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

**Pillar 3 Disclosures
31 December 2015**



Incorporated in Malaysia with registered Company No. 115793P

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

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1. Overview

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 27 June 2013. 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 Frameworks" 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 approach 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 approach 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 approach for calculating and reporting operational risk. SCBMB and SCSB started using TSA approach for calculating and reporting the operational risk capital requirement effective July 2010 and September 2013, respectively.

Scope of application

The Pillar 3 disclosures are prepared for the Standard Chartered Bank Malaysia Berhad ("the Bank") and its subsidiaries ("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 2015 ("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.

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2. Capital management

The Group's capital management approach is driven by its desire to maintain a strong capital base in support of its business development, to meet regulatory capital requirements at all times.

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 46 and Note 19 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 the Group's financial statements

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4. Regulatory capital requirement

Disclosure on capital adequacy under the Standardised and IRB approach

Group 31 December 2015 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Minimum capital requirement at 8% RM'000
(a) Credit risk				
<u>Exposures under the Standardised approach</u>				
On-balance sheet exposures:-				
Corporates	131,290	121,633	115,643	9,251
Regulatory retail	113,441	51,850	40,231	3,218
Residential mortgages	13,031	13,031	4,561	365
Higher risk assets	-	-	-	-
Other assets	978,503	969,773	713,855	57,108
Defaulted exposures	39,686	33,597	68,319	5,466
Total on-balance sheet exposures	<u>1,275,951</u>	<u>1,189,884</u>	<u>942,609</u>	<u>75,408</u>
Off-balance sheet exposures:-				
OTC derivatives	1,269	797	796	64
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	152,846	126,680	126,397	10,112
Defaulted exposures	257	257	386	31
Total off-balance sheet exposures	<u>154,372</u>	<u>127,734</u>	<u>127,579</u>	<u>10,207</u>
Total on and off-balance sheet exposures	<u>1,430,323</u>	<u>1,317,618</u>	<u>1,070,188</u>	<u>85,615</u>
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:-				
Sovereigns/Central banks	6,703,001	6,703,001	504,576	33,488
Banks, development financial institutions & multilateral development banks ("MDBs")	5,631,133	5,598,317	670,284	53,623
Insurance companies, securities firms & fund managers	459,304	492,120	55,087	4,407
Corporates	8,562,157	8,636,807	8,002,615	640,209
Residential mortgages	12,566,457	12,566,457	2,328,786	186,303
Qualifying revolving retail exposures	1,865,523	1,865,523	1,171,441	93,715
Other retail	4,463,011	4,388,361	1,903,852	152,308
Defaulted exposures	1,664,526	1,664,526	2,663,461	213,077
Total on-balance sheet exposures	<u>41,915,112</u>	<u>41,915,112</u>	<u>17,300,102</u>	<u>1,377,130</u>
Off-balance sheet exposures:-				
OTC derivatives	8,026,757	8,026,757	1,744,533	139,563
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	12,686,285	12,686,285	4,619,682	369,575
Defaulted exposures	195,082	195,082	36,334	2,907
Total off-balance sheet exposures	<u>20,908,124</u>	<u>20,908,124</u>	<u>6,400,549</u>	<u>512,045</u>
Total on and off-balance sheet exposures	<u>62,823,236</u>	<u>62,823,236</u>	<u>23,700,651</u>	<u>1,889,175</u>
(b) Large exposures risk requirement				
-				
(c) Market risk (Standardised approach)				
	Long position	Short position		
Interest rate risk	30,893,032	32,870,971	1,000,290	80,023
Foreign currency risk	54,033,728	54,055,673	188,463	15,077
Options risk	5,642,784	5,039,076	361,448	28,916
(d) Operational risk (Standardised approach)				
			3,473,947	277,916
Total RWA and capital requirements			<u>29,794,987</u>	<u>2,376,722</u>

CET1, Tier 1 and Total Capital ratios

	Before proposed dividend	After proposed dividend
CET 1 capital ratio	11.83%	11.83%
Tier 1 capital ratio	13.11%	13.11%
Total capital ratio	16.83%	16.83%

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4. Regulatory capital requirement (continued)

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

Group 31 December 2014 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Minimum capital requirement at 8% RM'000
(a) Credit risk				
<u>Exposures under the Standardised approach</u>				
On-balance sheet exposures:-				
Corporates	153,599	139,827	140,138	11,211
Regulatory retail	144,547	69,080	53,834	4,307
Residential mortgages	14,762	14,762	5,175	414
Higher risk assets	24,706	24,706	37,059	2,965
Other assets	857,345	854,680	741,596	59,328
Defaulted exposures	63,826	53,293	90,006	7,200
Total on-balance sheet exposures	<u>1,258,785</u>	<u>1,156,348</u>	<u>1,067,808</u>	<u>85,425</u>
Off-balance sheet exposures:-				
OTC derivatives	3,836	3,122	3,114	249
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	140,181	97,841	97,788	7,823
Defaulted exposures	639	637	956	76
Total off-balance sheet exposures	<u>144,656</u>	<u>101,600</u>	<u>101,858</u>	<u>8,148</u>
Total on and off-balance sheet exposures	<u>1,403,441</u>	<u>1,257,948</u>	<u>1,169,666</u>	<u>93,573</u>
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:-				
Sovereigns/Central banks	7,642,135	7,642,135	476,928	38,154
Banks, development financial institutions & MDBs	5,655,384	5,656,895	716,030	57,282
Insurance companies, securities firms & fund managers	1,930,976	1,980,382	219,821	17,586
Corporates	9,907,324	9,848,382	8,584,061	686,725
Residential mortgages	13,141,971	13,141,970	2,418,167	193,453
Qualifying revolving retail exposures	1,791,740	1,791,740	1,205,295	96,424
Other retail	5,030,054	5,038,079	2,553,365	204,269
Defaulted exposures	1,479,387	1,479,388	4,115,718	329,257
Total on-balance sheet exposures	<u>46,578,971</u>	<u>46,578,971</u>	<u>20,289,385</u>	<u>1,623,150</u>
Off-balance sheet exposures:-				
OTC derivatives	6,650,828	6,650,830	1,688,191	135,055
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	12,034,259	12,034,259	4,117,703	329,416
Defaulted exposures	24,241	24,241	27,326	2,186
Total off-balance sheet exposures	<u>18,709,328</u>	<u>18,709,330</u>	<u>5,833,220</u>	<u>466,657</u>
Total on and off-balance sheet exposures	<u>65,288,299</u>	<u>65,288,301</u>	<u>26,122,605</u>	<u>2,089,807</u>
(b) Large exposures risk requirement			626	50
(c) Market risk (Standardised approach)				
	Long position	Short position		
Interest rate risk	31,823,395	35,590,192	812,014	64,961
Foreign currency risk	54,591,052	54,740,518	152,173	12,174
Options risk	7,110,743	5,527,783	422,572	33,806
(d) Operational risk (Standardised approach)			3,625,249	290,020
Total RWA and capital requirements			<u>32,304,905</u>	<u>2,584,391</u>

CET 1, Tier 1 and Total Capital ratios

	Before proposed dividend	After proposed dividend
CET 1 capital ratio	10.85%	10.74%
Tier 1 capital ratio	12.03%	11.92%
Total capital ratio	15.22%	15.10%

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4. Regulatory capital requirement (continued)

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

Bank 31 December 2015 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Minimum capital requirement at 8% RM'000
(a) Credit risk				
<u>Exposures under the Standardised approach</u>				
On-balance sheet exposures:-				
Corporates	112,984	103,327	97,337	7,787
Regulatory retail	112,010	50,419	39,117	3,129
Residential mortgages	13,031	13,031	4,561	365
Higher risk assets	-	-	-	-
Other assets	655,414	646,684	399,472	31,958
Defaulted exposures	39,661	33,572	68,282	5,463
Total on-balance sheet exposures	<u>933,100</u>	<u>847,033</u>	<u>608,769</u>	<u>48,702</u>
Off-balance sheet exposures:-				
OTC derivatives	1,269	797	796	64
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	100,865	76,406	76,123	6,090
Defaulted exposures	257	257	386	31
Total off-balance sheet exposures	<u>102,391</u>	<u>77,460</u>	<u>77,305</u>	<u>6,185</u>
Total on and off-balance sheet exposures	<u>1,035,491</u>	<u>924,493</u>	<u>686,074</u>	<u>54,887</u>
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:-				
Sovereigns/Central banks	5,588,687	5,588,687	439,476	35,158
Banks, development financial institutions & MDBs	9,984,990	9,952,173	1,273,978	101,918
Insurance companies, securities firms & fund managers	258,126	290,942	26,444	2,116
Corporates	7,585,612	7,657,303	7,078,517	566,281
Residential mortgages	9,678,216	9,678,216	1,485,642	118,851
Qualifying revolving retail exposures	1,865,523	1,865,523	1,171,441	93,715
Other retail	3,396,663	3,324,973	1,303,264	104,261
Defaulted exposures	1,554,993	1,554,993	2,358,579	188,686
Total on-balance sheet exposures	<u>39,912,810</u>	<u>39,912,810</u>	<u>15,137,341</u>	<u>1,210,986</u>
Off-balance sheet exposures:-				
OTC derivatives	8,267,119	8,267,119	1,720,421	137,634
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	11,836,149	11,836,149	4,254,451	340,356
Defaulted exposures	195,083	195,083	36,334	2,907
Total off-balance sheet exposures	<u>20,298,351</u>	<u>20,298,351</u>	<u>6,011,206</u>	<u>480,897</u>
Total on and off-balance sheet exposures	<u>60,211,161</u>	<u>60,211,161</u>	<u>21,148,547</u>	<u>1,691,883</u>
(b) Large exposures risk requirement				
-				
(c) Market risk (Standardised approach)				
	Long position	Short position		
Interest rate risk	30,893,032	32,870,971	1,000,290	80,023
Foreign currency risk	54,033,728	54,055,673	188,463	15,077
Options risk	5,642,784	5,039,076	361,448	28,916
(d) Operational risk (Standardised approach)				
			3,273,059	261,845
Total RWA and capital requirements			<u>26,657,881</u>	<u>2,132,631</u>
<u>CET1, Tier 1 and Total Capital ratios</u>				
			Before proposed dividend	After proposed dividend
CET 1 capital ratio			11.92%	11.92%
Tier 1 capital ratio			13.34%	13.34%
Total capital ratio			16.21%	16.21%

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4. Regulatory capital requirement (continued)

