 5.3 provides further analysis on the Group's and the Bank's credit risk exposures under the IRB approach.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**(i) Internal Ratings Based models (continued)**

**Corporates, Institutional and Commercial model results**

Internal Ratings Based models were developed from a dataset that spans at least a full business cycle. The data has been used to calibrate estimates of PD to the Group's long run experience. Actual ('point in time') default rates will typically differ from this 'through the cycle' experience as economies move above or below cyclical norms.

**Probability of Default**

Estimates of PD are computed as of 31 December 2016 and are compared with default observations through 31 December 2017. The historical default experience for institutions, central governments or central banks is minimal, so the predicted PD reflects a particularly low number of defaults. For institutions and central governments or central banks, there were no defaults during 2017. The actual default rates for corporate exposures in 2017 remained below IRB model predictions as at the beginning of 2017, reflecting the impact of the Group's prudent and proactive credit management.

**Loss Given Default**

The calculation of realised versus predicted LGD is affected by the fact that it may take a number of years for the workout process to be completed. As such, an observed recovery value cannot be assigned to the majority of the 2017 defaults, making it meaningless to compare realised versus predicted outcomes in a manner similar to that for PD and EAD. To address this, for corporates and institutions we have adopted an approach based on a four-year rolling period of predicted and realised LGD, which for the current reporting year includes 2014 to 2017 defaults that have completed their workout process as at the end of 2017. This approach compares the four-year rolling predicted LGD, providing the predicted outcome of these resolved defaults one year prior to default, against the realised LGD for the same set of defaults. These two figures are fully comparable, providing thereby a meaningful assessment of LGD model performance. However, for corporates, there were no defaulted cases from 2014 to 2017 which were resolved in 2017, making it therefore not meaningful to compute the realized versus predicted outcomes for this period. Similarly for central governments or central banks and institutions, no values are provided reflecting the fact that there were no defaults in the past four years with completed workout as of December 2017.

**Exposure at Default**

EAD takes into consideration the potential drawdown of a commitment as an obligor defaults by estimating the Credit Conversion Factor (CCF) of undrawn commitments. For assets which defaulted in 2017, the comparison of realised versus predicted EAD is summarised in the ratio of EAD one year prior to default to the outstanding amount at time of default. A ratio larger than one indicates that the predicted EAD is higher than the realised outstanding amount at default. This is explained by the regulatory guidance to assign conservatism to the CCF of certain exposure types and to calibrate the models to downturn conditions, as well as by the impact of management action leading to a reduction in actual exposure prior to default.

Corporate SME observed default is lower than the predicted PD. Predicted PD was computed as at 31 December 2016 and compared to the actual default observations over a one year period ended 31 December 2017. Portfolio size remained stable and default pool has been minimal, as such the observed default rate is lower than the predicted default rate. The observed LGD was calculated based on actual recoveries during the 2015 to 2017 period for existing non-defaults as of December 2013 where defaulted in 2014 and further segmented by secured and unsecured. Realised LGDs are lower than the predicted values for SME Mortgage and SME Lending. The ratios for EAD model are larger than one, indicating that the predicted EAD is higher than the realised outstanding amount at default.

**Group**

	<b>Predicted PD %</b>	<b>Observed PD %</b>	<b>Predicted LGD %</b>	<b>Realised LGD %</b>	<b>Predicted EAD/ Realised EAD</b>
<b>IRB exposures</b>					
Central governments or central banks	0.0%	0.0%	N/A	N/A	N/A
Corporates	1.6%	0.5%	N/A	N/A	1.0
Institutions	0.9%	0.0%	N/A	N/A	N/A
Corporate SME Mortgage	1.3%	0.9%	16.4%	14.4%	1.0
Corporate SME Lending	5.3%	3.7%	88.1%	87.3%	2.0

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**(i) Internal Ratings Based models (continued)**

**Corporates, Institutional and Commercial model results (continued)**

**Bank**

	<b>Predicted PD %</b>	<b>Observed PD %</b>	<b>Predicted LGD %</b>	<b>Realised LGD %</b>	<b>Predicted EAD/ Realised EAD</b>
<b>IRB exposures</b>					
Central governments or central banks	0.0%	0.0%	N/A	N/A	N/A
Corporates	1.5%	0.5%	N/A	N/A	1.0
Institutions	0.9%	0.0%	N/A	N/A	N/A
Corporate SME Mortgage	1.3%	1.0%	16.4%	14.4%	1.0
Corporate SME Lending	5.1%	3.5%	88.3%	87.2%	1.9

**Retail model results**

Retail models have been developed for majority of its portfolios. Predicted PD was computed as at 31 Dec 2016 and compared to the actual default observation over a one year period ending 31 Dec 2017.

The observed default rates for all asset classes are lower than the predicted PDs.

The realised LGD is calculated based on 12 months default window, recoveries over a 24 months workout period and compared to the predicted LGD. Realised LGDs for the Group are lower than the predicted values for all asset classes, primarily due to the models using "downturn" parameter settings to predict LGD. LGD under predicts for Bank's Other Retail Exposures due to personal loan product, for which model is currently being re-developed.

No material difference between predicted EAD as compared to realised EAD.

**Group**

	<b>Predicted PD %</b>	<b>Observed PD %</b>	<b>Predicted LGD %</b>	<b>Realised LGD %</b>	<b>Predicted EAD/ Realised EAD</b>
<b>IRB exposures</b>					
Residential mortgages	2.8%	1.4%	13.5%	6.6%	1.0
Qualifying revolving retail exposures	2.8%	2.5%	64.9%	61.6%	1.1
Other retail exposures	10.2%	7.1%	82.2%	73.1%	1.1

**Bank**

	<b>Predicted PD %</b>	<b>Observed PD %</b>	<b>Predicted LGD %</b>	<b>Realised LGD %</b>	<b>Predicted EAD/ Realised EAD</b>
<b>IRB exposures</b>					
Residential mortgages	2.9%	1.5%	13.5%	6.6%	1.0
Qualifying revolving retail exposures	2.8%	2.5%	64.9%	61.6%	1.1
Other retail exposures	9.4%	6.8%	76.2%	77.5%	1.1

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**(ii) Actual losses and expected loss**

The tables below show actual and expected net individual impairment charges raised and write off during the financial year of 2017 versus 2016 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 Group or the Bank to either provide for or write-off debts when certain conditions are met. Expected loss ("EL") represents model derived and/or regulatory prescribed estimated of future loss on potential defaults over a one-year time horizon.

**Group**

	31 December 2017		31 December 2016	
	Actual losses RM'000	Expected losses RM'000	Actual losses RM'000	Expected losses RM'000
Sovereigns/Central banks	-	1,771	-	1,411
Banks, development financial institutions & MDBs	-	5,382	-	6,457
Insurance companies, securities firms & fund managers	-	460	-	664
Corporate exposures (excluding specialised lending and firm-size adjustment)	79,194	421,884	99,271	471,797
Corporate exposures (with firm-size adjustment)	26,985	27,067	40,079	39,202
Specialised lending	-	153,119	-	191,586
Retail exposures				
<i>Residential mortgages</i>	46,638	44,480	36,094	45,160
<i>Qualifying revolving retail exposures</i>	73,344	137,219	91,602	139,311
<i>Other retail exposures</i>	162,478	205,012	208,203	224,760
	<b>388,639</b>	<b>996,394</b>	<b>475,249</b>	<b>1,120,348</b>

**Bank**

	31 December 2017		31 December 2016	
	Actual losses RM'000	Expected losses RM'000	Actual losses RM'000	Expected losses RM'000
Sovereigns/Central banks	-	1,562	-	1,234
Banks, development financial institutions & MDBs	-	7,153	-	8,108
Insurance companies, securities firms & fund managers	-	452	-	504
Corporate exposures (excluding specialised lending and firm-size adjustment)	79,194	409,395	99,271	458,024
Corporate exposures (with firm-size adjustment)	24,568	24,040	-	37,304
Specialised lending	-	152,678	40,079	191,586
Retail exposures				
<i>Residential mortgages</i>	34,147	36,216	27,285	36,473
<i>Qualifying revolving retail exposures</i>	73,344	137,219	91,602	139,311
<i>Other retail exposures</i>	120,462	162,094	142,807	164,097
	<b>331,715</b>	<b>930,809</b>	<b>401,044</b>	<b>1,036,641</b>

The lower actual loss as compared to the corresponding year was mainly due to lower retail provisions made during the year.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**(iii) Risk grade profile**

Exposures by internal credit grading

For IRB portfolios, an alphanumeric credit risk-grading system is used in all client or product segment. The grading is based on Standard Chartered PLC Group's internal estimate of PD over a one-year horizon, with customers or portfolios assessed against a range of quantitative and qualitative factors. The numeric grades run from 1 to 14 and some of the grades are further sub-classified. Lower credit grades are indicative of a lower likelihood of default. Credit grades 1 to 12 are assigned to performing customers or accounts, while credit grades 13 and 14 are assigned to non-performing or defaulted customers.

The Group's credit grades are not intended to replicate external credit grades, and ratings assigned by external ratings agencies are not used in determining internal credit grades. Nonetheless, as the factors used to grade a borrower may be similar, a borrower rated poorly by an ECAI is typically expected to be assigned a weak internal credit grade.

As a guide, the table below presents the Group's credit grades corresponding to that of Standard and Poor's credit ratings.

Credit Grade	Standard and Poor's Mapping	
	Corp/NBFIs *	Banks
1A	AAA/AA+	AAA/AA+
1B	AA	AA
2A	AA/AA-	AA-
2B	AA-	A+
3A	A+	A
3B	A	A-/BBB+
4A	A-	BBB
4B	BBB+	BBB/BBB-
5A	BBB	BBB-
5B	BBB-/BB+	BB+
6A	BB+/BB	BB+/BB
6B	BB	BB
7A	BB/BB-	BB/BB-
7B	BB-	BB-
8A	BB-/B+	BB-/B+
8B	B+	B+
9A	B+	B
9B	B+/B	B/B-
10A	B	B-
10B	B/B-	B-
11A	B-	B-/CCC
11B	B-	CCC/C
11C	B-/CCC	CCC/C
12A	CCC/C	CCC/C
12B	CCC/C	CCC/C
12C	CCC/C	CCC/C

\* Represents corporates/non-bank financial institutions.

Credit grades for Retail Banking accounts covered by IRB models are based on a probability of default. These models are based on application and behavioural screcards which make use of credit bureau information as well as Groups' internal data.

IRB models cover a substantial majority of the Group's loans and are used extensively in assessing risks at customer and portfolio level, setting strategy and optimising the Group's risk-return decisions.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**(iii) Risk grade profile (continued)**

Exposures by internal credit grading (continued)

The Group makes use of internal risk estimates of PD, LGD, EL and EAD in the areas of:

- Credit Approval and Decision – The level of authority required for the sanctioning of credit requests and the decision made is based on PD, LGD, EL and EAD of the obligor with reference to the nominal exposure;
- Pricing – In Corporates, Institutional and Commercial Banking, a pre-deal pricing calculator is used which takes into consideration PD, LGD and EAD in the calculation of expected loss and risk weighted assets, is used for the proposed transactions to ensure appropriate return. Retail Banking pricing considers obligor's risk profile (as it takes into account the loan size and customer segment), pricing regulations if any, and competition in the market place;
- Limit Setting – In retail and commercial segments, portfolio limits are based on recession loss. In Corporates, Institutional and Commercial Banking, single name concentration limits are determined by PD, LGD and EAD. The limits operate on a sliding scale to ensure that the Group does not have over concentration of low credit quality assets;
- Provisioning – Collective Impairment Provision ("CIP") are raised at the portfolio level and are set with reference to expected loss which is based on PD, LGD and EAD amongst other qualitative and quantitative factors;
- Risk Appetite assessment – Key inputs used in the assessment of business and market variables for setting Risk Appetite includes but not limited to consideration of risk based methodologies such as IRB parameters; and
- Economic Capital – PD, LGD and EAD are key components of the model in credit risk economic capital calculation.

**(iv) Counterparty credit risk in the trading book**

Counterparty credit risk ("CCR") is the risk that the Group's counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative contract defaults prior to maturity date of the contract and that the Group at the time has a claim on the counterparty. CCR arises predominantly in the trading book, but also arises in the non-trading book due to hedging of external funding.

