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**Standard Chartered Saadiq Berhad**

**Pillar 3 Disclosures  
30 June 2016**

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Incorporated in Malaysia with registered Company No. 823437K

***Registered Office and Principal Place of Businesses***

***Level 16, Menara Standard Chartered***

***No. 30, Jalan Sultan Ismail 50250 Kuala Lumpur***

**Standard Chartered Saadiq Berhad**  
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**1.0 Regulatory capital requirement**

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

30 June 2016 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Risk weighted assets absorbed by PSIA RM'000	Total risk weighted assets after effects of PSIA RM'000	Minimum Capital requirement at 8% RM'000
<b>(a) Credit risk</b>						
<u>Exposures under the Standardised approach</u>						
On-balance sheet exposures:-						
Corporates	30,077	30,077	30,077	-	30,077	2,406
Regulatory retail	220,048	220,048	216,129	-	216,129	17,290
Residential mortgages	358	358	125	-	125	10
Other assets	79,332	79,332	68,027	-	68,027	5,442
Defaulted exposures	4,686	4,686	7,029	-	7,029	562
Total on-balance sheet exposures	334,501	334,501	321,387	-	321,387	25,710
Off-balance sheet exposures:-						
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	34,920	33,371	33,327	-	33,327	2,666
Total off-balance sheet exposures	34,920	33,371	33,327	-	33,327	2,666
Total on and off-balance sheet exposures	369,421	367,872	354,714	-	354,714	28,376
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	2,290,152	2,290,152	144,022	(79,449)	64,573	5,166
Banks, development financial institutions & multilateral development banks ("MDBs")	749,296	749,296	66,622	-	66,622	5,330
Takaful companies, Syariah compliant securities firms & fund managers	201,227	201,227	25,268	(9,229)	16,039	1,283
Corporates	2,200,252	2,203,372	2,056,350	(1,005,866)	1,050,484	84,039
Home financing	2,843,099	2,843,099	522,036	-	522,036	41,763
Other retail	952,529	949,409	437,015	-	437,015	34,961
Defaulted exposures	113,442	113,442	284,184	-	284,184	22,735
Total on-balance sheet exposures	9,349,997	9,349,997	3,535,497	(1,094,544)	2,440,953	195,277
Off-balance sheet exposures:-						
OTC derivatives	474,126	474,126	268,318	(196,389)	71,929	5,754
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	981,494	981,494	398,302	(108,148)	290,154	23,212
Total off-balance sheet exposures	1,455,620	1,455,620	666,620	(304,537)	362,083	28,966
Total on and off-balance sheet exposures	10,805,617	10,805,617	4,202,117	(1,399,081)	2,803,036	224,243
<b>(b) Large exposures risk requirement</b>						
<b>(c) Market risk</b>						
<b>(d) Operational risk (Standardised approach)</b>						
			360,517	-	360,517	28,841
<b>Total RWA and capital requirements</b>			<b>4,917,348</b>	<b>(1,399,081)</b>	<b>3,518,267</b>	<b>281,460</b>
<u>CET 1, Tier 1 and Total capital ratios</u>						
			Before effect of PSIA		After effect of PSIA	
CET 1 capital ratio			11.89%		16.62%	
Tier 1 capital ratio			11.89%		16.62%	
Total capital ratio			14.02%		19.59%	

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**1.0 Regulatory capital requirement (continued)**

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

31 December 2015 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Risk weighted assets absorbed by PSIA RM'000	Total risk weighted assets after effects of PSIA RM'000	Minimum Capital requirement at 8% RM'000
<b>(a) Credit risk</b>						
<u>Exposures under the Standardised approach</u>						
On-balance sheet exposures:-						
Corporates	18,306	18,306	18,306	-	18,306	1,464
Regulatory retail	1,431	1,431	1,114	-	1,114	89
Other assets	322,989	322,989	314,283	-	314,283	25,143
Defaulted exposures	25	25	37	-	37	3
Total on-balance sheet exposures	342,751	342,751	333,740	-	333,740	26,699
Off-balance sheet exposures:-						
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	51,981	50,274	50,274	-	50,274	4,022
Total off-balance sheet exposures	51,981	50,274	50,274	-	50,274	4,022
Total on and off-balance sheet exposures	394,732	393,025	384,014	-	384,014	30,721
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	2,287,356	2,287,356	151,076	(85,976)	65,100	5,208
Banks, development financial institutions & multilateral development banks ("MDBs")	2,183,775	2,183,775	194,408	-	194,408	15,553
Takaful companies, Syariah compliant securities firms & fund managers	201,178	201,178	28,643	(10,457)	18,186	1,455
Corporates	2,278,305	2,281,265	2,036,655	(1,102,099)	934,556	74,764
Home financing	2,888,241	2,888,241	843,144	-	843,144	67,452
Other retail	1,066,348	1,063,388	600,588	-	600,588	48,047
Defaulted exposures	109,533	109,533	304,882	-	304,882	24,391
Total on-balance sheet exposures	11,014,736	11,014,736	4,159,396	(1,198,532)	2,960,864	236,870
Off-balance sheet exposures:-						
OTC derivatives	670,214	670,214	398,442	(212,761)	185,681	14,854
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	1,099,122	1,099,122	561,624	(196,135)	365,489	29,239
Total off-balance sheet exposures	1,769,336	1,769,336	960,066	(408,896)	551,170	44,093
Total on and off-balance sheet exposures	12,784,072	12,784,072	5,119,462	(1,607,428)	3,512,034	280,963
<b>(b) Large exposures risk requirement</b>						
<b>(c) Market risk</b>						
<b>(d) Operational risk (Standardised approach)</b>						
			356,681	-	356,681	28,534
<b>Total RWA and capital requirements</b>			<b>5,860,157</b>	<b>(1,607,428)</b>	<b>4,252,729</b>	<b>340,218</b>