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

Bank 31 December 2014 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Minimum capital requirement at 8% RM'000
(a) Credit risk				
<u>Exposures under the Standardised approach</u>				
On-balance sheet exposures:-				
Corporates	133,177	119,405	119,716	9,577
Regulatory retail	143,759	68,292	53,195	4,256
Residential mortgages	14,762	14,762	5,175	414
Higher risk assets	-	-	-	-
Other assets	558,141	555,476	455,051	36,404
Defaulted exposures	63,802	53,269	89,969	7,198
Total on-balance sheet exposures	<u>913,641</u>	<u>811,204</u>	<u>723,106</u>	<u>57,849</u>
Off-balance sheet exposures:-				
OTC derivatives	3,836	3,122	3,114	249
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	118,053	77,495	77,442	6,195
Defaulted exposures	639	637	956	76
Total off-balance sheet exposures	<u>122,528</u>	<u>81,254</u>	<u>81,512</u>	<u>6,520</u>
Total on and off-balance sheet exposures	<u>1,036,169</u>	<u>892,458</u>	<u>804,618</u>	<u>64,369</u>
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:-				
Sovereigns/Central banks	6,187,005	6,187,005	408,545	32,684
Banks, development financial institutions & MDBs	9,436,704	9,438,216	1,240,195	99,216
Insurance companies, securities firms & fund managers	1,076,829	1,126,235	128,011	10,241
Corporates	9,480,963	9,424,050	7,359,795	588,784
Residential mortgages	10,561,542	10,561,541	1,664,792	133,183
Qualifying revolving retail exposures	1,791,740	1,791,740	1,205,295	96,424
Other retail	3,870,630	3,876,625	1,716,477	137,318
Defaulted exposures	1,363,604	1,363,605	3,795,806	303,664
Total on-balance sheet exposures	<u>43,769,017</u>	<u>43,769,017</u>	<u>17,518,916</u>	<u>1,401,514</u>
Off-balance sheet exposures:-				
OTC derivatives	6,646,480	6,646,480	1,626,948	130,156
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	11,371,980	11,371,980	3,702,510	296,201
Defaulted exposures	24,241	24,241	27,326	2,186
Total off-balance sheet exposures	<u>18,042,701</u>	<u>18,042,701</u>	<u>5,356,784</u>	<u>428,543</u>
Total on and off-balance sheet exposures	<u>61,811,718</u>	<u>61,811,718</u>	<u>22,875,700</u>	<u>1,830,057</u>
(b) Large exposures risk requirement			626	50
(c) Market risk (Standardised approach)			Long position	Short position
Interest rate risk	31,823,395	35,590,192	812,014	64,961
Foreign currency risk	54,591,052	54,740,518	152,173	12,174
Options risk	7,110,743	5,527,783	422,572	33,806
(d) Operational risk (Standardised approach)			3,379,532	270,363
Total RWA and capital requirements			<u>28,447,235</u>	<u>2,275,780</u>

CET1, Tier 1 and Total Capital ratios:

	Before proposed dividend	After proposed dividend
CET 1 capital ratio	11.49%	11.36%
Tier 1 capital ratio	12.83%	12.70%
Total capital ratio	14.95%	14.82%

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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 37 (b) of the Group's financial statements.

The Group uses the Internal Ratings Based ("IRB") approach to manage credit risk for its portfolios. The Standardised approach 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:

Portfolio	Exposure
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, Middle market, 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	SME (including Business & Commercial Clients) property lending, SME (including Business & Commercial Clients) lending, Personal lending / financing, and residential properties under construction

Model governance

The IRB models used by the Group calculate Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").

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5. Credit risk (continued)

(i) Internal Ratings Based models (continued)

Model governance (continued)

Models are developed by Standard Chartered PLC Group's analytics team within the Risk Measurement function. The model development process is conducted and documented in line with specific criteria setting out the minimum standards for model development. All IRB models are validated in detail by a model validation team, which is separate from the teams that develop and maintain the models. Model validation findings are presented to the Standard Chartered PLC Group Credit Model Assessment Committee ("MAC"). The Credit MAC supports the Standard Chartered PLC Group Credit Risk Committee in ensuring risk identification and measurement capabilities are objective and consistent, so that risk control and risk origination decisions are properly informed.

These decision making bodies are comprised of divisional senior management whose role is to challenge model assumptions and performance and agree on appropriate model use for business decision making and regulatory capital requirement calculations. The Standard Chartered PLC Group Risk Committee and Board Risk Committee periodically review overall model performance.

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.

Model validation

The model validation process involves a qualitative and quantitative assessment of the model, data, systems and governance. This would typically include an assessment of the:-

- Model assumptions;
- Validity of the technical approach used;
- Statistical and empirical measures of performance;
- Appropriateness of intended model use;
- Model application and infrastructure;
- Data integrity and history;
- Model response to changes in internal and external environment - the extent to which the model provides point in time or through the cycle measures of risk;
- Model monitoring standards and triggers; and
- Levels of conservatism applied.

Statistical testing is used to determine a model's discriminatory power, predicted versus realised performance and stability over time with pre-defined thresholds for passing such tests.

PD model development

Standard Chartered PLC Group employs a variety of techniques to develop its PD models. In each case the appropriate approach is dictated by the availability and appropriateness of both internal and external data.

If there is a perceived weakness in the data, for example shorter histories or fewer instances of default, an appropriate amount of conservatism is applied to predicted default rates.

The general approaches fall into three categories:-

Default History Based ('Good-Bad') – where a sufficient number of defaults are available, Standard Chartered PLC Group deploys a variety of statistical methods to determine the likelihood that counterparties would default on existing exposures. These methods afford high discriminatory power by identifying counterparty characteristics that have a significant predictive ability. The majority of the Group's retail and corporate exposures are rated under such an approach.

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5. Credit risk (continued)

(i) Internal Ratings Based models (continued)

PD model development (continued)

Shadow Rating Approach – if it is determined that Standard Chartered PLC Group's internal data does not provide a sufficient default history (for example, so called 'low default portfolios'), then Standard Chartered PLC Group develops models which are designed to be comparable to the ranking of issuer ratings assigned by established ECAs, where those agencies have access to large databases of defaults over a long time period on a variety of credit obligations.

Constrained Expert Judgement – for certain types of exposure there is little or no internal or external default history, and no reliable external ratings. In such rare cases, Standard Chartered PLC Group has quantitative frameworks to incorporate expert opinions of Standard Chartered PLC Group's credit risk management personnel into the model development process.

LGD model development

Standard Chartered PLC Group develops LGD models by assessing recoveries and the forced sale value of collateral together with the economic costs in securing these recoveries, and the timing with which such cash flows occur. All such cash flows are then measured at net present value using a suitable discount rate to derive a recovery rate. LGD is therefore the EAD less these estimated recoveries.

Recoveries are estimated based upon empirical evidence which has shown that factors such as customer segment and product have predictive content.

All LGD models are conservatively calibrated to a 'downturn' – with lower collateral values and lower recoveries on exposures, compared to those estimated over the long run.

EAD model development

An EAD model is developed for uncertain exposures such as lines of credit, credit cards, overdrafts and other commitments. Based on Standard Chartered PLC Group's experience (and supplemented by external data), EAD models assess changes to limits and the likely draw-down of undrawn committed and uncommitted limits as an exposure approaches default. The factor generated by the model and applied to the undrawn limit is referred to as the Credit Conversion Factor (CCF).

Standard Chartered PLC Group has used conservative assumptions in assessing EAD, in keeping with the expected experience in an economic downturn.

Model use

In addition to supporting credit decisions, IRB models also support risk-based pricing methodologies and measures used to assess business performance.

The use of models is governed by a suite of policies:

- The credit grading policy and procedure which defines the applicability of each model, details the procedure for use and sets the conditions and approval authority required to override model output; and
- The Standard Chartered PLC Group's Model Risk Policy specifies that models are subject to regular monitoring and review with underlying Standard Chartered PLC Group's Model Standards for IRB Credit Risk Models specifying statistical thresholds and other triggers which determine when models need to be redeveloped.

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

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5. Credit risk (continued)

Credit monitoring (continued)

(i) Internal Ratings Based models (continued)

Corporates, Institutional and Commercial model results

Internal Ratings Based models ("IRB") have been developed from a dataset that spans at least a full business cycle. This data has been used to calibrate estimates of probability of default ("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.

IRB PD estimates are computed as of 1 January 2015 and are compared with default observations through 31 December 2015. For institutions and central governments or central banks, there were no defaults during 2015 whereas the actual default rates in Corporate exposures in 2015 are higher than IRB model predictions as at the beginning of 2015 reflecting the exposure to two corporate accounts which defaulted in 2015. These accounts were however actively monitored and managed prior to the 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 2015 defaults, making it meaningless to compare realised versus predicted outcomes in a manner similar to that for PD and exposure at default ("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 2012 to 2015 defaults that have completed their workout process as at the end of 2015. Of these defaults, there were two which were resolved as at the end of 2015 with the realised LGD lower than what was predicted at the beginning of 2015.

EAD takes into consideration the potential drawdown of a commitment as an obligor defaults by estimating the Credit Conversion Factor of undrawn commitments. For assets which defaulted in 2015, the comparison of realised versus predicted EAD is summarised in the ratio of the EAD one year prior to default to the outstanding amount at the time of default. No ratio is reportable for institutions and central governments or central banks given there was no default in 2015 while the ratio for corporates is less than one, indicating that the predicted EAD is lower than the realised outstanding amount at default. This is due to the aforementioned two large corporate exposures which defaulted in 2015

Corporate SME observed default is lower than the predicted PD. Realised LGDs are lower than the predicted values, primarily due to the models using "downturn" parameter settings to predict LGD. Predicted EAD is higher than realised EAD.

Group

	Predicted PD %	Observed PD %	Predicted LGD %	Realised LGD %	Predicted EAD/ Realised EAD
IRB exposures					
Central governments or central banks	0.0%	-	N/A	N/A	N/A
Institutions	0.1%	-	N/A	N/A	N/A
Corporates	0.9%	1.6%	21.8%	13.9%	0.6
Corporate SME	3.8%	1.5%	25.0%	19.5%	2.0

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5. Credit risk (continued)

Credit monitoring (continued)

(i) Internal Ratings Based models (continued)

Corporates, Institutional and Commercial model results (continued)

Bank

	Predicted PD %	Observed PD %	Predicted LGD %	Realised LGD %	Predicted EAD/ Realised EAD
IRB exposures					
Central governments or central banks	0.0%	-	N/A	N/A	N/A
Institutions	0.1%	-	N/A	N/A	N/A
Corporates	0.9%	1.8%	21.8%	13.9%	0.6
Corporate SME	3.4%	1.5%	25.0%	18.6%	2.0

Retail model results

Retail models have been developed for majority of its portfolios. Predicted PD was computed as at 31 December 2014 and compared to the actual default observation over a one year period ending 31 December 2015.

The observed default rate for all asset classes is lower than the predicted PD with the exception of Other Retail asset class. The higher observed default rate for the Other Retail asset class as compared to predicted PD was attributed primarily to personal loans exposures, for which a series of ongoing portfolio initiatives had been implemented to manage this exposure. Model recalibrations have been done (not reflected in the data-point used) to ensure predicted PD is reflective of the underlying portfolio performance.

The realized 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

	Predicted PD %	Observed PD %	Predicted LGD %	Realised LGD %	Predicted EAD/ Realised EAD
IRB exposures					
Residential mortgages	3.1%	1.6%	14.0%	12.4%	1.0
Qualifying revolving retail exposures	3.6%	2.9%	64.8%	63.0%	1.0
Other retail exposures	8.2%	10.3%	81.6%	72.9%	1.1

Bank

	Predicted PD %	Observed PD %	Predicted LGD %	Realised LGD %	Predicted EAD/ Realised EAD
IRB exposures					
Residential mortgages	3.1%	1.6%	14.0%	12.4%	1.0
Qualifying revolving retail exposures	3.6%	2.9%	64.8%	63.0%	1.0
Other retail exposures	7.1%	10.2%	71.6%	74.6%	1.0

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5. Credit risk (continued)

Credit monitoring

(ii) Actual losses

The tables below show net individual impairment charges raised and write off during the financial year of 2015 versus 2014 for IRB exposure classes. The net individual impairment charge is a point in time actual charge raised in accordance with accounting standards that require the Bank to either provide for or write-off debts when certain conditions are met.