The credit risk arising from all financial derivatives is managed as part of the overall lending limits to banks and customers.

The Group will seek to negotiate Credit Support Annexes ("CSA") with counterparties on a case by case basis, where collateral is deemed a necessary or desirable mitigant to the exposure. The credit terms of the CSA are specific to each legal document and determined by the credit risk approval unit responsible for the counterparty. The nature of the collateral will be specified in the legal document and will typically be cash or highly liquid securities.

A daily operational process takes place to calculate the Marked-to-Market ("MTM") on all trades captured under the CSA. Additional collateral will be called from the counterparty if total uncollateralised MTM exposure exceeds the threshold and minimum transfer amount specified in the CSA to provide an extra buffer to the daily variation margin process.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**(iv) Counterparty credit risk in the trading book (continued)**

In line with market convention, the Group negotiates CSA terms for certain counterparties where the thresholds related to each party are dependent on their internal rating model. Such clauses are typically mutual in nature. It is therefore recognised that a downgrade in the Group's rating could result in counterparties seeking additional collateral calls to cover negative MTM portfolios where thresholds are lowered.

Credit reserves

Using risk factors such as PD and LGD, a Regulatory Expected Loss is calculated for each counterparty across the CCR portfolio, and based on this calculation, credit reserves are set aside for traded products. The reserve is a dynamic calculation based on the EAD risk profile for each counterparty, alongside PD and LGD factors.

Wrong way risk

Wrong way risk occurs when either the EAD or LGD increases as the credit quality of an obligor decreases. For example, as the MTM on a derivative contract increases in favour of the Group, this can correspond to a higher replacement cost (EAD), and the counterparty may increasingly be unable to meet its obligations. Furthermore the EAD may become larger as the counterparty finds it harder to meet its payment, margin call or collateral posting requirements. The Group employs various policies and procedures to ensure that deterioration in credit grading is alerted to management.

Exposure value calculation

Exposure values for regulatory capital purposes on over the counter traded products are calculated according to the CCR MTM method. This is calculated as a sum of the current replacement cost and the potential future credit exposure. The current replacement cost is the Ringgit equivalent amount owed by the counterparty to the Group for various financial derivative transactions. The potential future credit exposure is an add-on based on a percentage of the notional principal of each transaction. Such percentages vary according to the underlying asset class and tenor of each trade.

Section 5.6 provides further analysis on the Group's off-balance sheet and counterparty credit risk.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk**

**5.1 Exposure values**

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

**5.1.1) Geographical analysis**

The below tables provide the Group's and the Bank's EAD analysed by location of the exposures.

<b>Group</b> <b>31 December 2017</b>	<b>Malaysia</b> <b>RM'000</b>	<b>Others</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>IRB exposures</b>			
Sovereigns/Central banks	7,665,749	-	7,665,749
Banks, development financial institutions & MDBs	5,224,895	4,592,551	9,817,446
Insurance companies, securities firms & fund managers	256,409	215,606	472,015
Corporate exposures (excluding specialised lending and firm-size adjustment)	12,973,710	1,238,939	14,212,649
Corporate exposures (with firm-size adjustment)	2,146,686	901	2,147,587
Specialised lending	536,348	55,639	591,987
Retail exposures	20,469,135	-	20,469,135
<i>Residential mortgages</i>	12,216,946	-	12,216,946
<i>Qualifying revolving retail exposures</i>	4,113,093	-	4,113,093
<i>Other retail exposures</i>	4,139,096	-	4,139,096
<b>Total IRB exposures</b>	<b>49,272,932</b>	<b>6,103,636</b>	<b>55,376,568</b>
<b>Standardised exposures</b>			
Banks, development financial institutions & MDBs	-	58,433	58,433
Corporates	316,292	-	316,292
Regulatory retail	470,555	-	470,555
Residential mortgages	11,690	-	11,690
Higher risk assets	135	-	135
Other assets	740,326	87,858	828,184
<b>Total Standardised exposures</b>	<b>1,538,998</b>	<b>146,291</b>	<b>1,685,289</b>
<b>Total credit risk exposures</b>	<b>50,811,930</b>	<b>6,249,927</b>	<b>57,061,857</b>



**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.1 Exposure values (continued)**

**5.1.1) Geographical analysis (continued)**

<b>Group</b>	<b>Malaysia</b>	<b>Others</b>	<b>Total</b>
<b>31 December 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>IRB exposures</b>			
Sovereigns/Central banks	6,110,164	35	6,110,199
Banks, development financial institutions & MDBs	8,440,259	4,973,000	13,413,259
Insurance companies, securities firms & fund managers	595,485	197,403	792,888
Corporate exposures (excluding specialised lending and firm-size adjustment)	14,205,062	1,170,894	15,375,956
Corporate exposures (with firm-size adjustment)	2,304,490	1,189	2,305,679
Specialised lending	413,518	30,346	443,864
Retail exposures	21,372,467	-	21,372,467
<i>Residential mortgages</i>	12,732,495	-	12,732,495
<i>Qualifying revolving retail exposures</i>	3,904,489	-	3,904,489
<i>Other retail exposures</i>	4,735,483	-	4,735,483
Total IRB exposures	53,441,445	6,372,867	59,814,312
<b>Standardised exposures</b>			
Banks, development financial institutions & MDBs	-	-	-
Corporates	398,346	5,133	403,479
Regulatory retail	319,644	-	319,644
Residential mortgages	12,823	-	12,823
Higher risk assets	137	-	137
Other assets	601,553	9,935	611,488
Total Standardised exposures	1,332,503	15,068	1,347,571
<b>Total credit risk exposures</b>	<b>54,773,948</b>	<b>6,387,935</b>	<b>61,161,883</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.1 Exposure values (continued)**

**5.1.1) Geographical analysis (continued)**

<b>Bank 31 December 2017</b>	<b>Malaysia RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>IRB exposures</b>			
Sovereigns/Central banks	6,760,860	-	6,760,860
Banks, development financial institutions & MDBs	7,185,887	4,546,736	11,732,623
Insurance companies, securities firms & fund managers	246,362	215,606	461,968
Corporate exposures (excluding specialised lending and firm-size adjustment)	11,880,627	1,037,454	12,918,081
Corporate exposures (with firm-size adjustment)	1,697,597	901	1,698,498
Specialised lending	468,356	25,739	494,095
Retail exposures	17,078,572	-	17,078,572
<i>Residential mortgages</i>	9,583,855	-	9,583,855
<i>Qualifying revolving retail exposures</i>	4,113,093	-	4,113,093
<i>Other retail exposures</i>	3,381,624	-	3,381,624
Total IRB exposures	45,318,261	5,826,436	51,144,697
<b>Standardised exposures</b>			
Banks, development financial institutions & MDBs	-	58,433	58,433
Corporates	309,432	-	309,432
Regulatory retail	339,708	-	339,708
Residential mortgages	11,351	-	11,351
Higher risk assets	135	-	135
Other assets	669,717	82,499	752,216
Total Standardised exposures	1,330,343	140,932	1,471,275
<b>Total credit risk exposures</b>	<b>46,648,604</b>	<b>5,967,368</b>	<b>52,615,972</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.1 Exposure values (continued)**

**5.1.1) Geographical analysis (continued)**

<b>Bank 31 December 2016</b>	<b>Malaysia RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>IRB exposures</b>			
Sovereigns/Central banks	5,344,221	35	5,344,256
Banks, development financial institutions & MDBs	11,820,663	4,858,843	16,679,506
Insurance companies, securities firms & fund managers	457,513	149,352	606,865
Corporate exposures (excluding specialised lending and firm-size adjustment)	12,910,382	1,032,943	13,943,325
Corporate exposures (with firm-size adjustment)	1,813,977	1,189	1,815,166
Specialised lending	413,518	30,346	443,864
Retail exposures	17,474,644	-	17,474,644
<i>Residential mortgages</i>	9,845,174	-	9,845,174
<i>Qualifying revolving retail exposures</i>	3,904,489	-	3,904,489
<i>Other retail exposures</i>	3,724,981	-	3,724,981
<b>Total IRB exposures</b>	<b>50,234,918</b>	<b>6,072,708</b>	<b>56,307,626</b>
<b>Standardised exposures</b>			
Banks, development financial institutions & MDBs	-	-	-
Corporates	329,222	3,658	332,880
Regulatory retail	124,667	-	124,667
Residential mortgages	12,472	-	12,472
Higher risk assets	137	-	137
Other assets	537,438	5	537,443
<b>Total Standardised exposures</b>	<b>1,003,936</b>	<b>3,663</b>	<b>1,007,599</b>
<b>Total credit risk exposures</b>	<b>51,238,854</b>	<b>6,076,371</b>	<b>57,315,225</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.1 Exposure values (continued)**

**5.1.2) Sector or economic purpose analysis**

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

<b>Group</b>	<b>Agricultural, hunting, forestry and fishing</b>	<b>Mining and quarrying</b>	<b>Manufacturing</b>	<b>Electricity, gas and water</b>	<b>Construction</b>	<b>Wholesale &amp; retail trade and restaurants &amp; hotels</b>	<b>Transportation storage and communication</b>	<b>Finance, insurance and business services</b>	<b>Real estate</b>	<b>Household</b>	<b>Others</b>	<b>Total</b>
<b>31 December 2017</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>IRB exposures</b>												
Sovereigns/Central banks	-	-	-	-	-	-	-	7,665,749	-	-	-	7,665,749
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	9,817,446	-	-	-	9,817,446
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	472,015	-	-	-	472,015
Corporate exposures (excluding specialised lending and firm-size adjustment)	183,188	706,819	4,817,594	412,300	2,071,925	1,905,845	1,204,808	1,105,491	1,657,774	-	146,905	14,212,649
Corporate exposures (with firm-size adjustment)	6,585	10,213	494,679	14,679	173,752	461,554	58,446	109,537	111,730	-	706,412	2,147,587
Specialised lending	-	39,739	333,484	21,872	-	152,242	-	7,951	6,799	-	29,900	591,987
Retail exposures	1,930	6,414	143,181	1,598	90,555	324,688	44,117	92,749	17,271	17,249,709	2,496,923	20,469,135
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	12,216,946	-	12,216,946
<i>Qualifying revolving retail exposures</i>	-	-	-	-	-	-	-	-	-	4,113,093	-	4,113,093
<i>Other retail exposures</i>	1,930	6,414	143,181	1,598	90,555	324,688	44,117	92,749	17,271	919,670	2,496,923	4,139,096
<b>Total IRB exposures</b>	<b>191,703</b>	<b>763,185</b>	<b>5,788,938</b>	<b>450,449</b>	<b>2,336,232</b>	<b>2,844,329</b>	<b>1,307,371</b>	<b>19,270,938</b>	<b>1,793,574</b>	<b>17,249,709</b>	<b>3,380,140</b>	<b>55,376,568</b>
<b>Standardised exposures</b>												
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	58,433	-	-	-	58,433
Corporates	-	-	1,949	-	68,963	9,244	-	-	-	-	236,136	316,292
Regulatory retail	-	-	-	-	6,217	-	-	-	-	464,338	-	470,555
Residential mortgages	-	-	-	-	-	-	-	-	-	11,690	-	11,690
Higher risk assets	-	-	-	-	-	-	-	-	-	135	-	135
Other assets	-	-	-	-	-	-	-	8	-	263,312	564,864	828,184
<b>Total Standardised exposures</b>	<b>-</b>	<b>-</b>	<b>1,949</b>	<b>-</b>	<b>75,180</b>	<b>9,244</b>	<b>-</b>	<b>58,441</b>	<b>-</b>	<b>739,475</b>	<b>801,000</b>	<b>1,685,289</b>
<b>Total credit risk exposures</b>	<b>191,703</b>	<b>763,185</b>	<b>5,790,887</b>	<b>450,449</b>	<b>2,411,412</b>	<b>2,853,573</b>	<b>1,307,371</b>	<b>19,329,379</b>	<b>1,793,574</b>	<b>17,989,184</b>	<b>4,181,140</b>	<b>57,061,857</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.1 Exposure values (continued)**

