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

**Pillar 3 Disclosures
31 December 2019**



Incorporated in Malaysia with registered Company No.198401003274 (115793P)

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

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1. Overview

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

Basel II

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

- Pillar 1 sets out minimum regulatory capital requirements – the minimum amount of regulatory capital banks must hold against the risks they assume;
- Pillar 2 sets out the key principles for supervisory review of a bank's risk management framework and its capital adequacy. It sets out specific oversight responsibilities for the Board of Directors ("the Board") and senior management, thus reinforcing principles of internal control and other corporate governance practices; and
- Pillar 3, covered in the supplementary financial information, 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 3 May 2019. The framework (previously known as Risk Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation) sets out the requirements on the computation of the risk-weighted assets developed based on the Basel Committee on Banking Supervision (BCBS) and the Islamic Financial Services Board (IFSB) papers "International Convergence of Capital Measurement and Capital Standards: A Revised Framework issued in June 2006 and the "Capital Adequacy Standard (CAS)" issued in December 2005, respectively. The framework forms part of the overall Capital Adequacy Framework, hence should be read alongside the Capital Adequacy Framework (Capital Components).

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

The following summarise the approaches adopted by the Group

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

Scope of application

The Pillar 3 disclosures are prepared for the Group. The Group offers Islamic banking financial services via the Bank's wholly owned subsidiary company, Standard Chartered Saadiq Berhad. The accounting policy for consolidation is provided in Note 2(a) of the Group's financial statements for the financial year ended 31 December 2019 ("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 position is in line with Board-approved risk appetite. The Group is well capitalised with loss absorbing capacity.

Details of the Group's capital management approach are disclosed in Note 38(iii) of the Group's financial statements, while details of regulatory capital structure and main features of capital instruments of the Group are disclosed in Note 21 and Note 44 of the financial statements. All ordinary shares in issue confer identical rights in respect of capital, dividends and voting.

3. Risk management

The management of risk is a key component of the Group's business. One of the main risks we incur arises from extending credit to customers through our lending and trading operations. Beyond credit risk, we are also exposed to a range of other risk types such as country, market, capital and liquidity, operational, reputational, compliance, conduct, information and cyber security and financial crime risks that are inherent in our strategy and product range.

Our enterprise risk management framework and governance are disclosed in page 13 and Note 38 respectively of 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 2019 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:				
Banks, development financial institutions & multilateral development banks ("MDBs")	89,423	89,423	8,977	718
Corporates	376,769	322,642	322,481	25,798
Regulatory retail	777,406	669,770	514,932	41,195
Residential mortgages	10,575	10,575	3,702	296
Other assets	1,310,084	1,246,889	1,158,362	92,669
Defaulted exposures	23,464	22,761	33,155	2,652
Total on-balance sheet exposures	<u>2,587,721</u>	<u>2,362,060</u>	<u>2,041,609</u>	<u>163,328</u>
Off-balance sheet exposures:				
OTC derivatives	8	8	-	-
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	24,870	16,316	15,165	1,213
Defaulted exposures	138	138	208	17
Total off-balance sheet exposures	<u>25,016</u>	<u>16,462</u>	<u>15,373</u>	<u>1,230</u>
Total on and off-balance sheet exposures	<u>2,612,737</u>	<u>2,378,522</u>	<u>2,056,982</u>	<u>164,558</u>
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	9,193,461	9,193,461	2,049,107	163,929
Banks, development financial institutions & multilateral development banks ("MDBs")	5,399,008	5,315,238	1,178,112	94,249
Insurance companies, securities firms & fund managers	330,180	415,052	106,544	8,524
Corporates	8,169,315	8,169,705	7,584,856	606,788
Residential mortgages	11,047,224	11,047,224	1,756,118	140,489
Qualifying revolving retail exposures	2,141,811	2,141,811	1,147,111	91,769
Other retail	2,628,864	2,627,372	1,301,464	104,117
Defaulted exposures	971,745	971,745	1,519,539	121,563
Total on-balance sheet exposures	<u>39,881,608</u>	<u>39,881,608</u>	<u>16,642,851</u>	<u>1,331,428</u>
Off-balance sheet exposures:				
OTC derivatives	4,101,051	4,101,051	1,467,360	117,389
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	13,842,639	13,842,639	4,758,275	380,662
Defaulted exposures	15,499	15,499	40,417	3,233
Total off-balance sheet exposures	<u>17,959,189</u>	<u>17,959,189</u>	<u>6,266,052</u>	<u>501,284</u>
Total on and off-balance sheet exposures	<u>57,840,797</u>	<u>57,840,797</u>	<u>22,908,903</u>	<u>1,832,712</u>
(b) Large exposures risk requirement				
	-	-	-	-
(c) Market risk (Standardised approach)				
	Long position	Short position		
Interest rate risk	22,599,734	23,759,818	991,992	79,359
Foreign currency risk	71,360,655	71,228,969	1,127,250	90,180
Options risk	1,604,457	1,884,668	264,831	21,186
(d) Operational risk (Standardised approach)				
			3,278,186	262,255
Total RWA and capital requirements			<u>30,628,144</u>	<u>2,450,250</u>