Group

	31 December 2015 Actual losses RM'000	31 December 2014 Actual losses RM'000
Corporates	373,263	133,135
Residential Mortgages	34,218	32,783
Qualifying Revolving Retail Exposures	98,709	119,287
Other Retail	198,411	223,293
	<u>704,601</u>	<u>508,498</u>

Bank

	31 December 2015 Actual losses RM'000	31 December 2014 Actual losses RM'000
Corporates	371,864	133,135
Residential Mortgages	28,944	31,021
Qualifying Revolving Retail Exposures	98,709	119,287
Other Retail	139,038	145,969
	<u>638,555</u>	<u>429,412</u>

The higher actual loss as compared to the corresponding year was mainly due to higher corporate provisions made during the period.

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5. Credit risk (continued)

Credit monitoring (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/NBFI's *	Banks
1A	AAA	AAA/AA+
1B	AA+	AA/ AA-
2A	AA	AA-/A+
2B	AA-	A+
3A	A+	A
3B	A	A-
4A	A-	A-
4B	BBB+	BBB+
5A	BBB	BBB/BBB-
5B	BBB-	BB+
6A	BB+	BB
6B	BB+	BB
7A	BB	BB-
7B	BB-	BB+
8A	BB-	BB+/B
8B	BB-/B+	B
9A	B+	B-
9B	B+/B	B-/CCC
10A	B	B-/CCC
10B	B/B-	CCC/C
11A/B	B-	CCC/C
11C	B-/CCC	CCC/C
12A	B-/CCC	CCC/C
12B/C	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.

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5. Credit risk (continued)

Credit monitoring (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 economic capital 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 Corporates, Institutional and Commercial Banking concentration limits for some portfolios, as counterparty 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. The Group's concentration risk monitoring dashboard utilises IRB Model output such as credit grades, PD, LGD and EADs. In Retail Clients, portfolio limits are based on recession loss;
- 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 – PD, LGD and EAD models provide some of the key inputs into the risk-based methodologies used in the assessment of business and market variables which in turn are key components in the approach taken in setting Risk Appetite assessment; 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 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.

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5. Credit risk (continued)

Credit monitoring (continued)

(iv) Counterparty credit risk in the trading book

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.

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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.

Geographical analysis

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

Group	Malaysia	Others	Total
31 December 2015	RM'000	RM'000	RM'000
IRB exposures			
Sovereigns/Central banks	6,703,001	-	6,703,001
Banks, development financial institutions & MDBs	7,747,488	6,266,033	14,013,521
Insurance companies, securities firms & fund managers	770,181	227,416	997,597
Corporate exposures (excluding specialised lending and firm-size adjustment)	14,162,712	1,385,974	15,548,686
Corporate exposures (with firm-size adjustment)	2,366,009	1,461	2,367,470
Specialised lending	579,598	67,851	647,449
Retail exposures	22,545,512	-	22,545,512
<i>Residential mortgages</i>	13,460,217	-	13,460,217
<i>Qualifying revolving retail exposures</i>	3,879,553	-	3,879,553
<i>Other retail exposures</i>	5,205,742	-	5,205,742
Total IRB exposures	54,874,501	7,948,735	62,823,236
Standardised exposures			
Corporates	275,886	13,519	289,405
Regulatory retail	146,439	-	146,439
Residential mortgages	14,140	-	14,140
Higher risk assets	177	-	177
Other assets	966,408	13,754	980,162
Total Standardised exposures	1,403,050	27,273	1,430,323
Total credit risk exposures	56,277,551	7,976,008	64,253,559

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5. Credit risk (continued)

5.1 Exposure values (continued)

Geographical analysis (continued)

Group 31 December 2014	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	7,642,135	28	7,642,163
Banks, development financial institutions & MDBs	6,346,193	6,132,136	12,478,329
Insurance companies, securities firms & fund managers	2,028,017	191,941	2,219,958
Corporate exposures (excluding specialised lending and firm-size adjustment)	15,097,447	807,299	15,904,746
Corporate exposures (with firm-size adjustment)	1,939,130	12,876	1,952,006
Specialised lending	484,498	87,375	571,873
Retail exposures	24,519,224	-	24,519,224
<i>Residential mortgages</i>	14,743,455	-	14,743,455
<i>Qualifying revolving retail exposures</i>	3,913,195	-	3,913,195
<i>Other retail exposures</i>	5,862,574	-	5,862,574
Total IRB exposures	58,056,644	7,231,655	65,288,299
Standardised exposures			
Corporates	282,516	16,990	299,506
Regulatory retail	173,755	-	173,755
Residential mortgages	15,743	-	15,743
Higher risk assets	50,255	-	50,255
Other assets	864,179	3	864,182
Total Standardised exposures	1,386,448	16,993	1,403,441
Total credit risk exposures	59,443,092	7,248,648	66,691,740

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5. Credit risk (continued)

5.1 Exposure values (continued)

Geographical analysis (continued)

Bank 31 December 2015	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	5,588,687	-	5,588,687
Banks, development financial institutions & MDBs	12,886,341	5,869,208	18,755,549
Insurance companies, securities firms & fund managers	533,410	187,726	721,136
Corporate exposures (excluding specialised lending and firm-size adjustment)	13,427,322	1,058,042	14,485,364
Corporate exposures (with firm-size adjustment)	1,805,664	1,461	1,807,125
Specialised lending	579,598	67,851	647,449
Retail exposures	18,205,851	-	18,205,851
<i>Residential mortgages</i>	10,379,941	-	10,379,941
<i>Qualifying revolving retail exposures</i>	3,879,553	-	3,879,553
<i>Other retail exposures</i>	3,946,357	-	3,946,357
Total IRB exposures	53,026,873	7,184,288	60,211,161
Standardised exposures			
Corporates	207,138	11,979	219,117
Regulatory retail	144,984	-	144,984
Residential mortgages	14,140	-	14,140
Higher risk assets	177	-	177
Other assets	657,071	2	657,073
Total Standardised exposures	1,023,510	11,981	1,035,491
Total credit risk exposures	54,050,383	7,196,269	61,246,652

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5. Credit risk (continued)

5.1 Exposure values (continued)

Geographical analysis (continued)

Bank 31 December 2014	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	6,187,005	28	6,187,033
Banks, development financial institutions & MDBs	10,831,120	6,025,983	16,857,103
Insurance companies, securities firms & fund managers	1,149,760	191,941	1,341,701
Corporate exposures (excluding specialised lending and firm-size adjustment)	14,762,918	662,837	15,425,755
Corporate exposures (with firm-size adjustment)	1,409,256	10,807	1,420,063
Specialised lending	444,450	87,375	531,825
Retail exposures	20,048,238	-	20,048,238
<i>Residential mortgages</i>	11,657,955	-	11,657,955
<i>Qualifying revolving retail exposures</i>	3,913,195	-	3,913,195
<i>Other retail exposures</i>	4,477,088	-	4,477,088
Total IRB exposures	54,832,747	6,978,971	61,811,718
Standardised exposures			
Corporates	241,876	15,081	256,957
Regulatory retail	172,942	-	172,942
Residential mortgages	15,743	-	15,743
Higher risk assets	25,549	-	25,549
Other assets	564,975	3	564,978
Total Standardised exposures	1,021,085	15,084	1,036,169
Total credit risk exposures	55,853,832	6,994,055	62,847,887

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5. Credit risk (continued)

5.1 Exposure values (continued)

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.

Group 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 and business services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	6,703,001	-	-	-	6,703,001
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	14,013,521	-	-	-	14,013,521
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	997,597	-	-	-	997,597
Corporate exposures (excluding specialised lending and firm-size adjustment)	154,351	972,536	5,671,144	166,388	2,057,402	2,808,545	1,990,934	541,493	1,013,832	-	172,061	15,548,686
Corporate exposures (with firm-size adjustment)	19,025	111,445	502,437	5,686	139,186	451,137	88,725	90,237	150,118	-	809,474	2,367,470
Specialised lending	-	73,468	444,703	26,124	-	600	-	-	102,554	-	-	647,449
Retail exposures	7,899	2,724	114,921	1,210	66,126	266,213	35,919	65,954	13,141	18,806,887	3,164,518	22,545,512
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	13,460,217	-	13,460,217
<i>Qualifying revolving retail exposures</i>	-	-	-	-	-	-	-	-	-	3,879,553	-	3,879,553
<i>Other retail exposures</i>	7,899	2,724	114,921	1,210	66,126	266,213	35,919	65,954	13,141	1,467,117	3,164,518	5,205,742
Total IRB exposures	181,275	1,160,173	6,733,205	199,408	2,262,714	3,526,495	2,115,578	22,411,803	1,279,645	18,806,887	4,146,053	62,823,236
Standardised exposures												
Corporates	44	-	32,312	-	184,657	12,185	-	33,193	-	5,011	22,003	289,405
Regulatory retail	-	-	-	-	1,804	4	-	-	-	144,140	491	146,439
Residential mortgages	-	-	-	-	-	-	-	-	-	14,140	-	14,140
Higher risk assets	-	-	-	-	-	-	-	-	-	177	-	177
Other assets	-	-	72	-	-	15,116	-	2	-	-	964,972	980,162
Total Standardised exposures	44	-	32,384	-	186,461	27,305	-	33,195	-	163,468	987,466	1,430,323
Total credit risk exposures	181,319	1,160,173	6,765,589	199,408	2,449,175	3,553,800	2,115,578	22,444,998	1,279,645	18,970,355	5,133,519	64,253,559

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5. Credit risk (continued)

5.1 Exposure values (continued)

Sector or economic purpose analysis (continued)

Group 31 December 2014	Agricultural, hunting, forestry and fishing RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale & retail trade and restaurants & hotels RM'000	Transportation storage and communication RM'000	Finance, insurance and business services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	7,642,163	-	-	-	7,642,163
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	12,478,329	-	-	-	12,478,329
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	2,219,958	-	-	-	2,219,958
Corporate exposures (excluding specialised lending and firm-size adjustment)	213,246	1,098,949	6,220,661	174,841	1,701,814	3,123,868	905,123	888,674	1,269,143	-	308,427	15,904,746
Corporate exposures (with firm-size adjustment)	15,723	37,708	294,664	1	63,881	207,790	97,066	142,093	96,344	-	996,736	1,952,006
Specialised lending	-	7,213	121,250	129,722	-	1,500	-	183,701	128,487	-	-	571,873
Retail exposures	5,967	4,028	110,244	727	63,499	275,635	28,540	50,522	11,813	20,576,764	3,391,485	24,519,224
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	14,743,455	-	14,743,455
<i>Qualifying revolving retail exposures</i>	-	-	-	-	-	-	-	-	-	3,913,195	-	3,913,195
<i>Other retail exposures</i>	5,967	4,028	110,244	727	63,499	275,635	28,540	50,522	11,813	1,920,114	3,391,485	5,862,574
Total IRB exposures	234,936	1,147,898	6,746,819	305,291	1,829,194	3,608,793	1,030,729	23,605,440	1,505,787	20,576,764	4,696,648	65,288,299
Standardised exposures												
Corporates	288	-	32,874	-	234,434	10,031	-	52	-	-	21,827	299,506
Regulatory retail	-	-	-	-	593	231	-	-	4	172,927	-	173,755
Residential mortgages	-	-	-	-	-	-	-	-	-	15,743	-	15,743
Higher risk assets	-	-	25,281	-	-	-	-	-	-	24,974	-	50,255
Other assets	-	-	57	-	258	3,621	14,335	298	-	259,916	585,697	864,182
Total Standardised exposures	288	-	58,212	-	235,285	13,883	14,335	350	4	473,560	607,524	1,403,441
Total credit risk exposures	235,224	1,147,898	6,805,031	305,291	2,064,479	3,622,676	1,045,064	23,605,790	1,505,791	21,050,324	5,304,172	66,691,740