**CET 1, Tier 1 and Total capital ratios**

	Before effect of PSIA	After effect of PSIA
CET 1 capital ratio	9.53%	13.13%
Tier 1 capital ratio	9.53%	13.13%
Total capital ratio	11.40%	15.71%

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**2. Credit risk**

**2.1 Exposure values**

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

**Geographical analysis**

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

<b>30 June 2016</b>	<b>Malaysia RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>IRB exposures</b>			
Sovereigns/Central banks	2,290,152	-	2,290,152
Banks, development financial institutions & MDBs	867,978	279,701	1,147,679
Takaful companies, Syariah compliant securities firms & fund managers	210,909	64,247	275,156
Corporate exposures (excluding specialised financing and firm-size adjustment)	2,197,683	187,977	2,385,660
Corporate exposures (with firm-size adjustment)	589,396	-	589,396
Retail exposures	4,117,574	-	4,117,574
<i>Home financing</i>	2,995,281	-	2,995,281
<i>Other retail exposures</i>	1,122,293	-	1,122,293
<b>Total IRB exposures</b>	<b>10,273,692</b>	<b>531,925</b>	<b>10,805,617</b>
<b>Standardised exposures</b>			
Corporates	63,320	1,508	64,828
Regulatory retail	224,905	-	224,905
Residential mortgages	358	-	358
Other assets	63,737	15,593	79,330
<b>Total Standardised exposures</b>	<b>352,320</b>	<b>17,101</b>	<b>369,421</b>
<b>Total credit risk exposures</b>	<b>10,626,012</b>	<b>549,026</b>	<b>11,175,038</b>

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**2. Credit risk (continued)**

**2.1 Exposure values (continued)**

**Geographical analysis (continued)**

<b>31 December 2015</b>	<b>Malaysia RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>IRB exposures</b>			
Sovereigns/Central banks	2,287,356	-	2,287,356
Banks, development financial institutions & MDBs	2,377,320	396,825	2,774,145
Takaful companies, Syariah compliant securities firms & multilateral fund managers	236,771	39,690	276,461
Corporate exposures (excluding specialised financing and firm-size adjustment)	2,197,647	327,932	2,525,579
Corporate exposures (with firm-size adjustment)	580,870	-	580,870
Retail exposures	4,339,661	-	4,339,661
<i>Home financing</i>	3,080,276	-	3,080,276
<i>Other retail exposures</i>	1,259,385	-	1,259,385
<b>Total IRB exposures</b>	<b>12,019,625</b>	<b>764,447</b>	<b>12,784,072</b>
<b>Standardised exposures</b>			
Corporates	68,748	1,540	70,288
Regulatory retail	1,455	-	1,455
Other assets	309,237	13,752	322,989
<b>Total Standardised exposures</b>	<b>379,440</b>	<b>15,292</b>	<b>394,732</b>
<b>Total credit risk exposures</b>	<b>12,399,065</b>	<b>779,739</b>	<b>13,178,804</b>

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**2. Credit risk (continued)**

**2.1 Exposure values (continued)**

**Sector or economic purpose analysis**

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

30 June 2016	Agricultural, hunting, forestry and fishing RM'000	Mining quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale & retail trade and restaurants & hotels RM'000	Transportation, storage and communication RM'000	Finance, insurance/ takaful and services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
<b>IRB exposures</b>												
Sovereigns/Central banks	-	-	-	-	-	-	-	2,290,152	-	-	-	2,290,152
Banks, development financial financial institutions & MDBs	-	-	-	-	-	-	-	1,147,679	-	-	-	1,147,679
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-	-	-	-	275,156	-	-	-	275,156
Corporate exposures (excluding specialised financing and firm- size adjustment)	157,089	13,529	1,010,873	-	8,626	468,512	184,680	187,668	266,344	-	88,339	2,385,660
Corporate exposures (with firm- size adjustment)	-	31,825	23,773	-	91,573	17,951	47,447	34,059	5,240	-	337,528	589,396
Retail exposures	1,145	1,720	48,792	996	43,788	86,436	30,524	40,872	92	3,847,395	15,814	4,117,574
<i>Home financing</i>	-	-	-	-	-	-	-	-	-	2,995,281	-	2,995,281
<i>Other retail exposures</i>	1,145	1,720	48,792	996	43,788	86,436	30,524	40,872	92	852,114	15,814	1,122,293
<b>Total IRB exposures</b>	<b>158,234</b>	<b>47,074</b>	<b>1,083,438</b>	<b>996</b>	<b>143,987</b>	<b>572,899</b>	<b>262,651</b>	<b>3,975,586</b>	<b>271,676</b>	<b>3,847,395</b>	<b>441,681</b>	<b>10,805,617</b>
<b>Standardised exposures</b>												
Corporates	-	-	-	-	63,320	-	-	-	-	-	1,508	64,828
Regulatory retail	-	-	-	-	-	-	74	-	-	-	224,831	224,905
Residential mortgages	-	-	-	-	-	-	-	-	-	-	358	358
Other assets	-	-	-	-	-	-	-	-	-	-	79,330	79,330
<b>Total Standardised exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,320</b>	<b>-</b>	<b>74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>306,027</b>	<b>369,421</b>
<b>Total credit risk exposures</b>	<b>158,234</b>	<b>47,074</b>	<b>1,083,438</b>	<b>996</b>	<b>207,307</b>	<b>572,899</b>	<b>262,725</b>	<b>3,975,586</b>	<b>271,676</b>	<b>3,847,395</b>	<b>747,708</b>	<b>11,175,038</b>