Common Equity Tier ("CET") 1, Tier 1 and Total capital ratios

	Before proposed dividend	After proposed dividend
CET 1 capital ratio	13.801%	13.759%
Tier 1 capital ratio	15.042%	15.000%
Total capital ratio	18.839%	18.797%

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4. Regulatory capital requirement

Disclosure on capital adequacy under the Standardised and IRB approach

Group 31 December 2018 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:				
Banks, development financial institutions & multilateral development banks ("MDBs")	78,275	78,275	1,395	112
Corporates	414,113	371,654	371,477	29,718
Regulatory retail	840,868	733,065	562,845	45,028
Residential mortgages	11,140	11,140	3,899	312
Other assets	960,703	920,743	792,079	63,366
Defaulted exposures	16,839	15,932	23,829	1,906
Total on-balance sheet exposures	<u>2,321,938</u>	<u>2,130,809</u>	<u>1,755,524</u>	<u>140,442</u>
Off-balance sheet exposures:				
OTC derivatives	14	-	-	-
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	35,855	23,185	20,543	1,643
Defaulted exposures	154	154	230	18
Total off-balance sheet exposures	<u>36,023</u>	<u>23,339</u>	<u>20,773</u>	<u>1,661</u>
Total on and off-balance sheet exposures	<u>2,357,961</u>	<u>2,154,148</u>	<u>1,776,297</u>	<u>142,103</u>
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	7,498,507	7,498,507	1,593,634	127,491
Banks, development financial institutions & multilateral development banks ("MDBs")	1,995,643	2,005,293	539,150	43,132
Insurance companies, securities firms & fund managers	113,718	131,480	17,418	1,393
Corporates	9,918,400	9,898,635	8,905,934	712,475
Residential mortgages	11,029,067	11,029,067	1,695,895	135,672
Qualifying revolving retail exposures	2,061,655	2,061,655	1,122,081	89,766
Other retail	2,747,177	2,739,530	1,249,219	99,938
Defaulted exposures	1,173,814	1,173,814	3,098,072	247,846
Total on-balance sheet exposures	<u>36,537,981</u>	<u>36,537,981</u>	<u>18,221,403</u>	<u>1,457,713</u>
Off-balance sheet exposures:				
OTC derivatives	4,789,537	4,789,537	1,881,215	150,498
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	12,928,040	12,928,040	3,676,265	294,101
Defaulted exposures	19,975	19,975	87,494	7,000
Total off-balance sheet exposures	<u>17,737,552</u>	<u>17,737,552</u>	<u>5,644,974</u>	<u>451,599</u>
Total on and off-balance sheet exposures	<u>54,275,533</u>	<u>54,275,533</u>	<u>23,866,377</u>	<u>1,909,312</u>
(b) Large exposures risk requirement				
	-	-	-	-
(c) Market risk (Standardised approach)				
	Long position	Short position		
Interest rate risk	19,453,363	26,099,207	661,566	52,925
Foreign currency risk	80,343,757	80,256,685	1,413,769	113,102
Options risk	2,177,337	2,025,458	619,603	49,568
(d) Operational risk (Standardised approach)				
			3,294,089	263,527
Total RWA and capital requirements			<u>31,631,701</u>	<u>2,530,537</u>