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5. Credit risk (continued)

5.1 Exposure values (continued)

Sector or economic purpose analysis (continued)

Bank 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 and business services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	5,588,687	-	-	-	5,588,687
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	18,755,549	-	-	-	18,755,549
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	721,136	-	-	-	721,136
Corporate exposures (excluding specialised lending and firm-size adjustment)	154,351	952,696	5,264,804	166,388	2,053,387	2,625,439	1,890,986	429,878	827,845	-	119,590	14,485,364
Corporate exposures (with firm-size adjustment)	19,025	97,148	474,986	5,686	42,604	433,206	44,068	77,401	142,417	-	470,584	1,807,125
Specialised lending	-	73,468	444,703	26,124	-	600	-	-	102,554	-	-	647,449
Retail exposures	6,004	489	62,016	95	17,614	166,811	6,891	20,549	12,985	15,476,097	2,436,300	18,205,851
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	10,379,941	-	10,379,941
<i>Qualifying revolving retail exposures</i>	-	-	-	-	-	-	-	-	-	3,879,553	-	3,879,553
<i>Other retail exposures</i>	6,004	489	62,016	95	17,614	166,811	6,891	20,549	12,985	1,216,603	2,436,300	3,946,357
Total IRB exposures	179,380	1,123,801	6,246,509	198,293	2,113,605	3,226,056	1,941,945	25,593,200	1,085,801	15,476,097	3,026,474	60,211,161
Standardised exposures												
Corporates	44	-	32,312	-	115,909	12,185	-	33,193	-	5,011	20,463	219,117
Regulatory retail	-	-	-	-	840	4	-	-	-	144,140	-	144,984
Residential mortgages	-	-	-	-	-	-	-	-	-	14,140	-	14,140
Higher risk assets	-	-	-	-	-	-	-	-	-	177	-	177
Other assets	-	-	72	-	-	15,116	-	2	-	-	641,883	657,073
Total Standardised exposures	44	-	32,384	-	116,749	27,305	-	33,195	-	163,468	662,346	1,035,491
Total credit risk exposures	179,424	1,123,801	6,278,893	198,293	2,230,354	3,253,361	1,941,945	25,626,395	1,085,801	15,639,565	3,688,820	61,246,652

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5. Credit risk (continued)

5.1 Exposure values (continued)

Sector or economic purpose analysis (continued)

Bank 31 December 2014	Agricultural, hunting, forestry and fishing RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale & retail trade and restaurants & hotels RM'000	Transportation storage and communication RM'000	Finance, insurance and business services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	6,187,033	-	-	-	6,187,033
Banks, development financial institutions & MDEs	-	-	-	-	-	-	-	16,857,103	-	-	-	16,857,103
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	1,341,701	-	-	-	1,341,701
Corporate exposures (excluding specialised lending and firm-size adjustment)	92,596	1,072,906	5,773,890	174,841	1,689,580	2,958,465	814,127	916,097	1,142,877	-	790,376	15,425,755
Corporate exposures (with firm-size adjustment)	15,723	37,368	261,282	1	7,091	206,239	71,515	112,739	83,525	-	624,580	1,420,063
Specialised lending	-	7,213	121,250	129,722	-	1,500	-	183,701	88,439	-	-	531,825
Retail exposures	4,166	1,406	75,836	446	38,566	202,649	15,917	27,253	11,442	17,020,016	2,650,541	20,048,238
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	11,657,955	-	11,657,955
<i>Qualifying revolving retail exposures</i>	-	-	-	-	-	-	-	-	-	3,913,195	-	3,913,195
<i>Other retail exposures</i>	4,166	1,406	75,836	446	38,566	202,649	15,917	27,253	11,442	1,448,866	2,650,541	4,477,088
Total IRB exposures	112,485	1,118,893	6,232,258	305,010	1,735,237	3,368,853	901,559	25,625,627	1,326,283	17,020,016	4,065,497	61,811,718
Standardised exposures												
Corporates	288	-	32,874	-	193,794	10,031	-	52	-	-	19,918	256,957
Regulatory retail	-	-	-	-	375	231	-	-	4	172,332	-	172,942
Residential mortgages	-	-	-	-	-	-	-	-	-	15,743	-	15,743
Higher risk assets	-	-	25,281	-	-	-	-	-	-	268	-	25,549
Other assets	-	-	57	-	258	3,621	14,335	298	-	25,289	521,120	564,978
Total Standardised exposures	288	-	58,212	-	194,427	13,883	14,335	350	4	213,632	541,038	1,036,169
Total credit risk exposures	112,773	1,118,893	6,290,470	305,010	1,929,664	3,382,736	915,894	25,625,977	1,326,287	17,233,648	4,606,535	62,847,887

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5. Credit risk (continued)

5.1 Exposure values (continued)

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.

Group 31 December 2015	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	5,232,807	1,439,667	30,527	6,703,001
Banks, development financial institutions & MDBs	7,625,370	5,166,382	1,221,769	14,013,521
Insurance companies, securities firms & fund managers	583,025	404,198	10,374	997,597
Corporate exposures (excluding specialised lending and firm-size adjustment)	11,048,188	3,443,483	1,057,015	15,548,686
Corporate exposures (with firm-size adjustment)	1,255,445	262,985	849,040	2,367,470
Specialised lending	19,258	508,582	119,609	647,449
Retail exposures	1,169,725	5,466,274	15,909,513	22,545,512
<i>Residential mortgages</i>	312,090	384,559	12,763,568	13,460,217
<i>Qualifying revolving retail exposures</i>	305,666	3,464,530	109,357	3,879,553
<i>Other retail exposures</i>	551,969	1,617,185	3,036,588	5,205,742
Total IRB exposures	26,933,818	16,691,571	19,197,847	62,823,236
Standardised exposures				
Corporates	155,381	109,523	24,501	289,405
Regulatory retail	54,383	8,504	83,552	146,439
Residential mortgages	459	695	12,986	14,140
Higher risk assets	10	14	153	177
Other assets	868,911	23,200	88,051	980,162
Total Standardised exposures	1,079,144	141,936	209,243	1,430,323
Total credit risk exposures	28,012,962	16,833,507	19,407,090	64,253,559

Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 66% are collateralized.

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5. Credit risk (continued)

5.1 Exposure values (continued)

Residual contractual maturity analysis (continued)

Group 31 December 2014	Up to 1 year Restated RM'000	> 1 - 5 years Restated RM'000	Over 5 years Restated RM'000	Total Restated RM'000
IRB exposures				
Sovereigns/Central banks	4,330,561	3,311,359	243	7,642,163
Banks, development financial institutions & MDBs	7,619,410	4,067,757	791,162	12,478,329
Insurance companies, securities firms & fund managers	1,733,335	467,172	19,451	2,219,958
Corporate exposures (excluding specialised lending and firm-size adjustment)	11,643,516	3,194,867	1,066,363	15,904,746
Corporate exposures (with firm-size adjustment)	890,497	170,922	890,587	1,952,006
Specialised lending	40,048	197,592	334,233	571,873
Retail exposures	1,638,339	5,544,002	17,336,883	24,519,224
<i>Residential mortgages</i>	<i>432,018</i>	<i>394,505</i>	<i>13,916,932</i>	<i>14,743,455</i>
<i>Qualifying revolving retail exposures</i>	<i>623,408</i>	<i>3,146,124</i>	<i>143,663</i>	<i>3,913,195</i>
<i>Other retail exposures</i>	<i>582,913</i>	<i>2,003,373</i>	<i>3,276,288</i>	<i>5,862,574</i>
Total IRB exposures	27,895,706	16,953,671	20,438,922	65,288,299
Standardised exposures				
Corporates	207,874	70,973	20,659	299,506
Regulatory retail	72,673	12,493	88,589	173,755
Residential mortgages	43	786	14,914	15,743
Higher risk assets	49,996	6	253	50,255
Other assets	775,367	18,000	70,815	864,182
Total Standardised exposures	1,105,953	102,258	195,230	1,403,441
Total credit risk exposures	29,001,659	17,055,929	20,634,152	66,691,740

Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 62% are collateralized.

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5. Credit risk (continued)

5.1 Exposure values (continued)

Residual contractual maturity analysis (continued)

Bank 31 December 2015	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	4,118,493	1,439,667	30,527	5,588,687
Banks, development financial institutions & MDBs	11,986,425	5,446,106	1,323,018	18,755,549
Insurance companies, securities firms & fund managers	547,561	163,201	10,374	721,136
Corporate exposures (excluding specialised lending and firm-size adjustment)	10,255,473	3,271,782	958,109	14,485,364
Corporate exposures (with firm-size adjustment)	1,155,838	111,652	539,635	1,807,125
Specialised lending	19,258	508,582	119,609	647,449
Retail exposures	1,030,926	5,097,291	12,077,634	18,205,851
<i>Residential mortgages</i>	<i>310,915</i>	<i>376,195</i>	<i>9,692,831</i>	<i>10,379,941</i>
<i>Qualifying revolving retail exposures</i>	<i>305,666</i>	<i>3,464,530</i>	<i>109,357</i>	<i>3,879,553</i>
<i>Other retail exposures</i>	<i>414,345</i>	<i>1,256,566</i>	<i>2,275,446</i>	<i>3,946,357</i>
Total IRB exposures	29,113,974	16,038,281	15,058,906	60,211,161
Standardised exposures				
Corporates	147,737	48,340	23,040	219,117
Regulatory retail	54,361	7,130	83,493	144,984
Residential mortgages	459	695	12,986	14,140
Higher risk assets	10	14	153	177
Other assets	545,822	23,200	88,051	657,073
Total Standardised exposures	748,389	79,379	207,723	1,035,491
Total credit risk exposures	29,862,363	16,117,660	15,266,629	61,246,652

Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 64% are collateralized.

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5. Credit risk (continued)

5.1 Exposure values (continued)

Residual contractual maturity analysis (continued)

Bank 31 December 2014	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	3,126,881	3,059,909	243	6,187,033
Banks, development financial institutions & MDBs	12,004,841	3,960,118	892,144	16,857,103
Insurance companies, securities firms & fund managers	1,056,040	266,210	19,451	1,341,701
Corporate exposures (excluding specialised lending and firm-size adjustment)	11,392,151	3,227,564	806,040	15,425,755
Corporate exposures (with firm-size adjustment)	777,093	70,049	572,921	1,420,063
Specialised lending	-	197,592	334,233	531,825
Retail exposures	1,454,508	5,075,216	13,518,514	20,048,238
<i>Residential mortgages</i>	431,145	387,896	10,838,914	11,657,955
<i>Qualifying revolving retail exposures</i>	623,408	3,146,124	143,663	3,913,195
<i>Other retail exposures</i>	399,955	1,541,196	2,535,937	4,477,088
Total IRB exposures	29,811,514	15,856,658	16,143,546	61,811,718
Standardised exposures				
Corporates	194,668	43,265	19,024	256,957
Regulatory retail	72,673	11,897	88,372	172,942
Residential mortgages	43	786	14,914	15,743
Higher risk assets	25,290	6	253	25,549
Other assets	476,163	18,000	70,815	564,978
Total Standardised exposures	768,837	73,954	193,378	1,036,169
Total credit risk exposures	30,580,351	15,930,612	16,336,924	62,847,887

Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 64% are collateralized.