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2. Credit risk (continued)

2.1 Exposure values (continued)

Sector or economic purpose analysis (continued)

31 December 2015	Agricultural, hunting, forestry and fishing RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale & retail trade and restaurants & hotels RM'000	Transportation, storage and communication RM'000	Finance, insurance/ takaful and services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
<b>IRB exposures</b>												
Sovereigns/Central banks	-	-	-	-	-	-	-	2,287,356	-	-	-	2,287,356
Banks, development financial financial institutions & MDBs	-	-	-	-	-	-	-	2,774,145	-	-	-	2,774,145
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-	-	-	-	276,461	-	-	-	276,461
Corporate exposures (excluding specialised financing and firm- size adjustment)	131,684	19,840	1,163,510	-	4,015	559,552	128,761	184,115	281,631	-	52,471	2,525,579
Corporate exposures (with firm- size adjustment)	-	34,822	27,451	-	96,582	17,931	44,657	12,836	7,701	-	338,890	580,870
Retail exposures	1,895	2,235	52,905	1,115	48,512	99,402	29,028	45,405	156	3,330,790	728,218	4,339,661
<i>Home financing</i>	-	-	-	-	-	-	-	-	-	3,080,276	-	3,080,276
<i>Other retail exposures</i>	1,895	2,235	52,905	1,115	48,512	99,402	29,028	45,405	156	250,514	728,218	1,259,385
<b>Total IRB exposures</b>	<b>133,579</b>	<b>56,897</b>	<b>1,243,866</b>	<b>1,115</b>	<b>149,109</b>	<b>676,885</b>	<b>202,446</b>	<b>5,580,318</b>	<b>289,488</b>	<b>3,330,790</b>	<b>1,119,579</b>	<b>12,784,072</b>
<b>Standardised exposures</b>												
Corporates	-	-	-	-	68,748	-	-	-	-	-	1,540	70,288
Regulatory retail	-	-	-	-	964	-	-	-	-	-	491	1,455
Other assets	-	-	-	-	-	-	-	-	-	-	322,989	322,989
<b>Total Standardised exposures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325,020</b>	<b>394,732</b>
<b>Total credit risk exposures</b>	<b>133,579</b>	<b>56,897</b>	<b>1,243,866</b>	<b>1,115</b>	<b>218,821</b>	<b>676,885</b>	<b>202,446</b>	<b>5,580,318</b>	<b>289,488</b>	<b>3,330,790</b>	<b>1,444,599</b>	<b>13,178,804</b>

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**2. Credit risk (continued)**

**2.1 Exposure values (continued)**

**Residual contractual maturity analysis**

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

<b>30 June 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	2,188,140	102,012	-	2,290,152
Banks, development financial institutions & MDBs	760,168	387,511	-	1,147,679
Takaful companies, securities firms & Syariah compliant fund managers	210,779	64,377	-	275,156
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,397,671	805,000	182,989	2,385,660
Corporate exposures (with firm-size adjustment)	146,525	139,149	303,722	589,396
Retail exposures	223,357	295,810	3,598,407	4,117,574
Home financing	97,476	13,437	2,884,368	2,995,281
Other retail exposures	125,881	282,373	714,039	1,122,293
Total IRB exposures	<b>4,926,640</b>	<b>1,793,859</b>	<b>4,085,118</b>	<b>10,805,617</b>
<b>Standardised exposures</b>				
Corporates	12,958	50,434	1,436	64,828
Regulatory retail	2,134	219,165	3,606	224,905
Residential mortgages	1	-	357	358
Other assets	79,330	-	-	79,330
Total Standardised exposures	<b>94,423</b>	<b>269,599</b>	<b>5,399</b>	<b>369,421</b>
<b>Total credit risk exposures</b>	<b>5,021,063</b>	<b>2,063,458</b>	<b>4,090,517</b>	<b>11,175,038</b>

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



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**2. Credit risk (continued)**