Common Equity Tier ("CET") 1, Tier 1 and Total capital ratios

	Before proposed dividend	After proposed dividend
CET 1 capital ratio	13.575%	12.672%
Tier 1 capital ratio	14.776%	13.873%
Total capital ratio	18.461%	17.558%

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4. Regulatory capital requirement (continued)

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

Bank 31 December 2019 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:				
Banks, development financial institutions & MDBs	89,423	89,423	8,977	718
Corporates	353,182	299,055	298,894	23,912
Regulatory retail	769,505	661,869	508,999	40,720
Residential mortgages	10,256	10,256	3,590	287
Other assets	1,260,528	1,197,332	1,111,619	88,930
Defaulted exposures	23,440	22,737	33,119	2,650
Total on-balance sheet exposures	2,506,334	2,280,672	1,965,198	157,217
Off-balance sheet exposures:				
OTC derivatives	8	8	-	-
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	21,423	15,752	14,636	1,171
Defaulted exposures	138	138	208	17
Total off-balance sheet exposures	21,569	15,898	14,844	1,188
Total on and off-balance sheet exposures	2,527,903	2,296,570	1,980,042	158,405
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	7,690,684	7,690,684	1,712,574	137,006
Banks, development financial institutions & MDBs	5,806,581	5,722,811	1,316,479	105,318
Insurance companies, securities firms & fund managers	330,180	415,052	106,544	8,524
Corporates	7,341,627	7,342,017	6,510,734	520,859
Residential mortgages	9,418,135	9,418,135	1,532,486	122,599
Qualifying revolving retail exposures	2,141,811	2,141,811	1,147,111	91,769
Other retail	2,173,649	2,172,157	1,018,237	81,459
Defaulted exposures	886,895	886,895	1,403,235	112,259
Total on-balance sheet exposures	35,789,562	35,789,562	14,747,400	1,179,793
Off-balance sheet exposures:				
OTC derivatives	4,100,798	4,100,798	1,465,483	117,239
Credit Derivatives				
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	13,314,195	13,314,195	4,292,139	343,371
Defaulted exposures	14,159	14,159	37,411	2,993
Total off-balance sheet exposures	17,429,152	17,429,152	5,795,033	463,603
Total on and off-balance sheet exposures	53,218,714	53,218,714	20,542,433	1,643,396
(b) Large exposures risk requirement				
	-	-	-	-
(c) Market risk (Standardised approach)				
	Long position	Short position		
Interest rate risk	22,599,734	23,759,818	991,992	79,359
Foreign currency risk	71,360,655	71,228,969	1,127,250	90,180
Options risk	1,604,457	1,884,668	264,831	21,186
(d) Operational risk (Standardised approach)				
			3,155,686	252,456
Total RWA and capital requirements			28,062,234	2,244,982
Common Equity Tier ("CET") 1, Tier 1 and Total capital ratios				
			Before proposed dividend	After proposed dividend
CET 1 capital ratio			12.627%	12.581%
Tier 1 capital ratio			13.981%	13.935%
Total capital ratio			17.716%	17.670%

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4. Regulatory capital requirement (continued)