**5.1.2 Sector or economic purpose analysis (continued)**

<b>Group 31 December 2016</b>	<b>Agricultural, hunting, forestry and fishing RM'000</b>	<b>Mining and quarrying RM'000</b>	<b>Manufacturing RM'000</b>	<b>Electricity, gas and water RM'000</b>	<b>Construction RM'000</b>	<b>Wholesale &amp; retail trade and restaurants &amp; hotels RM'000</b>	<b>Transportation storage and communication RM'000</b>	<b>Finance, insurance and business services RM'000</b>	<b>Real estate RM'000</b>	<b>Household RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>IRB exposures</b>												
Sovereigns/Central banks	-	-	-	-	-	-	-	6,110,199	-	-	-	6,110,199
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	13,413,259	-	-	-	13,413,259
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	792,888	-	-	-	792,888
Corporate exposures (excluding specialised lending and firm-size adjustment)	183,978	957,824	5,339,177	383,902	2,086,037	2,426,973	1,236,425	1,280,075	1,342,667	-	138,898	15,375,956
Corporate exposures (with firm-size adjustment)	25,437	52,389	462,066	10,457	128,945	538,034	80,160	84,026	111,874	304,947	507,344	2,305,679
Specialised lending	-	30,346	374,797	23,701	-	600	-	-	14,420	-	-	443,864
Retail exposures	2,734	3,815	143,959	898	83,976	318,361	45,909	81,212	13,077	18,450,677	2,227,849	21,372,467
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	12,732,495	-	12,732,495
<i>Qualifying revolving retail exposures</i>	-	-	-	-	-	-	-	-	-	3,904,489	-	3,904,489
<i>Other retail exposures</i>	2,734	3,815	143,959	898	83,976	318,361	45,909	81,212	13,077	1,813,693	2,227,849	4,735,483
<b>Total IRB exposures</b>	<b>212,149</b>	<b>1,044,374</b>	<b>6,319,999</b>	<b>418,958</b>	<b>2,298,958</b>	<b>3,283,968</b>	<b>1,362,494</b>	<b>21,761,659</b>	<b>1,482,038</b>	<b>18,755,624</b>	<b>2,874,091</b>	<b>59,814,312</b>
<b>Standardised exposures</b>												
Corporates	-	-	44,211	-	168,620	7,673	-	19,503	-	135,919	27,553	403,479
Regulatory retail	-	-	-	-	915	-	-	-	-	318,729	-	319,644
Residential mortgages	-	-	-	-	-	-	-	-	-	12,823	-	12,823
Higher risk assets	-	-	-	-	-	-	-	-	-	137	-	137
Other assets	-	-	-	-	-	1,735	-	5	-	-	609,748	611,488
<b>Total Standardised exposures</b>	<b>-</b>	<b>-</b>	<b>44,211</b>	<b>-</b>	<b>169,535</b>	<b>9,408</b>	<b>-</b>	<b>19,508</b>	<b>-</b>	<b>467,608</b>	<b>637,301</b>	<b>1,347,571</b>
<b>Total credit risk exposures</b>	<b>212,149</b>	<b>1,044,374</b>	<b>6,364,210</b>	<b>418,958</b>	<b>2,468,493</b>	<b>3,293,376</b>	<b>1,362,494</b>	<b>21,781,167</b>	<b>1,482,038</b>	<b>19,223,232</b>	<b>3,511,392</b>	<b>61,161,883</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.1 Exposure values (continued)**

**5.1.2 Sector or economic purpose analysis (continued)**

<b>Bank 31 December 2017</b>	<b>Agricultural, hunting, forestry and fishing RM'000</b>	<b>Mining and quarrying RM'000</b>	<b>Manufacturing RM'000</b>	<b>Electricity, gas and water RM'000</b>	<b>Construction RM'000</b>	<b>Wholesale &amp; retail trade and restaurants &amp; hotels RM'000</b>	<b>Transportation storage and communication RM'000</b>	<b>Finance, insurance and business services RM'000</b>	<b>Real estate RM'000</b>	<b>Household RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>IRB exposures</b>												
Sovereigns/Central banks	-	-	-	-	-	-	-	6,760,860	-	-	-	6,760,860
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	11,732,623	-	-	-	11,732,623
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	461,968	-	-	-	461,968
Corporate exposures (excluding specialised lending and firm-size adjustment)	64,608	550,850	4,629,113	412,300	1,998,317	1,689,448	992,067	969,844	1,496,134	-	115,400	12,918,081
Corporate exposures (with firm-size adjustment)	5,653	2,682	485,831	14,679	108,007	441,395	29,944	53,527	111,730	-	445,050	1,698,498
Specialised lending	-	39,739	333,484	21,872	-	84,250	-	7,951	6,799	-	-	494,095
Retail exposures	1,008	5,968	121,526	1,005	60,622	273,837	26,914	67,158	17,271	14,563,737	1,939,526	17,078,572
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	9,583,855	-	9,583,855
<i>Qualifying revolving retail exposures</i>	-	-	-	-	-	-	-	-	-	4,113,093	-	4,113,093
<i>Other retail exposures</i>	1,008	5,968	121,526	1,005	60,622	273,837	26,914	67,158	17,271	866,789	1,939,526	3,381,624
<b>Total IRB exposures</b>	<b>71,269</b>	<b>599,239</b>	<b>5,569,954</b>	<b>449,856</b>	<b>2,166,946</b>	<b>2,488,930</b>	<b>1,048,925</b>	<b>20,053,931</b>	<b>1,631,934</b>	<b>14,563,737</b>	<b>2,499,976</b>	<b>51,144,697</b>
<b>Standardised exposures</b>												
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	58,433	-	-	-	58,433
Corporates	-	-	1,949	-	63,503	9,244	-	-	-	-	234,736	309,432
Regulatory retail	-	-	-	-	6,217	-	-	-	-	333,491	-	339,708
Residential mortgages	-	-	-	-	-	-	-	-	-	11,351	-	11,351
Higher risk assets	-	-	-	-	-	-	-	-	-	135	-	135
Other assets	-	-	-	-	-	-	-	8	-	263,312	488,896	752,216
<b>Total Standardised exposures</b>	<b>-</b>	<b>-</b>	<b>1,949</b>	<b>-</b>	<b>69,720</b>	<b>9,244</b>	<b>-</b>	<b>58,441</b>	<b>-</b>	<b>608,289</b>	<b>723,632</b>	<b>1,471,275</b>
<b>Total credit risk exposures</b>	<b>71,269</b>	<b>599,239</b>	<b>5,571,903</b>	<b>449,856</b>	<b>2,236,666</b>	<b>2,498,174</b>	<b>1,048,925</b>	<b>20,112,372</b>	<b>1,631,934</b>	<b>15,172,026</b>	<b>3,223,608</b>	<b>52,615,972</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.1 Exposure values (continued)**

**5.1.2 Sector or economic purpose analysis (continued)**

<b>Bank 31 December 2016</b>	<b>Agricultural, hunting, forestry and fishing RM'000</b>	<b>Mining and quarrying RM'000</b>	<b>Manufacturing RM'000</b>	<b>Electricity, gas and water RM'000</b>	<b>Construction RM'000</b>	<b>Wholesale &amp; retail trade and restaurants &amp; hotels RM'000</b>	<b>Transportation storage and communication RM'000</b>	<b>Finance, insurance and business services RM'000</b>	<b>Real estate RM'000</b>	<b>Household RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>IRB exposures</b>												
Sovereigns/Central banks	-	-	-	-	-	-	-	5,344,256	-	-	-	5,344,256
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	16,679,506	-	-	-	16,679,506
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	606,865	-	-	-	606,865
Corporate exposures (excluding specialised lending and firm-size adjustment)	46,601	929,162	4,915,925	383,902	2,058,882	2,130,024	1,142,995	1,090,886	1,147,921	-	97,027	13,943,325
Corporate exposures (with firm-size adjustment)	25,437	52,389	444,565	10,457	94,334	508,971	39,503	42,494	108,536	-	488,480	1,815,166
Specialised lending	-	30,346	374,797	23,701	-	600	-	-	14,420	-	-	443,864
Retail exposures	1,362	2,430	105,564	28	41,339	236,419	17,274	45,359	13,053	14,795,800	2,216,016	17,474,644
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	9,845,174	-	9,845,174
<i>Qualifying revolving retail exposures</i>	-	-	-	-	-	-	-	-	-	3,904,489	-	3,904,489
<i>Other retail exposures</i>	1,362	2,430	105,564	28	41,339	236,419	17,274	45,359	13,053	1,046,137	2,216,016	3,724,981
<b>Total IRB exposures</b>	<b>73,400</b>	<b>1,014,327</b>	<b>5,840,851</b>	<b>418,088</b>	<b>2,194,555</b>	<b>2,876,014</b>	<b>1,199,772</b>	<b>23,809,366</b>	<b>1,283,930</b>	<b>14,795,800</b>	<b>2,801,523</b>	<b>56,307,626</b>
<b>Standardised exposures</b>												
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	44,211	-	99,496	7,673	-	19,503	-	134,444	27,553	332,880
Regulatory retail	-	-	-	-	915	-	-	-	-	123,752	-	124,667
Residential mortgages	-	-	-	-	-	-	-	-	-	12,472	-	12,472
Higher risk assets	-	-	-	-	-	-	-	-	-	137	-	137
Other assets	-	-	-	-	-	1,735	-	5	-	-	535,703	537,443
<b>Total Standardised exposures</b>	<b>-</b>	<b>-</b>	<b>44,211</b>	<b>-</b>	<b>100,411</b>	<b>9,408</b>	<b>-</b>	<b>19,508</b>	<b>-</b>	<b>270,805</b>	<b>563,256</b>	<b>1,007,599</b>
<b>Total credit risk exposures</b>	<b>73,400</b>	<b>1,014,327</b>	<b>5,885,062</b>	<b>418,088</b>	<b>2,294,966</b>	<b>2,885,422</b>	<b>1,199,772</b>	<b>23,828,874</b>	<b>1,283,930</b>	<b>15,066,605</b>	<b>3,364,779</b>	<b>57,315,225</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.1 Exposure values (continued)**

**5.1.3) Residual contractual maturity analysis**

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

<b>Group 31 December 2017</b>	<b>Up to 1 year RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>IRB exposures</b>				
Sovereigns/Central banks	4,878,142	2,627,732	159,875	7,665,749
Banks, development financial institutions & MDBs	7,047,445	2,253,413	516,588	9,817,446
Insurance companies, securities firms & fund managers	345,036	114,521	12,458	472,015
Corporate exposures (excluding specialised lending and firm-size adjustment)	8,983,879	4,438,427	790,343	14,212,649
Corporate exposures (with firm-size adjustment)	1,159,869	225,546	762,172	2,147,587
Specialised lending	212,106	42,179	337,702	591,987
Retail exposures	1,105,180	5,512,363	13,851,592	20,469,135
<i>Residential mortgages</i>	516,537	339,678	11,360,731	12,216,946
<i>Qualifying revolving retail exposures</i>	193,400	3,915,110	4,583	4,113,093
<i>Other retail exposures</i>	395,243	1,257,575	2,486,278	4,139,096
<b>Total IRB exposures</b>	<b>23,731,657</b>	<b>15,214,181</b>	<b>16,430,730</b>	<b>55,376,568</b>
<b>Standardised exposures</b>				
Banks, development financial institutions & MDBs	58,433	-	-	58,433
Corporates	253,774	28,441	34,077	316,292
Regulatory retail	323,139	112,342	35,074	470,555
Residential mortgages	177	558	10,955	11,690
Higher risk assets	10	13	112	135
Other assets	801,952	900	25,332	828,184
<b>Total Standardised exposures</b>	<b>1,437,485</b>	<b>142,254</b>	<b>105,550</b>	<b>1,685,289</b>
<b>Total credit risk exposures</b>	<b>25,169,142</b>	<b>15,356,435</b>	<b>16,536,280</b>	<b>57,061,857</b>

*Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 72% are collateralized.*



**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.1 Exposure values (continued)**

**5.1.3) Residual contractual maturity analysis (continued)**

<b>Group 31 December 2016</b>	<b>Up to 1 year RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>IRB exposures</b>				
Sovereigns/Central banks	3,887,051	2,222,905	243	6,110,199
Banks, development financial institutions & MDBs	10,021,194	2,817,160	574,905	13,413,259
Insurance companies, securities firms & fund managers	622,912	154,180	15,796	792,888
Corporate exposures (excluding specialised lending and firm-size adjustment)	10,911,948	3,204,810	1,259,198	15,375,956
Corporate exposures (with firm-size adjustment)	1,155,740	322,976	826,963	2,305,679
Specialised lending	126,742	263,075	54,047	443,864
Retail exposures	1,294,303	3,574,529	16,503,635	21,372,467
<i>Residential mortgages</i>	517,887	365,897	11,848,711	12,732,495
<i>Qualifying revolving retail exposures</i>	186,660	2,071,126	1,646,703	3,904,489
<i>Other retail exposures</i>	589,756	1,137,506	3,008,221	4,735,483
<b>Total IRB exposures</b>	<b>28,019,890</b>	<b>12,559,635</b>	<b>19,234,787</b>	<b>59,814,312</b>
<b>Standardised exposures</b>				
Corporates	272,945	101,009	29,525	403,479
Regulatory retail	91,965	191,278	36,401	319,644
Residential mortgages	2	728	12,093	12,823
Higher risk assets	10	14	113	137
Other assets	561,566	-	49,922	611,488
<b>Total Standardised exposures</b>	<b>926,488</b>	<b>293,029</b>	<b>128,054</b>	<b>1,347,571</b>
<b>Total credit risk exposures</b>	<b>28,946,378</b>	<b>12,852,664</b>	<b>19,362,841</b>	<b>61,161,883</b>

*Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 63% are collateralized.*

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.1 Exposure values (continued)**

**5.1.3) Residual contractual maturity analysis (continued)**

<b>Bank 31 December 2017</b>	<b>Up to 1 year RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>IRB exposures</b>				
Sovereigns/Central banks	3,973,253	2,627,732	159,875	6,760,860
Banks, development financial institutions & MDBs	8,637,696	2,477,090	617,837	11,732,623
Insurance companies, securities firms & fund managers	335,121	114,389	12,458	461,968
Corporate exposures (excluding specialised lending and firm-size adjustment)	8,244,556	3,900,447	773,078	12,918,081
Corporate exposures (with firm-size adjustment)	1,024,014	164,192	510,292	1,698,498
Specialised lending	144,504	11,889	337,702	494,095
Retail exposures	1,052,730	5,344,095	10,681,747	17,078,572
<i>Residential mortgages</i>	486,675	324,086	8,773,094	9,583,855
<i>Qualifying revolving retail exposures</i>	193,400	3,915,110	4,583	4,113,093
<i>Other retail exposures</i>	372,655	1,104,899	1,904,070	3,381,624
<b>Total IRB exposures</b>	<b>23,411,874</b>	<b>14,639,834</b>	<b>13,092,989</b>	<b>51,144,697</b>
<b>Standardised exposures</b>				
Banks, development financial institutions & MDBs	58,433	-	-	58,433
Corporates	251,943	24,781	32,708	309,432
Regulatory retail	312,307	3,221	24,180	339,708
Residential mortgages	177	558	10,616	11,351
Higher risk assets	10	13	112	135
Other assets	725,984	900	25,332	752,216
<b>Total Standardised exposures</b>	<b>1,348,854</b>	<b>29,473</b>	<b>92,948</b>	<b>1,471,275</b>
<b>Total credit risk exposures</b>	<b>24,760,728</b>	<b>14,669,307</b>	<b>13,185,937</b>	<b>52,615,972</b>

Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 71% are collateralized.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.1 Exposure values (continued)**

**5.1.3) Residual contractual maturity analysis (continued)**

<b>Bank 31 December 2016</b>	<b>Up to 1 year RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>IRB exposures</b>				
Sovereigns/Central banks	3,121,108	2,222,905	243	5,344,256
Banks, development financial institutions & MDBs	12,202,610	3,159,526	1,317,370	16,679,506
Insurance companies, securities firms & fund managers	488,540	102,529	15,796	606,865
Corporate exposures (excluding specialised lending and firm-size adjustment)	9,987,790	2,757,401	1,198,134	13,943,325
Corporate exposures (with firm-size adjustment)	1,058,238	224,350	532,578	1,815,166
Specialised lending	126,742	263,075	54,047	443,864
Retail exposures	1,078,081	3,353,400	13,043,163	17,474,644
<i>Residential mortgages</i>	427,036	353,585	9,064,553	9,845,174
<i>Qualifying revolving retail exposures</i>	186,660	2,071,126	1,646,703	3,904,489
<i>Other retail exposures</i>	464,385	928,689	2,331,907	3,724,981
<b>Total IRB exposures</b>	<b>28,063,109</b>	<b>12,083,186</b>	<b>16,161,331</b>	<b>56,307,626</b>
<b>Standardised exposures</b>				
Corporates	263,082	41,687	28,111	332,880
Regulatory retail	89,972	2,456	32,239	124,667
Residential mortgages	2	728	11,742	12,472
Higher risk assets	10	14	113	137
Other assets	487,521	-	49,922	537,443
<b>Total Standardised exposures</b>	<b>840,587</b>	<b>44,885</b>	<b>122,127</b>	<b>1,007,599</b>
<b>Total credit risk exposures</b>	<b>28,903,696</b>	<b>12,128,071</b>	<b>16,283,458</b>	<b>57,315,225</b>

Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 57% are collateralized.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.2 Credit risk mitigation**

The Group's approach to credit risk mitigation are disclosed in Note 38(b)(iii) of the Group's financial statements.

The following tables disclose the total standardised and IRB 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.

<b>Group</b>	<b>Exposures before CRM RM'000</b>	<b>Exposures covered by guarantees or credit derivatives RM'000</b>	<b>Exposures covered by eligible financial collateral RM'000</b>	<b>Exposures covered by other eligible collateral RM'000</b>
<b>31 December 2017</b>				
<b>On-balance sheet exposures</b>				
Sovereigns/Central banks	7,658,676	-	-	-
Banks, development financial institutions & MDBs	4,486,661	63,785	-	-
Insurance companies, securities firms & fund managers	178,180	161,355	15,186	-
Corporates	8,760,395	132,053	334,714	959,209
Regulatory retail	5,849,804	5,473	105,923	87,020
Residential mortgages	11,466,593	-	-	11,409,810
Other assets	828,178	-	8,614	-
Specialised financing/investment	125,631	-	-	-
Defaulted exposures	1,750,001	-	19,185	193,638
<b>Total on-balance sheet exposures</b>	<b>41,104,119</b>	<b>362,666</b>	<b>483,622</b>	<b>12,649,677</b>
<b>Off-balance sheet exposures</b>				
OTC derivatives	5,472,459	74,311	630,955	23,895
Off-balance sheet exposures other than OTC derivatives or credit derivatives	10,429,955	97,924	130,289	329,858
Defaulted exposures	55,324	-	3,476	824
<b>Total off-balance sheet exposures</b>	<b>15,957,738</b>	<b>172,235</b>	<b>764,720</b>	<b>354,577</b>
<b>Total on and off-balance sheet exposures</b>	<b>57,061,857</b>	<b>534,901</b>	<b>1,248,342</b>	<b>13,004,254</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.2 Credit risk mitigation (continued)**

<b>Group</b>	<b>Exposures before CRM RM'000</b>	<b>Exposures covered by guarantees or credit derivatives RM'000</b>	<b>Exposures covered by eligible financial collateral RM'000</b>	<b>Exposures covered by Other eligible collateral RM'000</b>
<b>31 December 2016</b>				
<b>On-balance sheet exposures</b>				
Sovereigns/Central banks	6,035,427	-	-	-
Banks, development financial institutions & MDBs	5,763,930	28,996	-	-
Insurance companies, securities firms & fund managers	312,754	111,559	2,741	-
Corporates	9,652,863	162,436	715,193	1,076,355
Regulatory retail	6,113,839	6,176	121,592	89,316
Residential mortgages	11,873,054	-	-	11,629,727
Other assets	609,830	-	5,442	-
Specialised financing/investment	23,701	-	-	-
Defaulted exposures	1,756,705	-	38,911	390,205
<b>Total on-balance sheet exposures</b>	<b>42,142,103</b>	<b>309,167</b>	<b>883,879</b>	<b>13,185,603</b>
<b>Off-balance sheet exposures</b>				
OTC derivatives	8,050,513	111,676	33	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	10,918,114	32,824	191,514	576,133
Defaulted exposures	51,153	-	4,785	1,765
<b>Total off-balance sheet exposures</b>	<b>19,019,780</b>	<b>144,500</b>	<b>196,332</b>	<b>577,898</b>
<b>Total on and off-balance sheet exposures</b>	<b>61,161,883</b>	<b>453,667</b>	<b>1,080,211</b>	<b>13,763,501</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.2 Credit risk mitigation (continued)**

<b>Bank</b>	<b>Exposures before CRM RM'000</b>	<b>Exposures covered by guarantees or credit derivatives RM'000</b>	<b>Exposures covered by eligible financial collateral RM'000</b>	<b>Exposures covered by other eligible collateral RM'000</b>
<b>31 December 2017</b>				
<b>On-balance sheet exposures</b>				
Sovereigns/Central banks	6,753,787	-	-	-
Banks, development financial institutions & MDBs	6,168,647	63,785	-	-
Insurance companies, securities firms & fund managers	178,180	161,355	15,186	-
Corporates	7,451,961	131,162	236,127	864,922
Regulatory retail	5,049,286	5,441	104,285	83,597
Residential mortgages	8,878,056	-	-	8,829,691
Other assets	752,210	-	8,614	-
Specialised financing/investment	82,931	-	-	-
Defaulted exposures	1,653,442	-	19,185	182,097
<b>Total on-balance sheet exposures</b>	<b>36,968,500</b>	<b>361,743</b>	<b>383,397</b>	<b>9,960,307</b>
<b>Off-balance sheet exposures</b>				
OTC derivatives	5,662,971	74,311	587,534	114
Off-balance sheet exposures other than OTC derivatives or credit derivatives	9,929,186	93,643	118,029	300,895
Defaulted exposures	55,315	-	3,476	824
<b>Total off-balance sheet exposures</b>	<b>15,647,472</b>	<b>167,954</b>	<b>709,039</b>	<b>301,833</b>
<b>Total on and off-balance sheet exposures</b>	<b>52,615,972</b>	<b>529,697</b>	<b>1,092,436</b>	<b>10,262,140</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.2 Credit risk mitigation (continued)**

<b>Bank</b>	<b>Exposures before CRM RM'000</b>	<b>Exposures covered by guarantees or credit derivatives RM'000</b>	<b>Exposures covered by eligible financial collateral RM'000</b>	<b>Exposures covered by other eligible collateral RM'000</b>
<b>31 December 2016</b>				
<b>On-balance sheet exposures</b>				
Sovereigns/Central banks	5,269,484	-	-	-
Banks, development financial institutions & MDBs	8,682,769	28,996	-	-
Insurance companies, securities firms & fund managers	184,059	111,559	-	-
Corporates	8,109,179	161,876	646,552	833,572
Regulatory retail	5,071,495	6,132	120,266	82,408
Residential mortgages	9,119,618	-	-	8,916,447
Other assets	535,785	-	5,442	-
Specialised financing/investment	23,701	-	-	-
Defaulted exposures	1,640,724	-	38,911	369,137
<b>Total on-balance sheet exposures</b>	<b>38,636,814</b>	<b>308,563</b>	<b>811,171</b>	<b>10,201,564</b>
<b>Off-balance sheet exposures</b>				
OTC derivatives	8,338,184	111,676	33	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	10,289,301	28,659	166,620	485,974
Defaulted exposures	50,926	-	4,785	1,538
<b>Total off-balance sheet exposures</b>	<b>18,678,411</b>	<b>140,335</b>	<b>171,438</b>	<b>487,512</b>
<b>Total on and off-balance sheet exposures</b>	<b>57,315,225</b>	<b>448,898</b>	<b>982,609</b>	<b>10,689,076</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.3 Exposures under IRB approach**