**2.1 Exposure values (continued)**

**Residual contractual maturity analysis (continued)**

	Up to 1 year Restated RM'000	> 1 - 5 years Restated RM'000	Over 5 years Restated RM'000	Total RM'000
<b>31 December 2015</b>				
<b>IRB exposures</b>				
Sovereigns/Central banks	1,886,117	401,239	-	2,287,356
Banks, development financial institutions & MDBs	2,206,760	567,385	-	2,774,145
Takaful companies, securities firms & Syariah compliant fund managers	35,464	240,997	-	276,461
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,554,973	746,207	224,399	2,525,579
Corporate exposures (with firm-size adjustment)	120,132	151,333	309,405	580,870
Retail exposures	138,799	368,983	3,831,879	4,339,661
Home financing	1,175	8,364	3,070,737	3,080,276
Other retail exposures	137,624	360,619	761,142	1,259,385
<b>Total IRB exposures</b>	<b>5,942,245</b>	<b>2,476,144</b>	<b>4,365,683</b>	<b>12,784,072</b>
<b>Standardised exposures</b>				
Corporates	7,644	61,183	1,461	70,288
Regulatory retail	22	1,374	59	1,455
Other assets	322,989	-	-	322,989
<b>Total Standardised exposures</b>	<b>330,655</b>	<b>62,557</b>	<b>1,520</b>	<b>394,732</b>
<b>Total credit risk exposures</b>	<b>6,272,900</b>	<b>2,538,701</b>	<b>4,367,203</b>	<b>13,178,804</b>

*Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 69% are collateralized.*

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**2. Credit risk (continued)**

**2.2 Credit risk mitigation**

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

	<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>30 June 2016</b>				
<b>On-balance sheet exposures</b>				
Sovereigns/Central banks	2,290,152	-	-	-
Banks, development financial institutions & MDBs	749,296	-	-	-
Takaful companies, Syariah compliant securities firms & fund managers	201,227	-	2,741	-
Corporates	2,230,329	1,201	21,010	328,295
Regulatory retail	1,172,577	2,381	1,296	7,823
Home financing	2,843,457	-	-	2,809,243
Other assets	79,332	-	-	-
Defaulted exposures	118,128	-	-	18,276
<b>Total on-balance sheet exposures</b>	<b>9,684,498</b>	<b>3,582</b>	<b>25,047</b>	<b>3,163,637</b>
<b>Off-balance sheet exposures</b>				
OTC derivatives	474,126	-	-	-
Off balance sheet exposures other than Islamic OTC derivatives or Islamic credit derivatives	1,016,414	4,042	18,988	103,547
<b>Total off-balance sheet exposures</b>	<b>1,490,540</b>	<b>4,042</b>	<b>18,988</b>	<b>103,547</b>
<b>Total on and off-balance sheet exposures</b>	<b>11,175,038</b>	<b>7,624</b>	<b>44,035</b>	<b>3,267,184</b>

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**2. Credit risk (continued)**

**2.2 Credit risk mitigation (continued)**

<b>31 December 2015</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>On-balance sheet exposures</b>				
Sovereigns/Central banks	2,287,356	-	-	-
Banks, development financial institutions & MDBs	2,183,775	-	-	-
Takaful companies, Syariah compliant securities firms & fund managers	201,178	-	2,592	-
Corporates	2,296,611	1,779	50,679	209,669
Regulatory retail	1,067,779	1,643	1,084	5,374
Home financing	2,888,241	-	-	2,844,900
Other assets	322,989	-	-	-
Specialised financing	-	-	-	-
Defaulted exposures	109,558	-	-	1,637
<b>Total on-balance sheet exposures</b>	<b>11,357,487</b>	<b>3,422</b>	<b>54,355</b>	<b>3,061,580</b>
<b>Off-balance sheet exposures</b>				
OTC derivatives	670,214	-	-	-
Off balance sheet exposures other than Islamic OTC derivatives or Islamic credit derivatives	1,151,103	3,390	14,514	158,621
<b>Total off-balance sheet exposures</b>	<b>1,821,317</b>	<b>3,390</b>	<b>14,514</b>	<b>158,621</b>
<b>Total on and off-balance sheet exposures</b>	<b>13,178,804</b>	<b>6,812</b>	<b>68,869</b>	<b>3,220,201</b>

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2. Credit risk (continued)

2.3 Exposures under IRB approach

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

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

30 June 2016	0-0.04% RM'000	0.04-0.17% RM'000	0.17-0.59% RM'000	0.59-3.05% RM'000	3.05-12.00% RM'000	12.00-100% RM'000	Default or 100% RM'000
<b>Non-retail exposures (EAD)</b>							
<b><u>On-balance sheet exposures</u></b>							
Sovereign	-	2,290,152	-	-	-	-	-
Banks	-	749,296	-	-	-	-	-
Corporate	-	215,576	535,938	1,486,408	158,757	4,800	590
Total on-balance sheet exposures	-	<b>3,255,024</b>	<b>535,938</b>	<b>1,486,408</b>	<b>158,757</b>	<b>4,800</b>	<b>590</b>
<b><u>Undrawn commitments</u></b>							
Corporate	-	83,424	180,339	156,387	1,711	-	-
Total undrawn commitments	-	<b>83,424</b>	<b>180,339</b>	<b>156,387</b>	<b>1,711</b>	-	-
<b><u>Derivatives</u></b>							
Banks	-	118,644	57,091	222,610	-	-	-
Corporate	-	68,643	-	7,133	-	5	-
Total derivatives	-	<b>187,287</b>	<b>57,091</b>	<b>229,743</b>	-	<b>5</b>	-
<b><u>Contingent</u></b>							
Banks	-	38	-	-	-	-	-
Corporate	-	166,083	2,749	172,984	8,652	33	-
Total contingent	-	<b>166,121</b>	<b>2,749</b>	<b>172,984</b>	<b>8,652</b>	<b>33</b>	-
<b>Exposure weighted average LGD (%)</b>							
Sovereign	-	26.20%	-	-	-	-	-
Banks	-	26.09%	41.20%	41.20%	-	-	-
Corporate	-	25.77%	43.80%	42.37%	57.61%	43.75%	76.41%
<b>Exposure weighted average risk weight (%)</b>							
Sovereign	-	6.29%	-	-	-	-	-
Banks	-	10.25%	85.69%	85.18%	-	-	-
Corporate	-	9.50%	48.25%	91.94%	207.35%	211.23%	629.66%