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5. Credit risk (continued)

5.2 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.

Group	Exposures before CRM RM'000	Exposures covered by guarantees or credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by Other eligible collateral RM'000
31 December 2015				
On-balance sheet exposures				
Sovereigns/Central banks	6,703,001	-	-	-
Banks, development financial institutions & MDBs	5,631,133	32,816	-	-
Insurance companies, securities firms & fund managers	459,304	183,985	2,592	-
Corporates	8,580,321	25,125	323,542	863,694
Regulatory retail	6,441,975	10,643	111,083	70,022
Residential mortgages	12,579,488	-	-	12,385,479
Higher risk assets	-	-	-	-
Other assets	978,503	-	8,731	-
Specialised financing/investment	113,126	-	-	-
Defaulted exposures	1,704,212	-	66,457	319,212
Total on-balance sheet exposures	43,191,063	252,569	512,405	13,638,407
Off-balance sheet exposures				
OTC derivatives	8,028,026	34	472	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	12,839,131	44,445	1,203,206	394,868
Defaulted exposures	195,339	-	1,754	491
Total off-balance sheet exposures	21,062,496	44,479	1,205,432	395,359
Total on and off-balance sheet exposures	64,253,559	297,048	1,717,837	14,033,766

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5. Credit risk (continued)

5.2 Credit risk mitigation (continued)

Group 31 December 2014	Exposures before CRM RM'000	Exposures covered by guarantees or credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by Other eligible collateral RM'000
On-balance sheet exposures				
Sovereigns/Central banks	7,642,135	-	-	-
Banks, development financial institutions & MDBs	5,655,384	8,987	-	-
Insurance companies, securities firms & fund managers	1,930,976	222,378	3,570	-
Corporates	9,653,409	83,259	640,585	1,428,883
Regulatory retail	6,966,341	2,300	94,779	13,791
Residential mortgages	13,156,733	-	-	12,283,837
Higher risk assets	24,706	-	-	-
Other assets	857,345	-	2,663	-
Specialised financing/investment	407,514	49,407	2,134	-
Defaulted exposures	1,543,213	-	40,226	391,484
Total on-balance sheet exposures	47,837,756	366,331	783,957	14,117,995
Off-balance sheet exposures				
OTC derivatives	6,654,664	5	714	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	12,174,440	55,837	190,707	312,307
Defaulted exposures	24,880	-	1,519	504
Total off-balance sheet exposures	18,853,984	55,842	192,940	312,811
Total on and off-balance sheet exposures	66,691,740	422,173	976,897	14,430,806

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5. Credit risk (continued)

5.2 Credit risk mitigation (continued)

Bank 31 December 2015	Exposures before CRM RM'000	Exposures covered by guarantees or credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
On-balance sheet exposures				
Sovereigns/Central banks	5,588,687	-	-	-
Banks, development financial institutions & MDBs	9,984,990	32,816	-	-
Insurance companies, securities firms & fund managers	258,126	183,985	-	-
Corporates	7,585,470	23,346	281,785	795,156
Regulatory retail	5,374,196	9,000	109,999	64,648
Residential mortgages	9,691,247	-	-	9,540,579
Higher risk assets	-	-	-	-
Other assets	655,414	-	8,731	-
Specialised financing/investment	113,126	-	-	-
Defaulted exposures	1,594,654	-	66,457	317,575
Total on-balance sheet exposures	40,845,910	249,147	466,972	10,717,958
Off-balance sheet exposures				
OTC derivatives	8,268,388	34	472	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	11,937,014	41,055	1,188,692	236,247
Defaulted exposures	195,340	-	1,754	491
Total off-balance sheet exposures	20,400,742	41,089	1,190,918	236,738
Total on and off-balance sheet exposures	61,246,652	290,236	1,657,890	10,954,696

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5. Credit risk (continued)

5.2 Credit risk mitigation (continued)

Bank 31 December 2014	Exposures before CRM RM'000	Exposures covered by guarantees or credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
On-balance sheet exposures				
Sovereigns/Central banks	6,187,005	-	-	-
Banks, development financial institutions & MDBs	9,436,704	8,987	-	-
Insurance companies, securities firms & fund managers	1,076,829	222,378	3,570	-
Corporates	9,246,674	80,762	566,365	1,261,213
Regulatory retail	5,806,129	2,300	94,779	13,726
Residential mortgages	10,576,304	-	-	10,120,545
Higher risk assets	-	-	-	-
Other assets	558,141	-	2,663	-
Specialised financing/investment	367,466	49,407	2,134	-
Defaulted exposures	1,427,406	-	40,226	389,467
Total on-balance sheet exposures	44,682,658	363,834	709,737	11,784,951
Off-balance sheet exposures				
OTC derivatives	6,650,316	5	714	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	11,490,033	52,869	142,571	215,472
Defaulted exposures	24,880	-	1,519	504
Total off-balance sheet exposures	18,165,229	52,874	144,804	215,976
Total on and off-balance sheet exposures	62,847,887	416,708	854,541	12,000,927

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5. Credit risk (continued)

5.3 Exposures under IRB approach

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

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

Group	0-0.04%	0.04-0.17%	0.17-0.59%	0.59-3.05%	3.05-12.00%	12.00-100%	Default or 100%
31 December 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Sovereign	-	6,703,001	-	-	-	-	-
Bank	1,244,650	3,885,549	282,983	199,656	18,295	-	-
Corporate	50,888	1,138,167	2,379,082	4,536,284	880,611	36,429	976,384
Total on-balance sheet exposures	1,295,538	11,726,717	2,662,065	4,735,940	898,906	36,429	976,384
<u>Undrawn commitments</u>							
Sovereign	-	-	-	-	-	-	-
Bank	516,309	66,770	1,208	-	-	-	-
Corporate	44,526	373,919	664,912	603,275	140,701	7,424	22,980
Total undrawn commitments	560,835	440,689	666,120	603,275	140,701	7,424	22,980
<u>Derivatives</u>							
Sovereign	-	-	-	-	-	-	-
Bank	2,443,907	3,548,970	428,476	293,310	-	-	-
Corporate	2,890	599,692	396,041	305,730	871	6,870	152,506
Total derivatives	2,446,797	4,148,662	824,517	599,040	871	6,870	152,506
<u>Contingent</u>							
Sovereign	-	-	-	-	-	-	-
Bank	544,862	433,018	53,892	34,910	14,610	2,146	-
Corporate	6,845	1,354,432	1,866,824	2,537,965	143,009	319,260	12,685
Total contingent	551,707	1,787,450	1,920,716	2,572,875	157,619	321,406	12,685
Exposure weighted average LGD (%)							
Sovereign	45.00%	26.20%	-	-	-	-	-
Bank	26.20%	25.36%	26.96%	41.14%	41.20%	41.20%	-
Corporate	49.18%	40.33%	39.78%	38.58%	50.39%	50.54%	43.03%
Exposure weighted average risk weight (%)							
Sovereign	0.00%	7.53%	-	-	-	-	-
Bank	8.06%	11.25%	33.49%	87.25%	127.03%	193.21%	-
Corporate	9.13%	18.91%	46.61%	79.14%	166.45%	234.62%	85.56%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Group	0-0.04%	0.04-0.17%	0.17-0.59%	0.59-3.05%	3.05-12.00%	12.00-100%	Default or 100%
31 December 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Sovereign	7,642,135	-	-	-	-	-	-
Bank	2,441,080	2,581,753	251,603	361,776	18,886	286	-
Corporate	19,722	2,817,112	2,832,030	5,316,593	802,041	50,802	812,315
Total on-balance sheet exposures	10,102,937	5,398,865	3,083,633	5,678,369	820,927	51,088	812,315
<u>Undrawn commitments</u>							
Sovereign	-	-	-	-	-	-	-
Bank	194,500	117,782	2,134	-	-	-	-
Corporate	185,933	289,021	511,726	350,705	125,814	3,223	1,957
Total undrawn commitments	380,433	406,803	513,860	350,705	125,814	3,223	1,957
<u>Derivatives</u>							
Sovereign	28	-	-	-	-	-	-
Bank	2,374,898	2,609,660	295,278	89,336	-	-	-
Corporate	206,079	382,900	239,872	356,253	96,524	-	-
Total derivatives	2,581,005	2,992,560	535,150	445,589	96,524	-	-
<u>Contingent</u>							
Sovereign	-	-	-	-	-	-	-
Bank	608,794	381,278	95,544	41,600	12,141	-	-
Corporate	156,125	1,275,998	2,108,681	1,601,523	85,129	6,775	13,730
Total contingent	764,919	1,657,276	2,204,225	1,643,123	97,270	6,775	13,730
Exposure weighted average LGD (%)							
Sovereign	26.20%	-	-	-	-	-	-
Bank	26.17%	26.30%	30.00%	41.15%	41.20%	41.20%	-
Corporate	40.05%	37.90%	37.85%	44.44%	57.58%	45.75%	42.91%
Exposure weighted average risk weight (%)							
Sovereign	6.24%	-	-	-	-	-	-
Bank	6.98%	12.52%	32.54%	79.20%	135.19%	183.41%	-
Corporate	12.32%	15.07%	39.57%	89.52%	201.38%	225.87%	318.26%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Bank	0-0.04%	0.04-0.17%	0.17-0.59%	0.59-3.05%	3.05-12.00%	12.00-100%	Default or 100%
31 December 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Sovereign	-	5,588,687	-	-	-	-	-
Bank	1,244,650	8,239,406	282,983	199,656	18,295	-	-
Corporate	50,888	862,968	2,170,590	3,954,730	771,328	33,234	975,475
Total on-balance sheet exposures	1,295,538	14,691,061	2,453,573	4,154,386	789,623	33,234	975,475
<u>Undrawn commitments</u>							
Sovereign	-	-	-	-	-	-	-
Bank	516,309	135,805	1,208	-	-	-	-
Corporate	44,526	300,676	560,664	443,702	120,352	7,424	22,980
Total undrawn commitments	560,835	436,481	561,872	443,702	120,352	7,424	22,980
<u>Derivatives</u>							
Sovereign	-	-	-	-	-	-	-
Bank	2,419,057	4,032,470	380,213	202,097	-	-	-
Corporate	2,890	527,594	396,041	299,021	871	6,865	152,507
Total derivatives	2,421,947	4,560,064	776,254	501,118	871	6,865	152,507
<u>Contingent</u>							
Sovereign	-	-	-	-	-	-	-
Bank	544,862	432,980	53,892	34,910	14,610	2,146	-
Corporate	6,845	1,274,136	1,864,801	2,344,629	133,425	319,227	12,685
Total contingent	551,707	1,707,116	1,918,693	2,379,539	148,035	321,373	12,685
Exposure weighted average LGD (%)							
Sovereign	45.00%	26.20%	-	-	-	-	-
Bank	26.20%	25.76%	26.00%	41.13%	41.20%	41.20%	-
Corporate	49.18%	40.25%	39.67%	38.28%	53.49%	50.64%	43.00%
Exposure weighted average risk weight (%)							
Sovereign	0.00%	7.86%	-	-	-	-	-
Bank	8.06%	12.72%	29.61%	85.18%	127.03%	193.21%	-
Corporate	9.13%	18.84%	44.21%	77.56%	176.40%	239.27%	85.07%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Bank	0-0.04%	0.04-0.17%	0.17-0.59%	0.59-3.05%	3.05-12.00%	12.00-100%	Default or 100%
31 December 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Sovereign	6,187,005	-	-	-	-	-	-
Bank	2,441,080	6,363,073	251,603	361,776	18,886	286	-
Corporate	19,722	2,825,295	2,439,825	4,547,637	678,874	46,439	810,990
Total on-balance sheet exposures	8,647,807	9,188,368	2,691,428	4,909,413	697,760	46,725	810,990
<u>Undrawn commitments</u>							
Sovereign	-	-	-	-	-	-	-
Bank	194,500	118,817	2,134	-	-	-	-
Corporate	45,254	260,666	333,044	350,407	125,814	3,223	1,957
Total undrawn commitments	239,754	379,483	335,178	350,407	125,814	3,223	1,957
<u>Derivatives</u>							
Sovereign	28	-	-	-	-	-	-
Bank	2,356,476	2,738,069	295,278	1,605	-	-	-
Corporate	206,079	361,808	239,721	350,892	96,524	-	-
Total derivatives	2,562,583	3,099,877	534,999	352,497	96,524	-	-
<u>Contingent</u>							
Sovereign	-	-	-	-	-	-	-
Bank	608,794	955,440	95,544	41,600	12,141	-	-
Corporate	156,125	1,267,497	2,093,638	1,372,372	65,037	6,775	13,730
Total contingent	764,919	2,222,937	2,189,182	1,413,972	77,178	6,775	13,730
Exposure weighted average LGD (%)							
Sovereign	26.20%	-	-	-	-	-	-
Bank	26.17%	26.25%	30.00%	41.14%	41.20%	41.20%	-
Corporate	40.05%	38.16%	37.15%	45.45%	59.04%	45.53%	42.85%
Exposure weighted average risk weight (%)							
Sovereign	6.60%	-	-	-	-	-	-
Bank	6.97%	13.29%	32.54%	74.64%	135.19%	183.41%	-
Corporate	12.32%	15.14%	38.08%	88.96%	207.59%	224.69%	317.10%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