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

Bank 31 December 2018 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Minimum capital requirement at 8% RM'000
(d) Credit risk				
<u>Exposures under the Standardised approach</u>				
On-balance sheet exposures:				
Banks, development financial institutions & MDBs	78,275	78,275	1,395	112
Corporates	414,109	371,651	371,473	29,718
Regulatory retail	839,544	731,741	561,851	44,948
Residential mortgages	10,960	10,960	3,836	307
Other assets	888,866	848,907	722,976	57,838
Defaulted exposures	16,815	15,908	23,793	1,903
Total on-balance sheet exposures	2,248,569	2,057,442	1,685,324	134,826
Off-balance sheet exposures:				
OTC derivatives	14	-	-	-
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	29,655	19,801	17,159	1,373
Defaulted exposures	154	154	231	18
Total off-balance sheet exposures	29,823	19,955	17,390	1,391
Total on and off-balance sheet exposures	2,278,392	2,077,397	1,702,714	136,217
<u>Exposures under the IRB approach</u>				
On-balance sheet exposures:				
Sovereigns/Central banks	6,102,867	6,102,867	1,375,614	110,049
Banks, development financial institutions & MDBs	2,222,416	2,232,066	605,458	48,437
Insurance companies, securities firms & fund managers	113,718	131,480	17,418	1,393
Corporates	8,745,369	8,725,586	7,681,859	614,549
Residential mortgages	9,569,528	9,569,528	1,504,357	120,349
Qualifying revolving retail exposures	2,061,655	2,061,655	1,122,082	89,767
Other retail	2,497,645	2,490,016	1,010,873	80,870
Defaulted exposures	1,092,204	1,092,204	2,976,605	238,128
Total on-balance sheet exposures	32,405,402	32,405,402	16,294,266	1,303,542
Off-balance sheet exposures:				
OTC derivatives	4,898,463	4,898,463	1,903,687	152,295
Off-balance sheet exposures other than OTC derivative transactions and credit derivatives	12,554,458	12,554,458	3,442,273	275,382
Defaulted exposures	19,975	19,975	87,494	7,000
Total off-balance sheet exposures	17,472,896	17,472,896	5,433,454	434,677
Total on and off-balance sheet exposures	49,878,298	49,878,298	21,727,720	1,738,219
(b) Large exposures risk requirement				
	-	-	-	-
(c) Market risk (Standardised approach)				
	Long position	Short position		
Interest rate risk	19,453,363	26,099,207	661,566	52,925
Foreign currency risk	80,343,757	80,256,685	1,413,769	113,102
Options risk	2,177,337	2,025,458	619,603	49,568
(d) Operational risk (Standardised approach)				
			3,169,576	253,566
Total RWA and capital requirements			29,294,948	2,343,597

Common Equity Tier ("CET") 1, Tier 1 and Total capital ratios

	Before proposed dividend	After proposed dividend
CET 1 capital ratio	12.433%	11.458%
Tier 1 capital ratio	13.730%	12.755%
Total capital ratio	17.320%	16.345%

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5. Credit risk

Credit risk is the potential for loss due to a failure of a counterparty (both Banking and Trading Book) to meet its obligations back to the Group. Credit risk is managed through a framework that sets out policies and procedures covering measurement and management of credit risk. Credit risk function, as a second line of defence control function, performs independent challenge, monitoring and oversight of credit risk practices of the business or functions engaged in supporting revenue generating activities that constitute first line of defence.

Our approach to credit risk can be found in Note 38(i) of the Group's financial statements.

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

(i) Internal Ratings Based models

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

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

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
Insurance Cos, Securities Firms and Fund Managers	Life insurance, Non-life insurance, Broker dealer, Funds managers
Corporates	Finance & Leasing, Large Corporate, Mid Corporate, Emerging Middle Market, Commodity Traders & Buyers, Medium Enterprise, Small Business
Residential Mortgages	Retails Clients Residential Mortgage
Qualifying revolving retail exposures	Retail Clients Credit card
Other retail exposures	Corporate SME (including Business & Commercial Clients) property lending, Corporate SME (including Business & Commercial Clients) lending, Personal financing, and residential properties under construction

Model governance

All IRB Models are developed by the Group Enterprise Risk Analytics ("ERA"). Both new and existing models, as well as changes to existing models, are subject to independent validation by the Group Model Validation ("GMV") and are reviewed and approved by the Group Credit Model Assessment Committee ("CMAC") and the Group Model Risk Committee (based on materiality). ERA and GMV are separate departments within the Group Risk.