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2. Credit risk (continued)

2.3 Exposures under IRB approach (continued)

31 December 2015	0-0.04% RM'000	0.04-0.17% RM'000	0.17-0.59% RM'000	0.59-3.05% RM'000	3.05-12.00% RM'000	12.00-100% RM'000	Default or 100% RM'000
<b>Non-retail exposures (EAD)</b>							
<b><u>On-balance sheet exposures</u></b>							
Sovereign	-	2,287,356	-	-	-	-	-
Banks	-	2,183,775	-	-	-	-	-
Corporate	-	421,614	350,024	1,549,488	155,162	3,195	909
Total on-balance sheet exposures	-	<b>4,892,745</b>	<b>350,024</b>	<b>1,549,488</b>	<b>155,162</b>	<b>3,195</b>	<b>909</b>
<b><u>Undrawn commitments</u></b>							
Corporate	-	79,681	255,386	159,573	20,349	-	-
Total undrawn commitments	-	<b>79,681</b>	<b>255,386</b>	<b>159,573</b>	<b>20,349</b>	-	-
<b><u>Derivatives</u></b>							
Banks	24,850	193,506	80,763	291,213	-	-	-
Corporate	-	72,098	1,070	6,709	-	5	-
Total derivatives	<b>24,850</b>	<b>265,604</b>	<b>81,833</b>	<b>297,922</b>	-	<b>5</b>	-
<b><u>Contingent</u></b>							
Bank	-	38	-	-	-	-	-
Corporate	-	102,671	2,023	193,336	9,584	33	-
Total contingent	-	<b>102,709</b>	<b>2,023</b>	<b>193,336</b>	<b>9,584</b>	<b>33</b>	-
<b>Exposure weighted average LGD (%)</b>							
Sovereign	-	26.20%	-	-	-	-	-
Banks	26.20%	26.20%	41.20%	41.20%	-	-	-
Corporate	-	42.08%	47.22%	44.99%	34.91%	50.63%	83.21%
<b>Exposure weighted average risk weight (%)</b>							
Sovereign	0.00%	6.60%	-	-	-	-	-
Banks	9.24%	9.74%	91.27%	91.19%	-	-	-
Corporate	-	20.35%	69.40%	93.11%	121.43%	74.70%	715.74%

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**2. Credit risk (continued)**

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

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

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

<b>30 June 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>							
Home financing	1,038	507,437	256,553	1,845,815	140,721	91,535	20,757
Other retail	96,725	101,760	127,174	418,006	124,040	84,824	92,095
Total on-balance sheet exposures	<b>97,763</b>	<b>609,197</b>	<b>383,727</b>	<b>2,263,821</b>	<b>264,761</b>	<b>176,359</b>	<b>112,852</b>
<b><u>Undrawn commitments</u></b>							
Home financing	622	5,879	3,392	119,597	1,525	410	-
Other retail	265	52	522	76,267	562	1	-
Total undrawn commitments	<b>887</b>	<b>5,931</b>	<b>3,914</b>	<b>195,864</b>	<b>2,087</b>	<b>411</b>	<b>-</b>
<b>Exposure weighted average LGD (%)</b>							
Home financing	15.93%	12.46%	12.38%	12.65%	12.57%	12.97%	17.52%
Other retail	15.12%	17.10%	18.73%	35.95%	57.69%	63.15%	79.63%
<b>Exposure weighted average risk weight (%)</b>							
Home financing	4.08%	5.75%	8.14%	19.04%	44.07%	69.36%	106.06%
Other retail	2.97%	9.23%	11.37%	42.36%	89.55%	132.88%	280.64%

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2. Credit risk (continued)