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

Group	0-0.11%	0.11-0.30%	0.30-0.43%	0.43-3.05%	3.05-9.20%	9.20-100%	Default or 100%
31 December 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	246,303	2,290,484	1,317,992	7,266,642	969,584	475,452	200,056
Qualifying revolving retail	33,144	202,730	81,251	738,400	570,074	239,924	174,909
Other retail	675,250	572,007	438,990	1,818,905	649,401	308,458	313,177
Total on-balance sheet exposures	954,697	3,065,221	1,838,233	9,823,947	2,189,059	1,023,834	688,142
<u>Undrawn commitments</u>							
Residential mortgage	3,519	29,507	29,759	611,849	9,888	6,551	2,631
Qualifying revolving retail	358,700	476,074	103,625	637,805	205,744	57,173	-
Other retail	2,054	26,784	7,976	320,390	49,407	18,663	4,280
Total undrawn commitments	364,273	532,365	141,360	1,570,044	265,039	82,387	6,911
Exposure weighted average LGD (%)							
Residential mortgage	12.40%	12.16%	12.18%	12.26%	12.28%	12.71%	14.66%
Qualifying revolving retail	67.07%	67.07%	67.07%	67.07%	67.07%	67.07%	60.17%
Other retail	15.00%	22.88%	24.80%	34.98%	62.41%	61.60%	68.01%
Exposure weighted average risk weight (%)							
Residential mortgage	3.20%	6.07%	9.51%	17.98%	45.81%	70.02%	92.17%
Qualifying revolving retail	3.66%	7.40%	12.83%	32.27%	83.62%	169.79%	337.44%
Other retail	2.91%	11.53%	15.52%	39.58%	97.69%	131.58%	291.81%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Group	0-0.11%	0.11-0.30%	0.30-0.43%	0.43-3.05%	3.05-9.20%	9.20-100%	Default or 100%
31 December 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	182,154	2,650,262	1,366,384	7,338,546	1,084,988	519,637	219,358
Qualifying revolving retail	35,827	199,358	64,629	648,053	565,817	278,056	141,171
Other retail	723,495	428,679	442,872	2,250,912	781,571	402,525	306,543
Total on-balance sheet exposures	941,476	3,278,299	1,873,885	10,237,511	2,432,376	1,200,218	667,072
<u>Undrawn commitments</u>							
Residential mortgage	50	67,123	72,799	1,194,714	33,964	10,041	3,435
Qualifying revolving retail	329,303	479,955	101,980	680,152	299,397	89,497	-
Other retail	10,960	20,795	10,381	400,971	56,772	20,979	5,119
Total undrawn commitments	340,313	567,873	185,160	2,275,837	390,133	120,517	8,554
Exposure weighted average LGD (%)							
Residential mortgage	12.33%	12.38%	12.65%	12.69%	12.60%	12.84%	14.66%
Qualifying revolving retail	67.07%	67.07%	67.07%	67.07%	67.07%	67.07%	60.28%
Other retail	14.65%	19.69%	24.90%	39.33%	64.32%	68.43%	70.42%
Exposure weighted average risk weight (%)							
Residential mortgage	3.12%	5.91%	9.49%	18.28%	44.96%	69.75%	91.31%
Qualifying revolving retail	3.78%	7.26%	12.98%	32.62%	83.40%	170.63%	320.37%
Other retail	2.77%	9.71%	15.80%	44.92%	100.72%	144.34%	273.42%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Bank	0-0.11%	0.11-0.30%	0.30-0.43%	0.43-3.05%	3.05-9.20%	9.20-100%	Default or 100%
31 December 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	240,159	2,100,925	1,078,384	5,298,229	607,399	353,120	198,473
Qualifying revolving retail	33,144	202,730	81,251	738,400	570,074	239,924	174,909
Other retail	590,411	495,770	302,229	1,334,998	473,328	199,927	206,136
Total on-balance sheet exposures	863,714	2,799,425	1,461,864	7,371,627	1,650,801	792,971	579,518
<u>Undrawn commitments</u>							
Residential mortgage	3,519	29,507	29,642	425,669	6,124	6,160	2,631
Qualifying revolving retail	358,700	476,074	103,625	637,805	205,744	57,173	-
Other retail	1,523	26,641	7,898	235,601	48,953	18,662	4,280
Total undrawn commitments	363,742	532,222	141,165	1,299,075	260,821	81,995	6,911
Exposure weighted average LGD (%)							
Residential mortgage	12.40%	12.17%	12.21%	12.33%	12.31%	12.76%	14.66%
Qualifying revolving retail	67.07%	67.07%	67.07%	67.07%	67.07%	67.07%	60.17%
Other retail	14.99%	23.61%	26.79%	34.17%	59.54%	60.03%	60.79%
Exposure weighted average risk weight (%)							
Residential mortgage	3.04%	5.31%	8.04%	15.14%	42.80%	67.06%	92.16%
Qualifying revolving retail	3.66%	7.40%	12.83%	32.27%	83.62%	169.79%	337.44%
Other retail	2.91%	11.80%	16.85%	37.78%	93.50%	127.87%	299.15%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Bank	0-0.11%	0.11-0.30%	0.30-0.43%	0.43-3.05%	3.05-9.20%	9.20-100%	Default or 100%
31 December 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	178,324	2,476,971	1,166,382	5,618,588	720,574	400,703	217,610
Qualifying revolving retail	35,827	199,358	64,629	648,053	565,817	278,056	141,171
Other retail	678,345	387,019	339,951	1,600,967	595,390	268,958	193,833
Total on-balance sheet exposures	892,496	3,063,348	1,570,962	7,867,608	1,881,781	947,717	552,614
<u>Undrawn commitments</u>							
Residential mortgage	50	67,123	72,481	702,929	23,806	8,979	3,435
Qualifying revolving retail	329,303	479,955	101,980	680,152	299,397	89,497	-
Other retail	10,849	20,354	10,381	288,424	56,519	20,979	5,119
Total undrawn commitments	340,202	567,432	184,842	1,671,505	379,722	119,455	8,554
Exposure weighted average LGD (%)							
Residential mortgage	12.33%	12.40%	12.74%	12.85%	12.72%	12.86%	14.65%
Qualifying revolving retail	67.07%	67.07%	67.07%	67.07%	67.07%	67.07%	60.28%
Other retail	14.58%	20.27%	26.44%	37.23%	61.76%	62.99%	63.09%
Exposure weighted average risk weight (%)							
Residential mortgage	2.99%	5.37%	8.39%	15.68%	42.60%	67.56%	91.27%
Qualifying revolving retail	3.78%	7.26%	12.98%	32.62%	83.40%	170.63%	320.37%
Other retail	2.79%	9.94%	16.84%	41.28%	96.73%	133.06%	275.29%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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.

Group	Up to 0.10%	>0.10 to 0.20%	>0.20 to 0.50%	>0.50 to 1.00%	>1.00 to 30.00%	>30 to <100%	100%
31 December 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	6,423,632	1,884,471	2,170,483	1,400,084	887,843	-	-
Qualifying revolving retail	72,754	163,120	278,268	215,725	1,113,967	196,598	-
Other retail	1,707,983	963,267	275,944	345,005	1,155,945	327,750	294
Total on-balance sheet exposures	8,204,369	3,010,858	2,724,695	1,960,814	3,157,755	524,348	294
<u>Undrawn commitments</u>							
Residential mortgage	121,847	115,739	262,771	179,711	13,636	-	-
Qualifying revolving retail	486,056	348,717	303,159	239,771	458,434	2,984	-
Other retail	24,958	15,185	280,979	15,304	88,190	4,918	20
Total undrawn commitments	632,861	479,641	846,909	434,786	560,260	7,902	20
Exposure weighted average risk weight (%)							
Residential mortgage	8.31%	17.20%	23.36%	35.65%	71.83%	-	-
Qualifying revolving retail	4.14%	8.10%	16.62%	26.44%	86.53%	317.43%	-
Other retail	8.05%	15.85%	35.44%	57.56%	113.97%	278.53%	135.90%
31 December 2014							
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	7,017,010	1,915,972	2,113,004	1,304,879	1,010,464	-	-
Qualifying revolving retail	82,625	152,560	237,993	192,154	1,101,180	166,399	-
Other retail	1,553,337	1,143,071	368,067	379,189	1,545,321	347,612	-
Total on-balance sheet exposures	8,652,972	3,211,603	2,719,064	1,876,222	3,656,965	514,011	-
<u>Undrawn commitments</u>							
Residential mortgage	229,073	187,902	454,487	479,012	31,652	-	-
Qualifying revolving retail	468,845	340,413	269,303	299,799	591,739	10,185	-
Other retail	32,170	53,530	320,083	15,800	99,176	4,766	452
Total undrawn commitments	730,088	581,845	1,043,873	794,611	722,567	14,951	452
Exposure weighted average risk weight (%)							
Residential mortgage	8.43%	17.60%	23.70%	34.92%	69.73%	-	-
Qualifying revolving retail	4.29%	8.00%	16.55%	26.49%	90.25%	290.94%	-
Other retail	10.97%	16.68%	34.82%	58.41%	116.31%	248.92%	-