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

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

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

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5. Credit risk (continued)

(i) Internal Ratings Based models (continued)

Probability of Default

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

In Corporate and Institutional Banking ("CIB") and Commercial Banking ("CB"), the largest portfolios are rated based on the shadow bond approach (Sovereigns, Banks, Large Corporates) or the good-bad approach (Mid-Corporates). Central governments and Central Banks are rated using the sovereign model. Non-bank financial institutions are rated using one of the six constrained expert judgement models depending on their line of business. Within CIB and CB, each client is assigned a credit grade. CIB and CB models are calibrated based on historical data that includes a full economic cycle.

For retail clients under each asset class are developed based on the good-bad approach. The same PD modelling approach is taken across the four key retail client product types: Residential Mortgages, Credit Cards (Qualifying Revolving Retail), Instalment Loans (Other Retail and Retail SME). The approach is based on using the country and product specific application scores for new to bank clients and behaviour scores for existing clients. All retail client PD models are built and validated using internal default data.

Loss Given Default

The CIB and CB LGD model is a parameter based model reflecting the Bank's recovery and workout process, which takes into account risk drivers such as portfolio segment, product, credit grade of the obligor and collateral attached to the exposure. The model is calibrated to downturn.

LGD for retail portfolio follow two approaches:

i) LGDs for unsecured products are based on historical loss experience of defaults during a downturn; these are portfolio specific LGD estimates segmented by default status (including restructuring).

ii) LGDs for secured products are parameter-based estimates mainly driven by how the default is resolved (cure, sale or charge-off). Key LGD parameters are differentiated by segments such as loan-to-value, property type, construction status (Build under construction and Completed) and default status (including restructuring). These parameters are calibrated based on the portfolio's downturn experience.

Exposure at Default

EAD takes into consideration the potential drawdown of a commitment as an obligor moves towards default by estimating the Credit Conversion Factor (CCF) of undrawn commitments.

The key drivers of the Corporate and Institutional EAD model are the type of facility and the level of utilisation, with the model calibrated to downturn.

EAD for retail products differs between revolving products and term products. For revolving products, EAD is computed by estimating the CCF of the undrawn commitments. For term products, EAD is set at the outstanding balance plus any undrawn portion. All the retail client EAD models are built and validated using internal data.

Model use

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

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

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5. Credit risk (continued)

(i) Internal Ratings Based models (continued)

Corporates, Institutional and Commercial model results

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

Probability of Default

Estimates of PD are computed as of 31 December 2018 and are compared with default observations through 31 December 2019. Historical default experience for institutions, central governments or central banks is minimal, so predicted PD reflects a particularly low number of defaults with observed PD as NIL given there were no defaults during 2019. For Corporates, observed PD is lower than estimated reflecting Group's prudent and proactive credit management.

Loss Given Default

The calculation of realised versus predicted LGD is affected by the fact that it may take a number of years for the workout process to be completed. As such, an observed recovery value cannot be assigned to the majority of the 2019 defaults, making it meaningless to compare realised versus predicted outcomes in a manner similar to that for PD and EAD. To address this, for corporates and institutions we have adopted an approach based on a four-year rolling period of predicted and realised LGD, which for the current reporting year includes 2016 to 2019 defaults that have completed their workout process as at the end of 2019. This approach compares the four-year rolling predicted LGD, providing the predicted outcome of these resolved defaults one year prior to default, against the realised LGD for the same set of defaults. These two figures are fully comparable, providing thereby a meaningful assessment of LGD model performance. However, for corporates, there were no defaulted cases from 2016 to 2019 which were resolved in 2019, making it therefore not meaningful to compute the realized versus predicted outcomes for this period. Similarly for central governments or central banks and institutions, no values are provided reflecting the fact that there were no defaults in the past four years with completed workout as of December 2018.