2.3 Exposures under IRB approach (continued)

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

31 December 2015	0-0.11% RM'000	0.11-0.30% RM'000	0.30-0.43% RM'000	0.43-3.05% RM'000	3.05-9.20% RM'000	9.20-100% RM'000	Default or 100% RM'000
<b>Retail exposures (EAD)</b>							
<b><u>On-balance sheet exposures</u></b>							
Home financing	6,144	189,559	239,608	1,968,413	362,185	122,332	1,583
Other retail	84,839	76,237	136,761	483,907	176,073	108,531	107,041
Total on-balance sheet exposures	<b>90,983</b>	<b>265,796</b>	<b>376,369</b>	<b>2,452,320</b>	<b>538,258</b>	<b>230,863</b>	<b>108,624</b>
<b><u>Undrawn commitments</u></b>							
Home financing	-	-	117	186,180	3,764	391	-
Other retail	531	143	78	84,789	454	1	-
Total undrawn commitments	<b>531</b>	<b>143</b>	<b>195</b>	<b>270,969</b>	<b>4,218</b>	<b>392</b>	<b>-</b>
<b>Exposure weighted average LGD (%)</b>							
Home financing	12.29%	12.04%	12.01%	12.08%	12.23%	12.57%	14.85%
Other retail	15.01%	17.86%	20.29%	37.21%	70.88%	64.76%	82.21%
<b>Exposure weighted average risk weight (%)</b>							
Home financing	9.80%	14.68%	16.30%	25.53%	50.85%	78.70%	93.43%
Other retail	2.85%	9.70%	12.52%	44.53%	110.09%	139.05%	277.37%

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2. Credit risk (continued)

2.3 Exposures under IRB approach (continued)

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

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

30 June 2016	Up to 0.10% RM'000	>0.10 to 0.20% RM'000	>0.20 to 0.50% RM'000	>0.50 to 1.00% RM'000	>1.00 to 30.00% RM'000	>30 to <100% RM'000	100% RM'000
<b>Retail exposures (EAD)</b>							
<b><u>On-balance sheet exposures</u></b>							
Home financing	1,471,397	510,530	660,668	87,445	133,816	-	-
Other retail	432,483	98,517	36,196	137,966	238,487	100,975	-
Total on-balance sheet exposures	<b>1,903,880</b>	<b>609,047</b>	<b>696,864</b>	<b>225,411</b>	<b>372,303</b>	<b>100,975</b>	-
<b><u>Undrawn commitments</u></b>							
Home financing	23,919	17,228	88,350	-	1,928	-	-
Other retail	1,177	295	75,456	429	312	-	-
Total undrawn commitments	<b>25,096</b>	<b>17,523</b>	<b>163,806</b>	<b>429</b>	<b>2,240</b>	-	-
<b>Exposure weighted average risk weight (%)</b>							
Home financing	8.79%	18.15%	27.94%	44.74%	72.07%	-	-
Other retail	9.06%	15.79%	27.88%	54.57%	120.22%	267.68%	-



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2. Credit risk (continued)

2.3 Exposures under IRB approach (continued)

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

31 December 2015	Up to 0.10% RM'000	>0.10 to 0.20% RM'000	>0.20 to 0.50% RM'000	>0.50 to 1.00% RM'000	>1.00 to 30.00% RM'000	>30 to <100% RM'000	100% RM'000
<b>Retail exposures (EAD)</b>							
<b><u>On-balance sheet exposures</u></b>							
Home financing	101,104	69,776	1,392,255	1,091,703	234,986	-	-
Other retail	301,382	219,294	56,512	115,603	358,718	121,880	-
Total on-balance sheet exposures	<b>402,486</b>	<b>289,070</b>	<b>1,448,767</b>	<b>1,207,306</b>	<b>593,704</b>	<b>121,880</b>	-
<b><u>Undrawn commitments</u></b>							
Home financing	169	-	11,851	176,387	2,045	-	-
Other retail	878	740	84,066	-	312	-	-
Total undrawn commitments	<b>1,047</b>	<b>740</b>	<b>95,917</b>	<b>176,387</b>	<b>2,357</b>	-	-
<b>Exposure weighted average risk weight (%)</b>							
Home financing	9.45%	18.07%	20.45%	33.63%	70.03%	-	-
Other retail	8.51%	15.46%	27.95%	58.85%	119.28%	268.31%	-

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**2. Credit risk (continued)**

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

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

	<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>30 June 2016</b>					
Income producing real estate					
- Total exposures	-	-	-	-	-
- Risk weighted assets	-	-	-	-	-
<b>31 December 2015</b>					
Income producing real estate					
- Total exposures	-	-	-	-	-
- Risk weighted assets	-	-	-	-	-

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**2. Credit Risk (continued)**

**2.4 Exposures under Standardised approach**

**Risk weights under the Standardised approach**

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

	← Exposures After Netting and Credit Risk Mitigation →				Total exposures after netting and credit risk mitigation	Total risk weighted assets
30 June 2016	Corporates*	Regulatory retail	Home financing	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Risk weights</b>						
0%	-	-	-	11,305	11,305	-
35%	-	-	358	-	358	125
75%	-	15,853	-	-	15,853	11,890
100%	63,278	204,365	-	68,027	335,670	335,670
150%	-	4,686	-	-	4,686	7,029
Total exposures	63,278	224,904	358	79,332	367,872	354,714
Risk-weighted assets by exposures	63,278	223,284	125	68,027	354,714	
Average risk weight	100.0%	99.3%	34.9%	85.7%	96.4%	
Deduction from capital base	-	-	-	-	-	

	← Exposures After Netting and Credit Risk Mitigation →				Total exposures after netting and credit risk mitigation	Total risk weighted assets
31 December 2015	Corporates*	Regulatory retail	Home financing	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Risk weights</b>						
0%	-	-	-	8,706	8,706	-
75%	-	1,269	-	-	1,269	952
100%	68,581	161	-	314,283	383,025	383,025
150%	-	25	-	-	25	37
Total exposures	68,581	1,455	-	322,989	393,025	384,014
Risk-weighted assets by exposures	68,581	1,150	-	314,283	384,014	
Average risk weight	100.0%	79.0%	-	97.3%	97.7%	
Deduction from capital base	-	-	-	-	-	

\* All corporate standardised exposures are unrated.