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Bank	Up to 0.10%	>0.10 to 0.20%	>0.20 to 0.50%	>0.50 to 1.00%	>1.00 to 30.00%	>30 to <100%	100%
31 December 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	6,322,528	1,814,695	778,228	308,381	652,857	-	-
Qualifying revolving retail	72,754	163,120	278,268	215,725	1,113,967	196,598	-
Other retail	1,406,601	743,973	219,432	229,402	797,227	205,871	294
Total on-balance sheet exposures	7,801,883	2,721,788	1,275,928	753,508	2,564,051	402,469	294
<u>Undrawn commitments</u>							
Residential mortgage	121,678	115,739	250,920	3,324	11,591	-	-
Qualifying revolving retail	486,056	348,717	303,159	239,771	458,434	2,984	-
Other retail	24,080	14,445	196,913	15,304	87,878	4,918	20
Total undrawn commitments	631,814	478,901	750,992	258,399	557,903	7,902	20
Exposure weighted average risk weight (%)							
Residential mortgage	8.29%	17.17%	27.33%	43.86%	72.47%	-	-
Qualifying revolving retail	4.14%	8.10%	16.62%	26.44%	86.53%	317.43%	-
Other retail	7.95%	15.96%	37.97%	56.95%	111.81%	284.22%	-
31 December 2014							
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	6,913,002	1,846,396	888,776	372,979	757,999	-	-
Qualifying revolving retail	82,625	152,560	237,993	192,154	1,101,180	166,399	-
Other retail	1,363,753	868,436	275,947	297,047	1,057,840	201,441	-
Total on-balance sheet exposures	8,359,380	2,867,392	1,402,716	862,180	2,917,019	367,840	-
<u>Undrawn commitments</u>							
Residential mortgage	228,904	187,897	426,249	9,613	26,140	-	-
Qualifying revolving retail	468,845	340,413	269,303	299,799	591,739	10,185	-
Other retail	31,372	49,857	211,814	15,433	98,931	4,766	452
Total undrawn commitments	729,121	578,167	907,366	324,845	716,810	14,951	452
Exposure weighted average risk weight (%)							
Residential mortgage	8.41%	17.57%	26.97%	43.52%	70.59%	-	-
Qualifying revolving retail	4.29%	8.00%	16.55%	26.49%	90.25%	290.94%	-
Other retail	11.26%	16.82%	37.52%	58.62%	110.95%	242.74%	-

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Group	Strong or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Weak or 250% RM'000	Default or 0% RM'000
31 December 2015					
Income producing real estate					
- Total Exposures	-	16,152	87,002	-	-
- Risk Weighted Assets	-	14,537	100,052	-	-
31 December 2014					
Income producing real estate					
- Total Exposures	-	41,548	88,439	-	-
- Risk Weighted Assets	-	37,393	101,705	-	-
Bank					
31 December 2015					
Income producing real estate					
- Total Exposures	-	16,152	87,002	-	-
- Risk Weighted Assets	-	14,537	100,052	-	-
31 December 2014					
Income producing real estate					
- Total Exposures	-	1,500	88,439	-	-
- Risk Weighted Assets	-	1,350	101,705	-	-

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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
	Corporates* RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000		
31 December 2015							
Risk weights							
0%	-	-	-	-	255,918	255,918	-
20%	-	-	-	-	-	-	-
35%	-	-	13,138	-	-	13,138	4,598
50%	11,979	1	161	-	-	12,141	6,071
75%	-	46,963	171	-	-	47,134	35,351
100%	236,151	5,375	626	-	713,855	956,007	955,910
150%	1,426	29,974	45	177	-	31,622	47,533
1250%	-	-	-	-	1,658	1,658	20,725
Total exposures	249,556	82,313	14,141	177	971,431	1,317,618	1,070,188
Risk-weighted assets by exposures	244,280	85,559	5,501	266	734,582	1,070,188	
Average risk weight	97.9%	103.9%	38.9%	150.0%	75.6%	81.2%	
Deduction from capital base	-	-	-	-	-	-	
31 December 2014							
Risk weights							
0%	-	-	-	-	118,262	118,262	-
20%	-	-	-	-	-	-	-
35%	-	-	14,767	-	-	14,767	5,168
50%	-	24	36	-	-	60	30
75%	-	61,082	206	-	-	61,288	45,966
100%	239,804	8,099	691	-	741,600	990,194	990,194
150%	626	20,794	44	50,255	-	71,719	107,583
1250%	-	-	-	-	1,658	1,658	20,725
Total exposures	240,430	89,999	15,744	50,255	861,520	1,257,948	1,169,666
Risk-weighted assets by exposures	240,743	85,114	6,098	75,383	762,328	1,169,666	
Average risk weight	100.1%	94.6%	38.7%	150.0%	88.5%	93.0%	
Deduction from capital base	-	-	-	-	-	-	

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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
	Corporates* RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000		
31 December 2015							
Risk weights							
0%	-	-	-	-	247,212	247,212	-
20%	-	-	-	-	-	-	-
35%	-	-	13,138	-	-	13,138	4,598
50%	11,979	1	161	-	-	12,141	6,071
75%	-	45,694	171	-	-	45,865	34,399
100%	167,570	5,214	626	-	399,472	572,882	572,885
150%	1,426	29,949	45	177	-	31,597	47,396
1250%	-	-	-	-	1,658	1,658	20,725
Total exposures	180,975	80,858	14,141	177	648,342	924,493	686,074
Risk-weighted assets by exposures	175,699	84,409	5,501	266	420,199	686,074	
Average risk weight	97.1%	104.4%	38.9%	150.0%	64.8%	74.2%	
Deduction from capital base	-	-	-	-	-	-	
	← Exposures after netting and credit risk mitigation →						
31 December 2014							
Risk weights							
0%	-	-	-	-	105,604	105,604	-
20%	-	-	-	-	-	-	-
35%	-	-	14,767	-	-	14,767	5,168
50%	-	24	36	-	-	60	30
75%	-	60,486	206	-	-	60,692	45,519
100%	199,036	7,907	691	-	455,054	662,688	662,688
150%	626	20,770	44	25,549	-	46,989	70,488
1250%	-	-	-	-	1,658	1,658	20,725
Total exposures	199,662	89,187	15,744	25,549	562,316	892,458	804,618
Risk-weighted assets by exposures	199,975	84,439	6,098	38,324	475,782	804,618	
Average risk weight	100.2%	94.7%	38.7%	150.0%	84.6%	90.2%	
Deduction from capital base	-	-	-	-	-	-	

* All corporate standardised exposures are unrated.

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5. Credit risk (continued)

5.5 Problem credit management and provisioning

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 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
Mortgages	50,872	47,700	34,218	(34,224)	47,694
Others	229,472	100,885	167,352	(164,001)	104,236
Retail Clients	280,344	148,585	201,570	(198,225)	151,930
Agriculture	-	17,235	-	3,388	20,623
Mining and quarrying	766	-	-	-	-
Manufacturing	39,398	128,026	321,711	(4,076)	445,661
Electricity, gas and water	605	-	-	-	-
Construction	11,772	59,554	1,427	(59,485)	1,496
Real estate	7,317	-	-	-	-
Wholesale & retail trade and restaurants & hotels	9,791	53,231	45,951	(18,061)	81,121
Transportation, storage and communication	708	-	1,928	-	1,928
Finance, insurance and business services	30,025	-	-	-	-
Others	888	-	-	-	-
Corporates, Institutional and Commercial Clients	101,270	258,046	371,017	(78,234)	550,829
Total Impairment Provisions	381,614	406,631	572,587	(276,459)	702,759

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5. Credit risk (continued)

5.5 Problem credit management and provisioning (continued)

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

Group	Collective impairment provisions as at 31 December 2014 RM'000	Individual impairment provisions held as at 1 January 2014 RM'000	Net individual impairment charge during the financial year RM'000	Amounts written off or other movements during the financial year RM'000	Individual impairment provisions held as at 31 December 2014 RM'000
31 December 2014					
Mortgages	51,248	55,243	32,783	(40,326)	47,700
Others	244,412	67,975	185,360	(152,450)	100,885
Retail Clients	295,660	123,218	218,143	(192,776)	148,585
Agriculture	394	14,808	1,035	1,392	17,235
Mining and quarrying	494	-	-	-	-
Manufacturing	27,033	33,835	103,256	(9,065)	128,026
Electricity, gas and water	447	-	-	-	-
Construction	5,241	61,323	-	(1,769)	59,554
Real estate	2,914	-	-	-	-
Wholesale & retail trade and restaurants & hotels	6,252	29,951	24,544	(1,264)	53,231
Transportation, storage and communication	515	-	-	-	-
Finance, insurance and business services	14,400	-	-	-	-
Household	-	-	-	-	-
Others	1,179	-	4,300	(4,300)	-
Corporates, Institutional and Commercial Clients	58,869	139,917	133,135	(15,006)	258,046
Total Impairment Provisions	354,529	263,135	351,278	(207,782)	406,631

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5. Credit risk (continued)

5.5 Problem credit management and provisioning (continued)

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

Bank 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
Mortgages	41,403	47,179	28,944	(31,839)	44,284
Others	153,198	78,336	107,979	(106,107)	80,208
Retail Clients	194,601	125,515	136,923	(137,946)	124,492
Agriculture	-	17,235	-	3,388	20,623
Mining and quarrying	688	-	-	-	-
Manufacturing	35,396	127,306	321,238	(4,067)	444,477
Electricity, gas and water	605	-	-	-	-
Construction	11,617	59,554	1,427	(59,485)	1,496
Real estate	6,708	-	-	-	-
Wholesale & retail trade and restaurants & hotels	7,850	53,231	45,951	(18,061)	81,121
Transportation, storage and communication	681	-	1,928	-	1,928
Finance, insurance and business services	29,244	-	-	-	-
Others	875	-	-	-	-
Corporates, Institutional and Commercial Clients	93,664	257,326	370,544	(78,225)	549,645
Total Impairment Provisions	288,265	382,841	507,467	(216,171)	674,137

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5. Credit risk (continued)

5.5 Problem credit management and provisioning (continued)

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

Bank 31 December 2014	Collective impairment provisions as at 31 December 2014 RM'000	Individual impairment provisions held as at 1 January 2014 RM'000	Net individual impairment charge during the financial year RM'000	Amounts written off or other movements during the financial year RM'000	Individual impairment provisions held as at 31 December 2014 RM'000
Mortgages	42,064	54,874	31,021	(38,716)	47,179
Others	139,495	53,281	108,036	(82,981)	78,336
Retail Clients	181,559	108,155	139,057	(121,697)	125,515
Agriculture	26	14,808	1,035	1,392	17,235
Mining and quarrying	494	-	-	-	-
Manufacturing	25,060	33,115	103,256	(9,065)	127,306
Electricity, gas and water	447	-	-	-	-
Construction	5,161	61,323	-	(1,769)	59,554
Real estate	2,686	-	-	-	-
Wholesale & retail trade and restaurants & hotels	5,085	29,951	24,544	(1,264)	53,231
Transportation, storage and communication	458	-	-	-	-
Finance, insurance and business services	13,567	-	-	-	-
Others	949	-	4,300	(4,300)	-
Corporates, Institutional and Commercial Clients	53,933	139,197	133,135	(15,006)	257,326
Total Impairment Provisions	235,492	247,352	272,192	(136,703)	382,841

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5. Credit risk (continued)

5.5 Problem credit management and provisioning (continued)

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 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Mortgages	1,320,580	1,370,574	1,010,702	1,086,614
Others	402,527	530,150	278,230	348,526
Retail Clients	1,723,107	1,900,724	1,288,932	1,435,140
Agriculture	-	-	-	-
Mining and quarrying	30,347	-	30,347	-
Manufacturing	22,714	27,836	22,714	27,822
Electricity, gas and water	-	-	-	-
Construction	122	3,500	122	3,500
Real estate	-	-	-	-
Wholesale & retail trade and restaurants & hotels	12,139	21,540	12,139	21,540
Transportation, storage and communication	216	1,221	216	106
Finance, insurance and business services	288	-	288	-
Education, Health & Others	-	-	-	-
Household	-	-	-	-
Others	-	-	-	-
Corporates, Institutional and Commercial Clients	65,826	54,097	65,826	52,968

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	1,788,933	1,954,821	1,354,758	1,488,108
Others	-	-	-	-
	1,788,933	1,954,821	1,354,758	1,488,108

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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.