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

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

<b>Group</b>	<b>0-0.04%</b>	<b>0.04-0.17%</b>	<b>0.17-0.59%</b>	<b>0.59-3.05%</b>	<b>3.05-12.00%</b>	<b>12.00-100%</b>	<b>Default or 100%</b>
<b>31 December 2017</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Sovereign	-	7,658,676	-	-	-	-	-
Bank	851,159	3,181,660	199,147	189,220	5,753	1,289	-
Corporate	225,742	1,467,901	2,769,945	3,002,130	1,263,590	71,136	1,063,443
Total on-balance sheet exposures	1,076,901	12,308,237	2,969,092	3,191,350	1,269,343	72,425	1,063,443
<b><u>Undrawn commitments</u></b>							
Bank	-	166,002	3,111	530	-	-	-
Corporate	20,658	182,543	617,276	747,914	97,915	12,384	3,164
Total undrawn commitments	20,658	348,545	620,387	748,444	97,915	12,384	3,164
<b><u>Derivatives</u></b>							
Sovereign	-	7,073	-	-	-	-	-
Bank	13,018	3,652,907	436,818	191,132	-	-	-
Corporate	152,174	170,853	509,665	208,813	127,779	2,227	3,158
Total derivatives	165,192	3,830,833	946,483	399,945	127,779	2,227	3,158
<b><u>Contingent</u></b>							
Bank	20,902	723,844	56,635	124,319	-	-	-
Corporate	-	653,564	2,154,183	1,443,613	307,831	100,809	43,828
Total contingent	20,902	1,377,408	2,210,818	1,567,932	307,831	100,809	43,828
<b>Exposure weighted average LGD (%)</b>							
Sovereign	-	46.20%	-	-	-	-	-
Bank	26.20%	33.85%	37.70%	41.20%	41.20%	26.20%	-
Corporate	59.27%	45.70%	41.56%	44.79%	44.49%	35.55%	49.22%
<b>Exposure weighted average risk weight (%)</b>							
Sovereign	-	16.90%	-	-	-	-	-
Bank	4.71%	14.53%	39.97%	73.93%	112.49%	122.87%	-
Corporate	26.90%	24.86%	48.95%	96.43%	148.79%	168.35%	211.46%



**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.3 Exposures under IRB approach (continued)**

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

<b>Group</b>	<b>0-0.04%</b>	<b>0.04-0.17%</b>	<b>0.17-0.59%</b>	<b>0.59-3.05%</b>	<b>3.05-12.00%</b>	<b>12.00-100%</b>	<b>Default or 100%</b>
<b>31 December 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Sovereign	-	6,035,427	-	-	-	-	-
Bank	189,153	5,089,292	277,128	192,229	16,119	9	-
Corporate	123,155	1,644,377	2,682,233	3,921,244	1,044,170	283,648	1,057,338
Total on-balance sheet exposures	312,308	12,769,096	2,959,361	4,113,473	1,060,289	283,657	1,057,338
<b><u>Undrawn commitments</u></b>							
Bank	11,886	178,035	1,330	530	-	-	-
Corporate	29,056	309,778	565,644	636,905	88,995	16,099	8,780
Total undrawn commitments	40,942	487,813	566,974	637,435	88,995	16,099	8,780
<b><u>Derivatives</u></b>							
Sovereign	35	74,737	-	-	-	-	-
Bank	3,744	5,709,475	445,543	315,752	-	-	-
Corporate	117,031	628,526	250,729	475,410	13,708	15,790	-
Total derivatives	120,810	6,412,738	696,272	791,162	13,708	15,790	-
<b><u>Contingent</u></b>							
Bank	38,391	853,790	6,836	77,803	3,190	3,024	-
Corporate	10,303	1,162,693	1,866,999	1,117,812	575,970	235,814	36,180
Total contingent	48,694	2,016,483	1,873,835	1,195,615	579,160	238,838	36,180
<b>Exposure weighted average LGD (%)</b>							
Sovereign	45.00%	46.39%	-	-	-	-	-
Bank	26.20%	32.81%	35.96%	41.20%	41.20%	37.29%	-
Corporate	44.47%	42.27%	44.27%	39.72%	43.55%	36.80%	41.34%
<b>Exposure weighted average risk weight (%)</b>							
Sovereign	-	18.49%	-	-	-	-	-
Bank	4.51%	12.81%	33.47%	76.89%	122.35%	173.26%	-
Corporate	11.16%	31.79%	63.43%	84.16%	146.41%	194.92%	137.95%

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.3 Exposures under IRB approach (continued)**

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

<b>Bank 31 December 2017</b>	<b>0-0.04% RM'000</b>	<b>0.04-0.17% RM'000</b>	<b>0.17-0.59% RM'000</b>	<b>0.59-3.05% RM'000</b>	<b>3.05-12.00% RM'000</b>	<b>12.00-100% RM'000</b>	<b>Default or 100% RM'000</b>
<b>Non-retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Sovereign	-	6,753,787	-	-	-	-	-
Bank	851,159	3,180,103	1,882,690	189,220	5,753	1,289	-
Corporate	225,742	1,327,948	2,243,831	2,579,668	1,033,193	40,532	1,062,103
Total on-balance sheet exposures	1,076,901	11,261,838	4,126,521	2,768,888	1,038,946	41,821	1,062,103
<b><u>Undrawn commitments</u></b>							
Sovereign	-	-	-	-	-	-	-
Bank	-	166,002	4,151	530	-	-	-
Corporate	20,658	182,413	505,311	663,745	63,886	9,128	3,164
Total undrawn commitments	20,658	348,415	509,462	664,275	63,886	9,128	3,164
<b><u>Derivatives</u></b>							
Sovereign	-	7,073	-	-	-	-	-
Bank	13,018	3,652,906	668,882	191,220	-	-	-
Corporate	152,174	132,912	509,290	205,519	127,779	2,198	3,158
Total derivatives	165,192	3,792,891	1,178,172	396,739	127,779	2,198	3,158
<b><u>Contingent</u></b>							
Bank	20,902	723,844	56,635	124,319	-	-	-
Corporate	-	573,325	2,112,525	1,347,390	300,997	100,225	43,828
Total contingent	20,902	1,297,169	2,169,160	1,471,709	300,997	100,225	43,828
<b>Exposure weighted average LGD (%)</b>							
Sovereign	-	46.20%	-	-	-	-	-
Bank	26.20%	33.85%	40.26%	41.20%	41.20%	26.20%	-
Corporate	59.27%	46.38%	41.12%	44.55%	45.23%	31.27%	49.24%
<b>Exposure weighted average risk weight (%)</b>							
Sovereign	-	17.53%	-	-	-	-	-
Bank	4.71%	14.53%	34.79%	73.93%	112.49%	122.87%	-
Corporate	26.90%	24.82%	48.33%	96.10%	150.72%	146.91%	211.50%

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.3 Exposures under IRB approach (continued)**

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

<b>Bank 31 December 2016</b>	<b>0-0.04% RM'000</b>	<b>0.04-0.17% RM'000</b>	<b>0.17-0.59% RM'000</b>	<b>0.59-3.05% RM'000</b>	<b>3.05-12.00% RM'000</b>	<b>12.00-100% RM'000</b>	<b>Default or 100% RM'000</b>
<b>Non-retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Sovereign	-	5,269,484	-	-	-	-	-
Bank	189,153	8,008,131	277,128	192,229	16,119	9	-
Corporate	123,155	1,502,707	2,224,637	3,127,077	806,760	274,433	1,056,920
Total on-balance sheet exposures	312,308	14,780,322	2,501,765	3,319,306	822,879	274,442	1,056,920
<b><u>Undrawn commitments</u></b>							
Bank	11,886	179,070	1,330	530	-	-	-
Corporate	29,056	263,753	466,888	589,107	59,504	16,020	8,780
Total undrawn commitments	40,942	442,823	468,218	589,637	59,504	16,020	8,780
<b><u>Derivatives</u></b>							
Sovereign	35	74,737	-	-	-	-	-
Bank	3,744	6,170,043	381,122	266,016	-	-	-
Corporate	117,031	575,531	250,729	469,674	13,702	15,787	-
Total derivatives	120,810	6,820,311	631,851	735,690	13,702	15,787	-
<b><u>Contingent</u></b>							
Bank	38,391	853,752	6,836	77,803	3,190	3,024	-
Corporate	10,303	1,073,851	1,865,563	1,033,405	563,065	235,602	36,180
Total contingent	48,694	1,927,603	1,872,399	1,111,208	566,255	238,626	36,180
<b>Exposure weighted average LGD (%)</b>							
Sovereign	45.00%	46.42%	-	-	-	-	-
Bank	26.20%	35.09%	35.53%	41.20%	41.20%	37.29%	-
Corporate	44.47%	43.95%	43.79%	39.05%	44.38%	36.22%	41.32%
<b>Exposure weighted average risk weight (%)</b>							
Sovereign	-	19.39%	-	-	-	-	-
Bank	4.51%	15.27%	35.37%	75.96%	122.35%	173.26%	-
Corporate	11.16%	33.43%	64.79%	81.16%	148.35%	192.68%	137.65%

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.3 Exposures under IRB approach (continued)**

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

The below tables analyse the Group's and the Bank's PD range of retail exposures.

<b>Group</b>	<b>0-0.11%</b>	<b>0.11-0.30%</b>	<b>0.30-0.43%</b>	<b>0.43-3.05%</b>	<b>3.05-9.20%</b>	<b>9.20-100%</b>	<b>Default or 100%</b>
<b>31 December 2017</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Residential mortgage	342,870	2,510,847	1,278,410	6,220,898	709,106	393,303	177,835
Qualifying revolving retail	34,157	202,088	97,251	751,649	530,566	197,855	194,399
Other retail	519,798	526,744	282,586	1,508,978	351,213	416,303	276,280
Total on-balance sheet exposures	896,825	3,239,679	1,658,247	8,481,525	1,590,885	1,007,461	648,514
<b><u>Undrawn commitments</u></b>							
Residential mortgage	50	9,474	38,029	530,334	463	3,604	1,723
Qualifying revolving retail	451,266	485,130	144,930	741,625	228,629	53,548	-
Other retail	969	27,956	1,420	149,901	23,274	50,447	3,227
Total undrawn commitments	452,285	522,560	184,379	1,421,860	252,366	107,599	4,950
<b>Exposure weighted average LGD (%)</b>							
Residential mortgage	12.14%	12.41%	12.44%	12.54%	12.44%	12.93%	14.98%
Qualifying revolving retail	67.07%	67.07%	67.07%	67.07%	67.07%	67.07%	60.08%
Other retail	16.62%	17.96%	20.11%	33.22%	55.12%	61.27%	65.01%
<b>Exposure weighted average risk weight (%)</b>							
Residential mortgage	3.00%	5.39%	8.16%	15.53%	43.78%	66.68%	95.36%
Qualifying revolving retail	3.63%	7.45%	12.67%	31.36%	83.03%	166.68%	353.18%
Other retail	3.34%	9.42%	12.11%	39.88%	86.28%	135.34%	311.20%

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.3 Exposures under IRB approach (continued)**

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

<b>Group 31 December 2016</b>	<b>0-0.11% RM'000</b>	<b>0.11-0.30% RM'000</b>	<b>0.30-0.43% RM'000</b>	<b>0.43-3.05% RM'000</b>	<b>3.05-9.20% RM'000</b>	<b>9.20-100% RM'000</b>	<b>Default or 100% RM'000</b>
<b>Retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Residential mortgage	324,902	2,640,418	1,290,031	6,516,675	719,720	368,926	203,798
Qualifying revolving retail	32,658	198,924	87,210	732,428	525,141	222,569	180,392
Other retail	602,200	600,063	329,041	1,573,653	421,154	501,764	280,363
Total on-balance sheet exposures	959,760	3,439,405	1,706,282	8,822,756	1,666,015	1,093,259	664,553
<b><u>Undrawn commitments</u></b>							
Residential mortgage	4,926	34,722	24,731	593,028	3,557	4,999	2,062
Qualifying revolving retail	374,469	483,045	115,382	666,300	227,481	58,490	-
Other retail	1,815	26,882	1,364	309,115	27,001	57,173	3,895
Total undrawn commitments	381,210	544,649	141,477	1,568,443	258,039	120,662	5,957
<b>Exposure weighted average LGD (%)</b>							
Residential mortgage	12.41%	12.51%	12.46%	12.58%	12.48%	12.92%	14.88%
Qualifying revolving retail	67.07%	67.07%	67.07%	67.07%	67.07%	67.07%	60.13%
Other retail	15.04%	18.10%	18.57%	32.62%	54.93%	62.86%	64.87%
<b>Exposure weighted average risk weight (%)</b>							
Residential mortgage	3.04%	5.43%	8.18%	15.88%	43.51%	66.28%	95.40%
Qualifying revolving retail	3.64%	7.43%	12.81%	31.94%	83.59%	168.60%	344.51%
Other retail	3.00%	9.50%	11.21%	38.82%	86.45%	139.37%	301.95%