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**2. Credit risk (continued)**

**2.5 Problem credit management and provisioning**

**Impairment provisions analysed by customers' business or industry**

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

<b>30 June 2016</b>	<b>Collective impairment provisions as at 30 June 2016 RM'000</b>	<b>Individual impairment provisions held as at 1 January 2016 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 30 June 2016 RM'000</b>
Home financing	7,690	3,410	3,122	(2,283)	4,249
Others	63,075	24,027	37,066	(41,363)	19,730
<b>Retail Clients</b>	<b>70,765</b>	<b>27,437</b>	<b>40,188</b>	<b>(43,646)</b>	<b>23,979</b>
Agriculture	806	-	-	-	-
Mining and quarrying	18	-	-	-	-
Manufacturing	5,489	1,185	-	-	1,185
Construction	202	-	-	-	-
Real estate	320	-	-	-	-
Wholesale & retail trade and restaurants & hotels	2,004	-	-	-	-
Transportation, storage and communication	37	-	-	-	-
Finance, insurance/takaful and business services	1,190	-	-	-	-
Others	60	-	-	-	-
<b>Corporates, Institutional and Commercial Clients</b>	<b>10,126</b>	<b>1,185</b>	<b>-</b>	<b>-</b>	<b>1,185</b>
<b>Total Impairment Provisions</b>	<b>80,891</b>	<b>28,622</b>	<b>40,188</b>	<b>(43,646)</b>	<b>25,164</b>

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**2. Credit risk (continued)**

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

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

31 December 2015	Collective impairment provisions as at 31 December 2015 RM'000	Individual impairment provisions held as at 1 January 2015 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 2015 RM'000
Home financing	9,469	521	5,274	(2,385)	3,410
Others	76,274	22,549	59,373	(57,895)	24,027
<b>Retail Clients</b>	<b>85,743</b>	<b>23,070</b>	<b>64,647</b>	<b>(60,280)</b>	<b>27,437</b>
Agriculture	-	-	-	-	-
Mining and quarrying	78	-	-	-	-
Manufacturing	4,002	720	473	(8)	1,185
Construction	155	-	-	-	-
Real estate	609	-	-	-	-
Wholesale & retail trade and restaurants & hotels	1,941	-	-	-	-
Transportation, storage and communication	27	-	-	-	-
Finance, insurance/takaful and business services	781	-	-	-	-
Others	14	-	-	-	-
<b>Corporates, Institutional and Commercial Clients</b>	<b>7,607</b>	<b>720</b>	<b>473</b>	<b>8</b>	<b>1,185</b>
<b>Total Impairment Provisions</b>	<b>93,350</b>	<b>23,790</b>	<b>65,120</b>	<b>(60,288)</b>	<b>28,622</b>

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**2. Credit risk (continued)**

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

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

	<b>30 June 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Home financing	281,840	309,878
Others	126,148	124,297
<b>Retail Clients</b>	<b>407,988</b>	<b>434,175</b>
Manufacturing	274	-
Wholesale & retail trade and restaurants & hotels	48,012	-
Transport, storage and communication	201	-
Education, Health & Others	33	-
<b>Corporates, Institutional and Commercial Clients</b>	<b>48,520</b>	<b>-</b>

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

	<b>30 June 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Malaysia	456,508	434,175
Others	-	-
	<b>456,508</b>	<b>434,175</b>

**Summary analysis of financing and advances**

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

	<b>Within Malaysia RM'000</b>	<b>Outside Malaysia RM'000</b>	<b>Total RM'000</b>
<b>30 June 2016</b>			
Gross impaired financing and advances	43,641	-	43,641
Individual impairment provisions	25,164	-	25,164
Collective impairment provisions	80,891	-	80,891
<b>31 December 2015</b>			
Gross impaired financing and advances	36,817	-	36,817
Individual impairment provisions	28,622	-	28,622
Collective impairment provisions	93,350	-	93,350

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**2. Credit risk (continued)**

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

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

<b>30 June 2016</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>
Direct credit substitutes	2,861	-	-	2,861	870
Transaction related contingent items	265,477	-	-	265,477	34,144
Short term self liquidating trade related contingencies	93,006	-	-	93,006	28,605
Foreign exchange related contracts					
<i>One year or less</i>	804,354	9,178	9,178	21,733	5,086
<i>Over one year to five years</i>	2,072,749	192,496	192,508	355,502	252,997
<i>Over five years</i>					
Profit rate related contracts					
<i>One year or less</i>	-	-	-	-	-
<i>Over one year to five years</i>	1,475,083	16,679	40,549	96,891	10,235
<i>Over five years</i>	-	-	-	-	-
Commodity contracts					
<i>One year or less</i>	-	-	-	-	-
<i>Over one year to five years</i>	-	-	-	-	-
<i>Over five years</i>					
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	510,622	-	-	154,960	128,168
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	214,002	-	-	197,160	50,984
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	3,100,110	-	-	302,950	188,858
	<u>8,538,264</u>	<u>218,353</u>	<u>242,235</u>	<u>1,490,540</u>	<u>699,947</u>