Exposure at Default

EAD takes into consideration the potential drawdown of a commitment as an obligor defaults by estimating the Credit Conversion Factor (CCF) of undrawn commitments. For assets which defaulted in 2019, the comparison of realised versus predicted EAD is summarised in the ratio of EAD one year prior to default to the outstanding amount at time of default. A ratio larger than one indicates that the predicted EAD is higher than the realised outstanding amount at default. This is explained by the regulatory guidance to assign conservatism to the CCF of certain exposure types and to calibrate the models to downturn conditions, as well as by the impact of management action leading to a reduction in actual exposure prior to default. No ratio is reportable for institutions and central governments or central banks given there was no default in 2019.

Corporate SME observed default was lower than the predicted PD. Predicted PD was computed as at 31 December 2018 and compared to the actual default observations over a one year period ended 31 December 2019. Portfolio size remained stable and default pool has been minimal, as such the observed default rate is lower than the predicted default rate. The observed LGD was calculated based on actual recoveries during the December 2016 to December 2019 period for existing non- defaults as of December 2015 where defaulted in next 12 months. The Realised LGDs are lower than predicted values.

Group

	Predicted PD %	Observed PD %	Predicted LGD %	Realised LGD %	Predicted EAD/ Realised EAD
IRB exposures					
Central governments or central banks	0.5%	N/A	N/A	N/A	N/A
Corporates	1.6%	1.1%	N/A	N/A	1.6
Institutions	0.8%	N/A	N/A	N/A	N/A
Corporate SME Mortgage	1.8%	0.9%	6.0%	1.3%	1.0
Corporate SME Lending	4.8%	3.2%	85.4%	76.3%	1.1

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5. Credit risk (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	0.5%	N/A	N/A	N/A	N/A
Corporates	1.7%	1.0%	N/A	N/A	1.4%
Institutions	0.8%	N/A	N/A	N/A	N/A
Corporate SME Mortgage	1.8%	0.9%	6.4%	4.7%	1.0
Corporate SME Lending	4.4%	2.3%	95.1%	82.2%	1.1

Retail model results

Retail models have been developed for majority of its portfolios. Predicted PD was computed as at 31 December 2018 and compared to the actual default observation over a one year period ended 31 December 2019.

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

The realised LGD is calculated based on 12 months default window, recoveries over a 24 months workout period and compared to the predicted LGD. Realised LGDs for the Group are lower than the predicted values for all asset classes.

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	2.8%	1.5%	13.9%	8.5%	1.1
Qualifying revolving retail exposures	2.6%	2.2%	48.1%	42.3%	1.1
Other retail exposures	12.5%	11.5%	49.6%	31.1%	1.1

Bank

	Predicted PD %	Observed PD %	Predicted LGD %	Realised LGD %	Predicted EAD/ Realised EAD
IRB exposures					
Residential mortgages	2.9%	1.6%	13.8%	8.0%	1.1
Qualifying revolving retail exposures	2.6%	2.2%	48.1%	42.3%	1.1
Other retail exposures	12.7%	11.6%	52.9%	34.8%	1.1

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5. Credit risk (continued)

(ii) Actual losses and expected loss

The table below shows allowances of credit losses for financial assets raised and write off during the financial year ended 31 December 2019 versus 31 December 2018 for IRB exposure classes. The actual loss include a point in time actual charge raised in accordance with accounting standards that require the Bank to either provide for and write-off debts when certain conditions are met. Expected Loss ("EL") represents model derived and/or regulatory prescribed estimated of future loss on potential defaults over a one-year time horizon.