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.3 Exposures under IRB approach (continued)**

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

<b>Bank 31 December 2017</b>	<b>0-0.11% RM'000</b>	<b>0.11-0.30% RM'000</b>	<b>0.30-0.43% RM'000</b>	<b>0.43-3.05% RM'000</b>	<b>3.05-9.20% RM'000</b>	<b>9.20-100% RM'000</b>	<b>Default or 100% RM'000</b>
<b>Retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Residential mortgage	340,613	1,849,935	953,400	4,874,848	547,832	300,608	163,848
Qualifying revolving retail	34,157	202,088	97,251	751,649	530,566	197,855	194,399
Other retail	422,382	395,385	184,734	1,270,833	274,860	373,612	209,130
Total on-balance sheet exposures	797,152	2,447,408	1,235,385	6,897,330	1,353,258	872,075	567,377
<b><u>Undrawn commitments</u></b>							
Residential mortgage	50	9,105	38,029	500,459	463	2,951	1,714
Qualifying revolving retail	451,266	485,130	144,930	741,625	228,629	53,548	-
Other retail	969	27,956	1,420	143,663	23,006	50,447	3,227
Total undrawn commitments	452,285	522,191	184,379	1,385,747	252,098	106,946	4,941
<b>Exposure weighted average LGD (%)</b>							
Residential mortgage	12.13%	12.40%	12.50%	12.60%	12.45%	12.89%	14.83%
Qualifying revolving retail	67.07%	67.07%	67.07%	67.07%	67.07%	67.07%	60.08%
Other retail	16.62%	17.91%	20.42%	33.05%	60.84%	63.04%	61.45%
<b>Exposure weighted average risk weight (%)</b>							
Residential mortgage	3.00%	5.46%	8.20%	15.58%	43.77%	66.61%	94.66%
Qualifying revolving retail	3.63%	7.45%	12.67%	31.36%	83.03%	166.68%	353.18%
Other retail	3.34%	9.36%	12.32%	39.88%	95.48%	140.25%	293.80%

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.3 Exposures under IRB approach (continued)**

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

<b>Bank 31 December 2016</b>	<b>0-0.11% RM'000</b>	<b>0.11-0.30% RM'000</b>	<b>0.30-0.43% RM'000</b>	<b>0.43-3.05% RM'000</b>	<b>3.05-9.20% RM'000</b>	<b>9.20-100% RM'000</b>	<b>Default or 100% RM'000</b>
<b>Retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Residential mortgage	322,292	2,001,958	996,569	4,939,523	559,249	287,996	181,726
Qualifying revolving retail	32,658	198,924	87,210	732,428	525,141	222,569	180,392
Other retail	502,050	475,101	213,800	1,218,350	326,398	437,822	193,846
Total on-balance sheet exposures	857,000	2,675,983	1,297,579	6,890,301	1,410,788	948,387	555,964
<b><u>Undrawn commitments</u></b>							
Residential mortgage	3,977	27,451	21,895	493,104	2,909	4,690	1,835
Qualifying revolving retail	374,469	483,045	115,382	666,300	227,481	58,490	-
Other retail	1,411	26,882	982	240,800	26,471	57,173	3,895
Total undrawn commitments	379,857	537,378	138,259	1,400,204	256,861	120,353	5,730
<b>Exposure weighted average LGD (%)</b>							
Residential mortgage	12.36%	12.52%	12.47%	12.61%	12.47%	12.91%	14.69%
Qualifying revolving retail	67.07%	67.07%	67.07%	67.07%	67.07%	67.07%	60.13%
Other retail	15.04%	18.64%	18.60%	31.39%	57.66%	63.70%	60.66%
<b>Exposure weighted average risk weight (%)</b>							
Residential mortgage	3.03%	5.46%	8.19%	15.71%	43.22%	65.65%	94.41%
Qualifying revolving retail	3.64%	7.43%	12.81%	31.94%	83.59%	168.60%	344.51%
Other retail	3.00%	9.74%	11.23%	37.43%	91.00%	142.25%	304.96%

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.3 Exposures under IRB approach (continued)**

**5.3.3 Exposures under the IRB approach by expected loss range for retail exposures**

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

<b>Group</b>	<b>Up to 0.10%</b>	<b>&gt;0.10 to 0.20%</b>	<b>&gt;0.20 to 0.50%</b>	<b>&gt;0.50 to 1.00%</b>	<b>&gt;1.00 to 30.00%</b>	<b>&gt;30 to &lt;100%</b>	<b>100%</b>
<b>31 December 2017</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Residential mortgage	7,695,244	1,917,612	945,453	388,434	686,526	-	-
Qualifying revolving retail	73,581	162,664	306,526	212,779	1,025,812	226,603	-
Other retail	1,754,820	468,755	78,207	365,066	903,251	311,059	744
Total on-balance sheet exposures	9,523,645	2,549,031	1,330,186	966,279	2,615,589	537,662	744
<b><u>Undrawn commitments</u></b>							
Residential mortgage	135,874	125,182	316,833	243	5,545	-	-
Qualifying revolving retail	564,996	371,400	399,658	283,157	480,786	5,131	-
Other retail	45,344	8,508	101,822	6,814	91,170	3,536	-
Total undrawn commitments	746,214	505,090	818,313	290,214	577,501	8,667	-
<b>Exposure weighted average risk weight (%)</b>							
Residential mortgage	8.50%	17.52%	28.00%	44.27%	72.23%	-	-
Qualifying revolving retail	4.02%	8.08%	16.36%	26.22%	81.44%	329.00%	-
Other retail	13.30%	15.24%	34.07%	48.18%	120.37%	267.22%	-
<b>Group</b>							
<b>31 December 2016</b>	<b>Up to 0.10%</b>	<b>&gt;0.10 to 0.20%</b>	<b>&gt;0.20 to 0.50%</b>	<b>&gt;0.50 to 1.00%</b>	<b>&gt;1.00 to 30.00%</b>	<b>&gt;30 to &lt;100%</b>	<b>100%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Residential mortgage	7,832,476	2,082,355	1,077,136	388,767	683,736	-	-
Qualifying revolving retail	71,617	159,965	288,260	216,930	1,023,357	219,193	-
Other retail	1,998,557	477,827	108,813	323,482	1,085,368	314,165	26
Total on-balance sheet exposures	9,902,650	2,720,147	1,474,209	929,179	2,792,461	533,358	26
<b><u>Undrawn commitments</u></b>							
Residential mortgage	157,785	123,653	376,222	2,074	8,291	-	-
Qualifying revolving retail	492,495	365,019	328,466	250,263	482,469	6,455	-
Other retail	44,511	2,934	265,100	6,969	97,241	10,186	304
Total undrawn commitments	694,791	491,606	969,788	259,306	588,001	16,641	304
<b>Exposure weighted average risk weight (%)</b>							
Residential mortgage	8.44%	17.45%	28.31%	44.43%	73.15%	-	-
Qualifying revolving retail	4.09%	8.08%	16.59%	26.46%	83.58%	315.77%	-
Other retail	10.84%	15.04%	28.50%	52.30%	122.07%	263.15%	-



**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.3 Exposures under IRB approach (continued)**

**5.3.3 Exposures under the IRB approach by expected loss range for retail exposures (continued)**

<b>Bank</b>	<b>Up to 0.10%</b>	<b>&gt;0.10 to 0.20%</b>	<b>&gt;0.20 to 0.50%</b>	<b>&gt;0.50 to 1.00%</b>	<b>&gt;1.00 to 30.00%</b>	<b>&gt;30 to &lt;100%</b>	<b>100%</b>
<b>31 December 2017</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Residential mortgage	6,003,531	1,434,580	742,315	297,218	553,440	-	-
Qualifying revolving retail	73,581	162,664	306,526	212,779	1,025,812	226,603	-
Other retail	1,389,208	373,005	67,280	252,470	799,735	248,494	744
Total on-balance sheet exposures	7,466,320	1,970,249	1,116,121	762,467	2,378,987	475,097	744
<b><u>Undrawn commitments</u></b>							
Residential mortgage	128,372	121,708	297,565	243	4,883	-	-
Qualifying revolving retail	564,996	371,400	399,658	283,157	480,786	5,131	-
Other retail	45,185	8,508	95,743	6,814	90,902	3,536	-
Total undrawn commitments	738,553	501,616	792,966	290,214	576,571	8,667	-
<b>Exposure weighted average risk weight (%)</b>							
Residential mortgage	8.59%	17.55%	27.82%	44.33%	73.12%	-	-
Qualifying revolving retail	4.02%	8.08%	16.36%	26.22%	81.44%	329.00%	-
Other retail	12.34%	15.21%	33.79%	50.54%	121.97%	267.98%	-
<b>Bank</b>							
<b>31 December 2016</b>	<b>Up to 0.10%</b>	<b>&gt;0.10 to 0.20%</b>	<b>&gt;0.20 to 0.50%</b>	<b>&gt;0.50 to 1.00%</b>	<b>&gt;1.00 to 30.00%</b>	<b>&gt;30 to &lt;100%</b>	<b>100%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Retail exposures (EAD)</b>							
<b><u>On balance sheet exposures</u></b>							
Residential mortgage	6,110,498	1,553,122	778,884	296,767	550,042	-	-
Qualifying revolving retail	71,617	159,965	288,260	216,930	1,023,357	219,193	-
Other retail	1,576,416	384,510	87,842	187,763	903,198	227,612	26
Total on-balance sheet exposures	7,758,531	2,097,597	1,154,986	701,460	2,476,597	446,805	26
<b><u>Undrawn commitments</u></b>							
Residential mortgage	136,101	106,798	303,781	1,799	7,382	-	-
Qualifying revolving retail	492,495	365,019	328,466	250,263	482,469	6,455	-
Other retail	43,122	2,934	197,495	6,611	96,962	10,186	304
Total undrawn commitments	671,718	474,751	829,742	258,673	586,813	16,641	304
<b>Exposure weighted average risk weight (%)</b>							
Residential mortgage	8.44%	17.34%	28.43%	44.45%	73.58%	-	-
Qualifying revolving retail	4.09%	8.08%	16.59%	26.46%	83.58%	315.77%	-
Other retail	10.08%	15.17%	28.99%	53.26%	123.51%	260.14%	-

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.3 Exposures under IRB approach (continued)**

**5.3.4 exposures subject to the supervisory risk weights under the IRB approach**

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

<b>Group</b>	<b>Strong or 70% RM'000</b>	<b>Good or 90% RM'000</b>	<b>Satisfactory or 115% RM'000</b>	<b>Weak or 250% RM'000</b>	<b>Default or 0% RM'000</b>
<b>31 December 2017</b>					
Income producing real estate					
- Total Exposures	-	7,399	-	-	-
- Risk Weighted Assets	-	6,659	-	-	-
<b>31 December 2016</b>					
Income producing real estate					
- Total Exposures	-	15,020	-	-	-
- Risk Weighted Assets	-	13,518	-	-	-
<b>Bank</b>	<b>Strong or 70% RM'000</b>	<b>Good or 90% RM'000</b>	<b>Satisfactory or 115% RM'000</b>	<b>Weak or 250% RM'000</b>	<b>Default or 0% RM'000</b>
<b>31 December 2017</b>					
Income producing real estate					
- Total Exposures	-	7,399	-	-	-
- Risk Weighted Assets	-	6,659	-	-	-
<b>31 December 2016</b>					
Income producing real estate					
- Total Exposures	-	15,020	-	-	-
- Risk Weighted Assets	-	13,518	-	-	-

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.4 Exposures under the Standardised approach**