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<b>31 December 2015</b>	<b>Principal amount Restated 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>
Direct credit substitutes	1,344	-	-	1,344	301
Transaction related contingent items	193,481	-	-	193,481	43,703
Short term self liquidating trade related contingencies	125,059	-	-	125,059	38,424
Foreign exchange related contracts					
<i>One year or less</i>	1,891,965	29,838	29,736	62,244	8,802
<i>Over one year to five years</i>	2,146,412	270,872	270,872	454,703	356,553
<i>Over five years</i>					
Profit rate related contracts					
<i>One year or less</i>	-	-	-	-	-
<i>Over one year to five years</i>	3,385,365	33,924	36,762	152,650	33,023
<i>Over five years</i>	-	-	-	-	-
Commodity contracts					
<i>One year or less</i>	-	58	58	58	5
<i>Over one year to five years</i>	33,397	559	559	559	59
<i>Over five years</i>					
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	859,118	-	-	338,737	328,604
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	263,402	-	-	247,183	72,956
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	2,763,331	-	-	245,299	127,910
	<u>11,662,874</u>	<u>335,251</u>	<u>337,987</u>	<u>1,821,317</u>	<u>1,010,340</u>



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**2. Credit risk (continued)**

**2.7 Actual losses**

The table below shows net individual impairment charges raised and write off during the financial period ended 30 June 2016 vs 30 June 2015 for IRB exposure classes. The net individual impairment charge is a point in time actual charge raised in accordance with accounting standards that require the Bank to either provide for or write-off debts when certain conditions are met.

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>Actual losses</b>	<b>Actual losses</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporates	-	1,146
Home financing	3,122	1,731
Other Retail	37,066	29,956
	<b><u>40,188</u></b>	<b><u>32,833</u></b>

The higher actual loss as compared to the corresponding period was mainly due to a one-off precautionary top up in individual impairment provisions.

**Standard Chartered Saadiq Berhad**  
**Pillar 3 disclosures**

**3. Market risk**

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

30 June 2016	Impact on positions as at reporting period (200 basis points) parallel shift	
	Increase/(Decline) in earnings at risk	Increase/(Decline) in economic value
	RM'000	RM'000
Type of Currency		
Ringgit Malaysia	23,697	2,301
US Dollar	693	266

31 December 2015	Impact on positions as at reporting period (200 basis points) parallel shift	
	Increase/(Decline) in earnings at risk	Increase/(Decline) in economic value
	RM'000	RM'000
Type of Currency		
Ringgit Malaysia	(5,216)	(2,737)
US Dollar	(5,480)	91

**4. Shariah non-compliant events and income**

During the financial period, there were three (2015: eight) syariah non-compliant events being detected. Total syariah non-compliant income for 2016 was RM347,009.59 comprising of one event in 2016 amounting to RM339,509.59 and one event in 2015 amounting to RM7,500 (2015: RM111,848.27).

**5. Operational risk**

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

**Objective**

Operational risk exposures arise as a result of business activities. It is the Group's objective to minimise such exposures, subject to cost tradeoffs. This objective is met through a framework of policies and procedures originating from Standard Chartered PLC Group that drive our risk management approach through a ten-step process of benchmark & set standards, process universe, risk identification, gross risk assessment, control design assessment, control operational assessment, residual risk assessment, risk acceptance & treatment, risk & control monitoring and risk reporting.

**Risk management**

Standard Chartered PLC Group's operational risk management procedures and processes are integral components of the broader Risk Management Framework and are approved and adopted by the Board for local adoption. Operational risks are managed through an end-to-end process of benchmark & set standards, process universe, risk identification, gross risk assessment, control design assessment, control operational assessment, residual risk assessment, risk acceptance & treatment, risk & control monitoring and risk reporting. This ten-step inter-dependent risk management process is performed at all levels across the Standard Chartered PLC Group and country level, and is the foundation of the risk management approach. Once identified, risks are assessed against standard criteria to determine their significance and the degree of risk mitigation effort required to reduce the exposure to acceptable levels. The Bank's operational risk management approach serves to continually improve the Bank's ability to anticipate all material risks and to increase our ability to demonstrate, with a high degree of confidence, that those material risks are well controlled. Risk mitigation plans are overseen by the appropriate local and Standard Chartered PLC Group's governance committee.

**Standard Chartered Saadiq Berhad  
Pillar 3 disclosures**

**Chief Executive Officer Attestation**

In accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Standard Chartered Saadiq Berhad's Pillar 3 Disclosures report for the financial year ended 30 June 2016 are consistent with the manner in which the Bank assesses and manages its risk, and are not misleading in any particular way.

.....  
**Adhha Abdullah**  
**Chief Executive Officer**

Date: 26 August 2016