Group	Principal amount	Positive fair value of contracts	Negative fair value of contracts	Credit equivalent amount	Risk weighted assets
31 December 2015	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	3,057,485	-	-	3,057,485	1,177,455
Transaction related contingent items	4,143,266	-	-	4,143,266	1,052,663
Short term self liquidating trade related contingencies	257,117	-	-	256,653	69,028
Sell and buy back agreements					
Foreign exchange related contracts					
<i>One year or less</i>	37,895,111	1,362,821	1,514,965	1,980,582	480,918
<i>Over one year to five years</i>	17,890,717	2,178,748	1,969,976	3,331,737	761,596
<i>Over five years</i>	2,775,301	544,263	349,497	849,789	187,708
Interest/profit rate related contracts					
<i>One year or less</i>	14,047,615	11,364	24,821	36,978	7,203
<i>Over one year to five years</i>	44,620,631	279,435	271,817	1,241,424	198,539
<i>Over five years</i>	7,017,272	103,110	109,794	566,229	87,435
Equity related contracts					
<i>One year or less</i>	172,399	9,150	9,145	16,030	1,671
<i>Over one year to five years</i>	206,513	8,196	5,054	19,204	2,114
<i>Over five years</i>	-	-	-	-	-
Commodity contracts					
<i>One year or less</i>	1,759,487	151,351	175,550	93,897	22,099
<i>Over one year to five years</i>	51,457	34,532	10,421	38,703	2,444
<i>Over five years</i>	-	-	-	-	-
Credit derivative contracts *					
<i>One year or less</i>	128,755	3,619	-	3,619	169
<i>Over one year to five years</i>	20,475	292	-	2,340	484
<i>Over five years</i>	-	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,307,784	-	-	1,139,661	846,055
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	789,534	-	-	756,919	191,073
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	35,861,295	-	-	3,527,977	1,439,474
	<u>174,002,214</u>	<u>4,686,881</u>	<u>4,441,040</u>	<u>21,062,493</u>	<u>6,528,128</u>

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

	Principal amount	Credit equivalent amount	Risk weighted assets
	RM'000	RM'000	RM'000
* <i>Credit derivative contracts</i>			
Total return swap			
- protection sold	20,475	2,340	484
Credit default swap			
- protection sold	128,755	3,619	169

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5. Credit risk (continued)

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

Group	Principal amount Restated RM'000	Positive fair value of contracts RM'000	Negative fair value of contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
31 December 2014					
Direct credit substitutes	2,281,091	-	-	2,281,091	930,621
Transaction related contingent items	4,005,690	-	-	4,003,743	900,744
Short term self liquidating trade related contingencies	240,583	-	-	240,583	82,806
Sell and buy back agreements	574,200	-	-	574,200	79,566
Foreign exchange related contracts					
<i>One year or less</i>	37,129,354	867,817	862,595	1,509,394	333,085
<i>Over one year to five years</i>	19,665,694	963,249	813,106	2,305,369	706,890
<i>Over five years</i>	2,511,834	257,500	151,021	531,725	153,919
Interest/profit rate related contracts					
<i>One year or less</i>	18,030,555	18,246	13,402	41,402	5,295
<i>Over one year to five years</i>	45,520,539	322,101	467,441	1,345,882	265,803
<i>Over five years</i>	6,494,791	112,550	95,104	621,456	153,226
Equity related contracts					
<i>One year or less</i>	87,650	419	419	3,102	162
<i>Over one year to five years</i>	224,954	10,281	1,718	20,299	2,043
<i>Over five years</i>	-	-	-	-	-
Commodity contracts					
<i>One year or less</i>	3,588,606	143,000	143,000	187,935	51,092
<i>Over one year to five years</i>	1,160,408	167,235	167,235	74,958	18,887
<i>Over five years</i>	-	-	-	-	-
Credit derivative contracts *					
<i>One year or less</i>	53,584	-	-	2,679	125
<i>Over one year to five years</i>	104,850	5,221	-	10,463	778
<i>Over five years</i>	-	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,357,107	-	-	1,505,513	618,257
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,102,535	-	-	352,658	185,637
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	30,453,226	-	-	3,241,532	1,446,142
	<u>176,587,251</u>	<u>2,867,619</u>	<u>2,715,041</u>	<u>18,853,984</u>	<u>5,935,078</u>

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

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
* <i>Credit derivative contracts</i>			
Credit default swap			
- protection sold	104,850	10,463	778

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5. Credit risk (continued)

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

Bank	Principal amount RM'000	Positive fair value of contracts RM'000	Negative fair value of contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
31 December 2015					
Direct credit substitutes	3,056,141	-	-	3,056,141	1,177,153
Transaction related contingent items	3,972,160	-	-	3,972,160	1,010,282
Short term self liquidating trade related contingencies	132,058	-	-	131,594	30,604
Sell and buy back agreements					
Foreign exchange related contracts					
<i>One year or less</i>	37,956,009	1,362,393	1,515,590	1,981,713	479,727
<i>Over one year to five years</i>	17,890,717	2,178,747	1,969,649	3,331,736	527,351
<i>Over five years</i>	2,775,301	544,263	349,497	849,789	187,708
Interest rate related contracts					
<i>One year or less</i>	14,360,918	11,364	39,127	36,978	7,203
<i>Over one year to five years</i>	43,768,589	279,436	252,075	1,215,706	196,205
<i>Over five years</i>	7,017,272	103,110	109,794	566,229	87,435
Equity related contracts					
<i>One year or less</i>	172,399	9,150	9,145	16,030	1,671
<i>Over one year to five years</i>	226,124	9,690	5,054	22,267	3,013
<i>Over five years</i>	-	-	-	-	-
Commodity contracts					
<i>One year or less</i>	1,776,184	151,351	179,576	93,897	22,099
<i>Over one year to five years</i>	34,759	34,532	9,863	38,703	2,444
<i>Over five years</i>	-	-	-	-	-
Credit derivative contracts *					
<i>One year or less</i>	128,755	3,619	-	3,619	169
<i>Over one year to five years</i>	20,475	292	-	2,340	484
<i>Over five years</i>	-	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,598,880	-	-	880,538	647,950
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	526,132	-	-	509,738	118,117
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	35,484,394	-	-	3,429,676	1,376,136
	<u>171,897,267</u>	<u>4,687,947</u>	<u>4,439,370</u>	<u>20,138,854</u>	<u>5,875,751</u>

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

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
* <i>Credit derivative contracts</i>			
Total return swap			
- protection sold	20,475	2,340	484
Credit default swap			
- protection sold	128,755	3,619	169

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5. Credit risk (continued)

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

Bank	Principal amount RM'000	Positive fair value of contracts RM'000	Negative fair value of contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
31 December 2014					
Direct credit substitutes	2,253,094	-	-	2,253,094	906,297
Transaction related contingent items	3,851,546	-	-	3,849,599	842,562
Short term self liquidating trade related contingencies	137,547	-	-	137,547	54,985
Sell and buy back agreements	574,200	-	-	574,200	79,566
Foreign exchange related contracts					
<i>One year or less</i>	37,358,841	870,499	862,598	1,515,505	333,507
<i>Over one year to five years</i>	19,665,694	963,248	813,106	2,305,369	646,254
<i>Over five years</i>	2,511,834	257,500	151,021	531,725	153,919
Interest rate related contracts					
<i>One year or less</i>	18,030,555	18,246	13,402	41,402	5,295
<i>Over one year to five years</i>	45,498,840	320,841	464,511	1,333,854	264,258
<i>Over five years</i>	6,494,791	112,550	95,104	621,456	153,219
Equity related contracts					
<i>One year or less</i>	87,650	419	419	3,102	161
<i>Over one year to five years</i>	244,565	10,281	2,395	21,868	2,439
<i>Over five years</i>	-	-	-	-	-
Commodity contracts					
<i>One year or less</i>	3,588,606	143,001	143,001	187,935	51,092
<i>Over one year to five years</i>	1,174,122	167,235	167,235	74,958	19,015
<i>Over five years</i>	-	-	-	-	-
Credit derivative contracts **					
<i>One year or less</i>	53,584	-	-	2,679	125
<i>Over one year to five years</i>	104,850	5,221	-	10,463	778
<i>Over five years</i>	-	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,283,245	-	-	843,162	337,531
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,418,588	-	-	765,615	193,581
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	30,756,553	-	-	3,091,696	1,393,712
	<u>176,088,705</u>	<u>2,869,041</u>	<u>2,712,792</u>	<u>18,165,229</u>	<u>5,438,296</u>

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

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
* <i>Credit derivative contracts</i>			
Credit default swap			
- protection sold	104,850	10,463	778

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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 Bank's exposure to market risk arises predominantly from providing clients access to financial markets, facilitation of which entails the Bank'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 requirement to hold a large liquid assets buffer of high quality liquid debt securities.

Our market risk management governance, measurement, valuation framework and exposures are disclosed in Note 37(c) and 41 of the Group's financial statements

7. Equity exposures in banking book

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

Group and Bank	31 December 2015		31 December 2014	
	Gross exposures RM'000	Risk weighted assets RM'000	Gross exposures RM'000	Risk weighted assets RM'000
<u>Privately Held</u>				
For socio-economic purposes	9,098	9,098	9,098	9,098
For non socio-economic purposes	-	-	626	938
	<u>9,098</u>	<u>9,098</u>	<u>9,724</u>	<u>10,036</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 role governance, approach and measurement methodology are disclosed in Note 37(a) of the Group's financial statements.

9. Comparative figures

The comparative figures as disclosed in section 5.(ii) have been restated to conform with current year presentation, in line with the Standard Chartered PLC Group's refreshed strategy and creation of new customer segment groups

**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's Pillar 3 Disclosures report for the financial year ended 31 December 2015 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.

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Mahendra Gursahani
Chief Executive Officer

Date: 13 May 2016