**Risk weights under the Standardised approach**

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

Group	Exposures after netting and credit risk mitigation						Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
	Banks, development financial institutions & MDBs RM'000	Corporates* RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000		
<b>31 December 2017</b>								
<b>Risk weights</b>								
0%	55,546	-	-	-	-	92,090	147,636	-
35%	-	-	-	11,164	-	-	11,164	3,907
50%	2,887	-	493	72	-	-	3,452	1,727
75%	-	-	272,082	150	-	-	272,232	204,173
100%	-	279,497	120,340	122	-	727,482	1,127,441	1,127,441
150%	-	-	26,319	181	135	-	26,635	39,953
<b>Total exposures</b>	<b>58,433</b>	<b>279,497</b>	<b>419,234</b>	<b>11,689</b>	<b>135</b>	<b>819,572</b>	<b>1,588,560</b>	<b>1,377,201</b>
Risk-weighted assets by exposures	1,444	279,497	364,127	4,449	203	727,481	1,377,201	
Average risk weight	2.5%	100.0%	86.9%	38.1%	150.4%	88.8%	86.7%	
Deduction from capital base	-	-	-	-	-	-	-	

Group	Exposures after netting and credit risk mitigation						Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
	Banks, development financial institutions & MDBs RM'000	Corporates* RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000		
<b>31 December 2016</b>								
<b>Risk weights</b>								
0%	-	382	-	-	-	150,884	151,266	-
35%	-	-	-	12,388	-	-	12,388	4,342
50%	-	3,658	407	2	-	-	4,067	2,034
75%	-	-	56,820	50	-	-	56,870	42,653
100%	-	358,447	180,160	340	-	453,504	992,451	992,451
150%	-	218	27,441	44	137	-	27,840	41,760
1250%	-	-	-	-	-	1,658	1,658	20,725
<b>Total exposures</b>	<b>-</b>	<b>362,705</b>	<b>264,828</b>	<b>12,824</b>	<b>137</b>	<b>606,046</b>	<b>1,246,540</b>	<b>1,103,965</b>
Risk-weighted assets by exposures	-	360,603	264,140	4,780	206	474,236	1,103,965	
Average risk weight	-	99.4%	99.7%	37.3%	150.0%	78.3%	88.6%	
Deduction from capital base	-	-	-	-	-	-	-	

\* All corporate standardised exposures are unrated.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.4 Exposures under the Standardised approach (continued)**

**Risk weights under the Standardised approach (continued)**

Bank	Exposures after netting and credit risk mitigation						Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
	Banks, development financial institutions & MDBs RM'000	Corporates* RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000		
<b>31 December 2017</b>								
<b>Risk weights</b>								
0%	55,546	-	-	-	-	89,007	144,553	-
35%	-	-	-	10,825	-	-	10,825	3,788
50%	2,887	-	-	72	-	-	2,959	1,480
75%	-	-	265,076	150	-	-	265,226	198,919
100%	-	274,060	1,018	122	-	654,596	929,796	929,796
150%	-	-	22,293	181	135	-	22,609	33,914
<b>Total exposures</b>	<b>58,433</b>	<b>274,060</b>	<b>288,387</b>	<b>11,350</b>	<b>135</b>	<b>743,603</b>	<b>1,375,968</b>	<b>1,167,897</b>
Risk-weighted assets by exposures	1,444	274,060	233,265	4,331	203	654,594	1,167,897	
Average risk weight	2.5%	100.0%	80.9%	38.2%	150.4%	88.0%	84.9%	
Deduction from capital base	-	-	-	-	-	-	-	

Bank	Exposures after netting and credit risk mitigation						Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
	Banks, development financial institutions & MDBs RM'000	Corporates* RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000		
<b>31 December 2016</b>								
<b>Risk weights</b>								
0%	-	382	-	-	-	147,498	147,880	-
35%	-	-	-	12,037	-	-	12,037	4,221
50%	-	3,658	-	2	-	-	3,660	1,830
75%	-	-	44,715	50	-	-	44,765	33,574
100%	-	289,398	1,765	340	-	382,845	674,348	674,348
150%	-	218	23,371	44	137	-	23,770	35,655
1250%	-	-	-	-	-	1,658	1,658	20,725
<b>Total exposures</b>	<b>-</b>	<b>293,656</b>	<b>69,851</b>	<b>12,473</b>	<b>137</b>	<b>532,001</b>	<b>908,118</b>	<b>770,353</b>
Risk-weighted assets by exposures	-	291,554	70,358	4,657	206	403,578	770,353	
Average risk weight	-	99.3%	100.7%	37.3%	150.0%	75.9%	84.8%	
Deduction from capital base	-	-	-	-	-	-	-	

\* All corporate standardised exposures are unrated.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.5 Problem credit management and provisioning**

The Group's problem credit management policies are disclosed in Note 38(b)(iv) of the Bank's financial statements.

The Group's individual impairment provisions and collective impairment provisions by significant geographic areas are disclosed in Note 40(iii) of the Group's financial statements.

**5.5.1 Impairment provisions analysed by borrowers' business or industry**

The following tables show the Group's and the Bank's collective impairment provisions and movement in individual impairment provisions by each principal category of borrowers' business or industry.

Group 31 December 2017	Collective impairment provisions as at 31 December 2017 RM'000	Individual impairment provisions held as at 1 January 2017 RM'000	Transfer from provision for commitments and contingencies 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 2017 RM'000
Mortgages	43,036	47,112	-	46,638	(45,209)	48,541
Others	147,242	100,875	-	138,675	(128,200)	111,350
<b>Retail Clients</b>	<b>190,278</b>	<b>147,987</b>	<b>-</b>	<b>185,313</b>	<b>(173,409)</b>	<b>159,891</b>
Agriculture	3,491	20,798	-	-	(20,798)	-
Mining and quarrying	4,865	-	-	-	-	-
Manufacturing	40,108	536,304	-	82,992	(141,086)	478,210
Electricity, gas and water	1,256	-	-	-	-	-
Construction	11,564	689	-	1,327	(689)	1,327
Real estate	12,479	-	-	-	-	-
Wholesale & retail trade and restaurants & hotels	21,922	58,900	-	18,517	(25,593)	51,824
Transportation, storage and communication	7,734	3,443	-	2,417	(584)	5,276
Finance, insurance and business services	36,641	-	-	-	-	-
Household	40	-	-	-	-	-
Others	2,416	-	-	-	-	-
<b>Corporates, Institutional and Commercial Clients</b>	<b>142,516</b>	<b>620,134</b>	<b>-</b>	<b>105,253</b>	<b>(188,750)</b>	<b>536,637</b>
<b>Total Impairment Provisions</b>	<b>332,794</b>	<b>768,121</b>	<b>-</b>	<b>290,566</b>	<b>(362,159)</b>	<b>696,528</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.5 Problem credit management and provisioning (continued)**

**5.5.1 Impairment provisions analysed by borrowers' business or industry (continued)**

Group 31 December 2016	Collective impairment provisions as at 31 December 2016 RM'000	Individual impairment provisions held as at 1 January 2016 RM'000	Transfer from provision for commitments and contingencies 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 2016 RM'000
Mortgages	40,033	47,694	-	36,094	(36,676)	47,112
Others	194,889	104,236	-	177,775	(181,136)	100,875
<b>Retail Clients</b>	<b>234,922</b>	<b>151,930</b>	<b>-</b>	<b>213,869</b>	<b>(217,812)</b>	<b>147,987</b>
Agriculture	3,945	20,623	-	860	(685)	20,798
Mining and quarrying	5,621	-	-	-	-	-
Manufacturing	60,054	445,661	102,388	98,164	(109,909)	536,304
Electricity, gas and water	1,108	-	-	-	-	-
Construction	14,167	1,496	-	620	(1,427)	689
Real estate	7,802	-	-	-	-	-
Wholesale & retail trade and restaurants & hotels	25,725	81,121	-	30,998	(53,219)	58,900
Transportation, storage and communication	9,622	1,928	-	3,186	(1,671)	3,443
Finance, insurance and business services	36,177	-	-	-	-	-
Household	18	-	-	-	-	-
Others	2,470	-	-	-	-	-
<b>Corporates, Institutional and Commercial Clients</b>	<b>166,709</b>	<b>550,829</b>	<b>102,388</b>	<b>133,828</b>	<b>(166,911)</b>	<b>620,134</b>
<b>Total Impairment Provisions</b>	<b>401,631</b>	<b>702,759</b>	<b>102,388</b>	<b>347,697</b>	<b>(384,723)</b>	<b>768,121</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.5 Problem credit management and provisioning (continued)**

**5.5.1 Impairment provisions analysed by borrowers' business or industry (continued)**

<b>Bank 31 December 2017</b>	<b>Collective impairment provisions as at 31 December 2017 RM'000</b>	<b>Individual impairment provisions held as at 1 January 2017 RM'000</b>	<b>Transfer from provision for commitments and contingencies RM'000</b>	<b>Net individual impairment charge during the financial year RM'000</b>	<b>Amounts written off or other movements during the financial year RM'000</b>	<b>Individual impairment provisions held as at 31 December 2017 RM'000</b>
Mortgages	33,337	42,464	-	34,147	(37,255)	39,356
Others	115,392	80,545	-	96,659	(85,823)	91,381
<b>Retail Clients</b>	<b>148,729</b>	<b>123,009</b>	<b>-</b>	<b>130,806</b>	<b>(123,078)</b>	<b>130,737</b>
Agriculture	418	20,798	-	-	(20,798)	-
Mining and quarrying	2,737	-	-	-	-	-
Manufacturing	36,671	535,120	-	82,992	(140,130)	477,982
Electricity, gas and water	1,256	-	-	-	-	-
Construction	9,837	689	-	1,327	(689)	1,327
Real estate	11,222	-	-	-	-	-
Wholesale & retail trade and restaurants & hotels	15,916	58,900	-	18,517	(25,593)	51,824
Transportation, storage and communication	5,390	3,443	-	-	(584)	2,859
Finance, insurance and business services	33,853	-	-	-	-	-
Household	40	-	-	-	-	-
Others	2,272	-	-	-	-	-
<b>Corporates, Institutional and Commercial Clients</b>	<b>119,612</b>	<b>618,950</b>	<b>-</b>	<b>102,836</b>	<b>(187,794)</b>	<b>533,992</b>
<b>Total Impairment Provisions</b>	<b>268,341</b>	<b>741,959</b>	<b>-</b>	<b>233,642</b>	<b>(310,872)</b>	<b>664,729</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.5 Problem credit management and provisioning (continued)**

**5.5.1 Impairment provisions analysed by borrowers' business or industry (continued)**

<b>Bank 31 December 2016</b>	<b>Collective impairment provisions as at 31 December 2016 RM'000</b>	<b>Individual impairment provisions held as at 1 January 2016 RM'000</b>	<b>Transfer from provision for commitments and contingencies RM'000</b>	<b>Net individual impairment charge during the financial year RM'000</b>	<b>Amounts written off or other movements during the financial year RM'000</b>	<b>Individual impairment provisions held as at 31 December 2016 RM'000</b>
Mortgages	33,018	44,284	-	27,285	(29,105)	42,464
Others	144,580	80,208	-	112,379	(112,042)	80,545
<b>Retail Clients</b>	<b>177,598</b>	<b>124,492</b>	<b>-</b>	<b>139,664</b>	<b>(141,147)</b>	<b>123,009</b>
Agriculture	148	20,623	-	860	(685)	20,798
Mining and quarrying	4,977	-	-	-	-	-
Manufacturing	52,170	444,477	102,388	98,164	(109,909)	535,120
Electricity, gas and water	1,108	-	-	-	-	-
Construction	12,801	1,496	-	620	(1,427)	689
Real estate	7,145	-	-	-	-	-
Wholesale & retail trade and restaurants & hotels	20,522	81,121	-	30,998	(53,219)	58,900
Transportation, storage and communication	8,933	1,928	-	3,186	(1,671)	3,443
Finance, insurance and business services	33,354	-	-	-	-	-
Household	18	-	-	-	-	-
Others	2,191	-	-	-	-	-
<b>Corporates, Institutional and Commercial Clients</b>	<b>143,367</b>	<b>549,645</b>	<b>102,388</b>	<b>133,828</b>	<b>(166,911)</b>	<b>618,950</b>
<b>Total Impairment Provisions</b>	<b>320,965</b>	<b>674,137</b>	<b>102,388</b>	<b>273,492</b>	<b>(308,058)</b>	<b>741,959</b>

A reconciliation of changes to loans impairment provision as at 31 December 2017 with 31 December 2016 are disclosed in Note 9 of the Group's financial statements.