Group

	31 December 2019	31 December 2018	31 December 2018	31 December 2017
	Actual losses *	Expected losses	Actual losses *	Expected losses
	RM'000	RM'000	RM'000	RM'000
Sovereigns/Central banks	-	2,482	-	1,771
Banks, development financial institutions & MDBs	-	5,596	-	5,382
Insurance companies, securities firms & fund managers	-	262	-	460
Corporate exposures (excluding specialised lending and firm-size adjustment)	11,785	229,034	(112,277)	421,884
Corporate exposures (with firm-size adjustment)	4,304	57,345	33,664	27,067
Specialised lending	-	38,776	-	153,119
Retail exposures				
<i>Residential mortgages</i>	(14,903)	47,813	25,599	44,480
<i>Qualifying revolving retail exposures</i>	77,848	185,202	18,570	137,219
<i>Other retail exposures</i>	104,052	137,859	105,224	205,012
	183,086	704,369	70,780	996,394

Bank

	31 December 2019	31 December 2018	31 December 2018	31 December 2017
	Actual losses *	Expected losses	Actual losses *	Expected losses
	RM'000	RM'000	RM'000	RM'000
Sovereigns/Central banks	-	2,033	-	1,562
Banks, development financial institutions & MDBs	-	5,689	-	7,153
Insurance companies, securities firms & fund managers	-	255	-	452
Corporate exposures (excluding specialised lending and firm-size adjustment)	8,026	213,742	(107,160)	409,395
Corporate exposures (with firm-size adjustment)	10,599	54,975	28,161	24,040
Specialised lending	-	38,547	-	152,678
Retail exposures				
<i>Residential mortgages</i>	(12,941)	43,220	24,582	36,216
<i>Qualifying revolving retail exposures</i>	77,848	185,202	18,570	137,219
<i>Other retail exposures</i>	95,406	102,668	107,550	162,094
	178,938	646,331	71,703	930,809

* The amount is related to ECL charge/(release) under MFRS 9, excluding recovery during the year.

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5. Credit risk (continued)

(iii) Risk grade profile

Exposures by internal credit grading

For CIB and CB IRB portfolios, an alphanumeric credit risk-grading system is used. 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. Numerically lower credit grades are indicative of a lower likelihood of default. Credit grades 1 to 12 are assigned to performing customers and credit grades 13 and 14 are assigned to non-performing or defaulted customers.

The Group's credit grades in CIB and CB are not intended to replicate external credit grades, and ratings assigned by external credit assessment institutions ("ECAI") 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.

The table below demonstrates Standard Chartered's internal ratings and mapping to external ratings.

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

For Retail exposures, models generate individual PDs which are used to estimate RWA and an alphanumeric credit risk-grading system is used only for reporting purposes.

IRB models cover a substantial majority of the Group's exposures 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)

(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 and EAD of the obligor with reference to the nominal exposure;
- In Retail, the initial credit approval and decision to grant a Product is based on the Application Score, which is an input to the PD model;
- Pricing – In CIB and CB, a pre-deal pricing calculator, which takes into consideration PD, LGD and EAD in the calculation of expected loss and risk weighted assets, is used for the proposed transactions to ensure appropriate returns. 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 CIB and CB, single name concentration limits are determined by PD, LGD and EAD. The limits operate on a sliding scale to ensure that the Group does not have over concentration of low credit quality assets. In Retail, the estimates of PD, LGD and EAD are used in credit underwriting and portfolio management actions such as increase/decrease and top-ups for instalment loans;
- Provisioning – Expected Credit Loss ("ECL") is computed as unbiased, point-in-time probability weighted amount which is determined by evaluating a range of reasonably possible outcomes; (multiple scenario assessment), the time value of money, and considering all relevant information as of the reporting date;
- Risk Appetite assessment – Key inputs used in the assessment of business and market variables for setting Risk Appetite includes but not limited to consideration of risk based methodologies such as IRB parameters; and
- Economic Capital – PD, LGD and EAD are key components of the model in credit risk economic capital calculation.

(iv) Counterparty credit risk

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

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

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

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

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5. Credit risk (continued)

(iv) Counterparty credit risk (continued)

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

Credit reserves

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

Wrong way risk

Wrong way risk occurs when an exposure increase is coupled with a decrease in the credit quality of the obligor. Specifically, as the MTM on a derivative or repo contract increases in favour of the Group, the driver of this MTM change also reduce the ability of the counterparty to meet its payment, margin call or collateral posting requirements. The Group employs various policies and procedures to ensure that wrong-way risk exposures are recognised upfront, monitored, and where required, contained by limits on tenor, collateral type, collateral concentration and markets-based collateral top-up mechanisms.