**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.5 Problem credit management and provisioning (continued)**

**5.5.2 Pass due but not impaired loans, advances and financing**

A loan is considered to be past due when the counterparty has failed to make a principal or interest payment when contractually due. Past due does not necessarily mean that a loan is impaired.

The following table analyses the Group's and the Bank's loans, advances and financing past due but not impaired, analysed by borrowers' business or industry.

	Group		Bank	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Mortgages	1,276,995	1,192,222	888,169	877,358
Others	313,772	391,774	277,788	284,941
<b>Retail Clients</b>	<b>1,590,767</b>	<b>1,583,996</b>	<b>1,165,957</b>	<b>1,162,299</b>
Manufacturing	20	82,737	20	82,737
Construction	-	2,000	-	2,000
Wholesale & retail trade and restaurants & hotels	2,201	42,338	2,201	42,338
Finance, insurance and business services	39,617	27,314	39,617	27,314
Education, Health & Others	-	4,921	-	4,921
Transportation, storage and communication	432	-	-	-
<b>Corporates, Institutional and Commercial Clients</b>	<b>42,270</b>	<b>159,310</b>	<b>41,838</b>	<b>159,310</b>

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

	Group		Bank	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	1,633,037	1,743,306	1,207,795	1,321,609
	<b>1,633,037</b>	<b>1,743,306</b>	<b>1,207,795</b>	<b>1,321,609</b>

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.6 Off-balance sheet and counterparty credit risk**

The following tables analyse the Group's and the Bank's off-balance sheet and counterparty credit risk.

<b>Group</b>	<b>Principal amount RM'000</b>	<b>Positive fair value of contracts RM'000</b>	<b>Negative fair value of contracts RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted assets RM'000</b>
<b>31 December 2017</b>					
Direct credit substitutes	1,720,623	-	-	1,720,623	676,206
Transaction related contingent items	3,620,380	-	-	3,620,380	1,064,613
Short term self liquidating trade related contingencies	392,402	-	-	391,974	104,427
Sell and buy back agreements					
Foreign exchange related contracts					
<i>One year or less</i>	54,934,667	1,170,904	1,417,424	1,940,412	490,822
<i>Over one year to five years</i>	11,938,270	741,987	508,579	1,557,564	751,741
<i>Over five years</i>	1,279,033	72,149	194,291	207,568	95,475
Interest/profit rate related contracts					
<i>One year or less</i>	18,129,267	121,483	122,450	148,801	21,058
<i>Over one year to five years</i>	28,586,931	118,662	106,621	755,525	227,463
<i>Over five years</i>	6,533,194	66,269	52,491	495,420	133,702
Equity related contracts					
<i>One year or less</i>	13,188	1,039	102	720	42
<i>Over one year to five years</i>	29,213	3,809	-	6,146	547
Commodity contracts					
<i>One year or less</i>	1,481,737	53,703	53,703	156,886	58,073
<i>Over one year to five years</i>	1,695,762	94,733	94,733	203,238	140,818
Credit derivative contracts *					
<i>One year or less</i>	20,475	119	-	1,143	239
<i>Over one year to five years</i>	28,386	775	-	2,194	1,058
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,912,182	-	-	527,629	706,199
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	783,878	-	-	688,486	236,617
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 borrower's creditworthiness	34,052,051	-	-	3,533,029	1,604,374
	<u>168,151,639</u>	<u>2,445,632</u>	<u>2,550,394</u>	<u>15,957,738</u>	<u>6,313,474</u>

The table below shows the credit derivative contracts for client intermediation activities:

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted assets RM'000</b>
<i>* Credit derivative contracts</i>			
Total return swap			
- protection sold	48,861	3,337	1,297

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.6 Off-balance sheet and counterparty credit risk (continued)**

<b>Group</b>	<b>Principal amount RM'000</b>	<b>Positive fair value of contracts RM'000</b>	<b>Negative fair value of contracts RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted assets RM'000</b>
<b>31 December 2016</b>					
Direct credit substitutes	2,141,367	-	-	2,141,367	1,284,151
Transaction related contingent items	3,776,779	-	-	3,776,779	1,175,690
Short term self liquidating trade related contingencies	184,446	-	-	183,862	37,893
Sell and buy back agreements					
Foreign exchange related contracts					
<i>One year or less</i>	49,581,064	2,159,245	1,692,979	3,009,224	689,570
<i>Over one year to five years</i>	12,551,181	1,097,546	1,438,512	1,961,981	772,759
<i>Over five years</i>	2,641,904	589,142	349,215	870,460	136,908
Interest/profit rate related contracts					
<i>One year or less</i>	21,155,218	19,138	24,695	53,426	7,569
<i>Over one year to five years</i>	32,199,345	246,884	232,280	890,570	188,180
<i>Over five years</i>	7,761,427	89,327	86,809	618,786	120,372
Equity related contracts					
<i>One year or less</i>	45,410	678	-	2,420	141
<i>Over one year to five years</i>	88,053	3,024	252	9,316	959
Commodity contracts					
<i>One year or less</i>	5,080,399	194,651	194,651	464,394	157,652
<i>Over one year to five years</i>	2,087,097	36,971	36,971	168,380	102,698
Credit derivative contracts *					
<i>Over one year to five years</i>	20,475	532	-	1,556	396
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,429,059	-	-	694,304	587,007
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	891,397	-	-	853,576	206,096
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 borrower's creditworthiness	35,366,484	-	-	3,319,379	1,534,299
	<u>178,001,105</u>	<u>4,437,138</u>	<u>4,056,364</u>	<u>19,019,780</u>	<u>7,002,340</u>

The table below shows the credit derivative contracts for client intermediation activities:

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted assets RM'000</b>
* <i>Credit derivative contracts</i>			
Total return swaps			
- protection sold	20,475	1,556	396

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.6 Off-balance sheet and counterparty credit risk (continued)**

<b>Bank</b>	<b>Principal amount RM'000</b>	<b>Positive fair value of contracts RM'000</b>	<b>Negative fair value of contracts RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted assets RM'000</b>
<b>31 December 2017</b>					
Direct credit substitutes	1,707,032	-	-	1,708,386	672,242
Transaction related contingent items	3,363,489	-	-	3,425,439	1,021,728
Short term self liquidating trade related contingencies	322,029	-	-	368,198	96,182
Sell and buy back agreements					
Foreign exchange related contracts					
<i>One year or less</i>	54,935,278	1,175,722	1,417,492	1,938,562	489,350
<i>Over one year to five years</i>	11,938,270	741,987	508,579	1,748,730	842,765
<i>Over five years</i>	1,279,033	72,149	194,291	207,568	95,475
Interest rate related contracts					
<i>One year or less</i>	18,129,267	121,483	122,450	148,801	21,058
<i>Over one year to five years</i>	28,564,534	118,662	106,621	755,152	240,301
<i>Over five years</i>	6,533,194	66,269	52,491	495,420	133,702
Equity related contracts					
<i>One year or less</i>	13,188	1,039	102	720	42
<i>Over one year to five years</i>	48,824	3,809	2,232	7,715	1,185
Commodity contracts					
<i>One year or less</i>	1,481,737	53,703	53,703	156,886	58,073
<i>Over one year to five years</i>	1,695,762	94,733	94,733	203,238	140,818
Credit derivative contracts *					
<i>One year or less</i>	20,475	119	-	1,143	239
<i>Over one year to five years</i>	28,386	775	-	2,194	1,058
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,492,559	-	-	511,449	693,390
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	747,667	-	-	653,167	228,242
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 borrower's creditworthiness	37,359,390	-	-	3,314,704	1,361,447
	<u>170,660,114</u>	<u>2,450,450</u>	<u>2,552,694</u>	<u>15,647,472</u>	<u>6,097,297</u>

The table below shows the credit derivative contracts for client intermediation activities:

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted assets RM'000</b>
* <i>Credit derivative contracts</i>			
Total return swap			
- protection sold	48,861	3,337	1,297

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**5. Credit risk (continued)**

**5.6 Off-balance sheet and counterparty credit risk (continued)**

<b>Bank</b>	<b>Principal amount RM'000</b>	<b>Positive fair value of contracts RM'000</b>	<b>Negative fair value of contracts RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted assets RM'000</b>
<b>31 December 2016</b>					
Direct credit substitutes	2,138,550	-	-	2,139,904	1,283,614
Transaction related contingent items	3,564,104	-	-	3,619,175	1,153,576
Short term self liquidating trade related contingencies	143,256	-	-	146,281	28,906
Sell and buy back agreements					
Foreign exchange related contracts					
<i>One year or less</i>	49,536,213	2,159,117	1,691,254	3,007,750	686,077
<i>Over one year to five years</i>	12,551,180	1,145,132	1,474,682	2,249,466	868,321
<i>Over five years</i>	2,641,904	589,142	349,215	870,460	136,908
Interest rate related contracts					
<i>One year or less</i>	21,155,218	19,138	24,695	53,426	7,569
<i>Over one year to five years</i>	32,174,557	246,884	232,280	889,910	206,389
<i>Over five years</i>	7,761,427	89,327	86,809	618,786	120,372
Equity related contracts					
<i>One year or less</i>	45,410	678	-	2,420	141
<i>Over one year to five years</i>	107,664	3,775	583	11,636	1,844
Commodity contracts					
<i>One year or less</i>	5,080,399	194,651	194,651	464,394	157,652
<i>Over one year to five years</i>	2,087,097	36,971	36,971	168,380	102,698
Credit derivative contracts *					
<i>Over one year to five years</i>	20,475	532	-	1,556	396
<i>Over five years</i>	-	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,024,073	-	-	601,746	509,514
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	707,356	-	-	670,739	159,368
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 borrower's creditworthiness	37,985,421	-	-	3,162,382	1,414,459
	<u>179,724,304</u>	<u>4,485,347</u>	<u>4,091,140</u>	<u>18,678,411</u>	<u>6,837,804</u>

The table below shows the credit derivative contracts for client intermediation activities:

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted assets RM'000</b>
* <i>Credit derivative contracts</i>			
Total return swaps			
- protection sold	20,475	1,556	396

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**6. Market risk**

The Group recognises market risk as the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. The Group's exposure to market risk arises predominantly from providing clients access to financial markets, facilitation of which entails the Group's taking moderate market risk position. All trading teams support client activity; there are no proprietary trading teams. Hence, income earned from market risk related activities is broadly stable. Market risk also arises in the non-trading book from the holding of high quality liquid debt securities.

Our market risk management governance, measurement, valuation framework and exposures are disclosed in Note 38(c) and Note 42 of the Group's financial statements.

**7. Equity exposures in banking book**

Equity risk is the risk of decline in the net realisable value of investment assets arising from adverse movements in market price or factors specific to the investment itself. The Group holds equity positions for socio-economic purposes, which are deemed as non-trading instruments.

The basis of measurement of the below equity is disclosed in Note 2(b)(ii) of the Group's financial statements.

Table below details the equity exposures in banking book of the Group and the Bank.

Group and Bank	31 December 2017		31 December 2016	
	Gross exposures	Risk assets	Gross exposures	Risk assets
	RM'000	RM'000	RM'000	RM'000
<u>Privately Held</u>				
For socio-economic purposes	9,098	9,098	9,098	9,098
	<u>9,098</u>	<u>9,098</u>	<u>9,098</u>	<u>9,098</u>

**8. Operational risk**

Operational risk is the potential for loss from inadequate or failed internal processes, people, and systems or from the impact of external events, including legal risks.

Our operational risk governance, approach and measurement methodology are disclosed in Note 38(a) of the Group's financial statements.

**Standard Chartered Bank Malaysia Berhad  
and its subsidiaries  
Pillar 3 Disclosures**

**Chief Executive Officer Attestation**

In accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Standard Chartered Bank Malaysia Berhad and its subsidiaries' Pillar 3 Disclosures report for the financial year ended 31 December 2017 are consistent with the manner in which the Group and the Bank assesses and manages its risk, and are not misleading in any particular way.

.....  
**Abrar A. Anwar**  
**Chief Executive Officer**

Date: 24 April 2018