Exposure value calculation

Exposure values for regulatory capital purposes on over-the-counter traded products are calculated according to the Current Exposure Method. Exposure values are the 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.

5.1.1) Geographical analysis

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

Group 31 December 2019	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	9,234,945	18,988	9,253,933
Banks, development financial institutions & MDBs	5,312,044	4,583,146	9,895,190
Insurance companies, securities firms & fund managers	277,433	346,621	624,054
Corporate exposures (excluding specialised lending and firm-size adjustment)	11,932,243	686,016	12,618,259
Corporate exposures (with firm-size adjustment)	2,023,434	27,857	2,051,291
Specialised lending	474,799	108,183	582,982
Retail exposures	22,815,088	-	22,815,088
<i>Residential mortgages</i>	12,153,296	-	12,153,296
<i>Qualifying revolving retail exposures</i>	7,816,887	-	7,816,887
<i>Other retail exposures</i>	2,844,905	-	2,844,905
Total IRB exposures	52,069,986	5,770,811	57,840,797
Standardised exposures			
Banks, development financial institutions & MDBs	-	89,423	89,423
Corporates	396,578	-	396,578
Regulatory retail	803,844	-	803,844
Residential mortgages	12,721	-	12,721
Higher risk assets	74	-	74
Other assets	1,310,097	-	1,310,097
Total Standardised exposures	2,523,314	89,423	2,612,737
Total credit risk exposures	54,593,300	5,860,234	60,453,534

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5. Credit risk (continued)

5.1 Exposure values (continued)

5.1.1) Geographical analysis (continued)

Group 31 December 2018	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	7,709,967	5,664	7,715,631
Banks, development financial institutions & MDBs	2,641,134	3,907,786	6,548,920
Insurance companies, securities firms & fund managers	231,027	160,051	391,078
Corporate exposures (excluding specialised lending and firm-size adjustment)	12,880,173	1,066,274	13,946,447
Corporate exposures (with firm-size adjustment)	2,434,536	35,553	2,470,089
Specialised lending	613,813	40,313	654,126
Retail exposures	22,549,242	-	22,549,242
<i>Residential mortgages</i>	12,000,998	-	12,000,998
<i>Qualifying revolving retail exposures</i>	7,561,404	-	7,561,404
<i>Other retail exposures</i>	2,986,840	-	2,986,840
Total IRB exposures	49,059,892	5,215,641	54,275,533
Standardised exposures			
Banks, development financial institutions & MDBs	-	79,151	79,151
Corporates	442,107	-	442,107
Regulatory retail	864,241	-	864,241
Residential mortgages	11,687	-	11,687
Higher risk assets	65	-	65
Other assets	960,710	-	960,710
Total Standardised exposures	2,278,810	79,151	2,357,961
Total credit risk exposures	51,338,702	5,294,792	56,633,494

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5. Credit risk (continued)

5.1 Exposure values (continued)

5.1.1) Geographical analysis (continued)

Bank 31 December 2019	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	7,732,168	18,988	7,751,156
Banks, development financial institutions & MDBs	5,826,931	4,507,802	10,334,733
Insurance companies, securities firms & fund managers	270,174	346,621	616,795
Corporate exposures (excluding specialised lending and firm-size adjustment)	11,014,287	506,282	11,520,569
Corporate exposures (with firm-size adjustment)	1,788,898	27,857	1,816,755
Specialised lending	442,412	86,246	528,658
Retail exposures	20,650,048	-	20,650,048
<i>Residential mortgages</i>	10,493,397	-	10,493,397
<i>Qualifying revolving retail exposures</i>	7,816,887	-	7,816,887
<i>Other retail exposures</i>	2,339,764	-	2,339,764
Total IRB exposures	47,724,918	5,493,796	53,218,714
Standardised exposures			
Banks, development financial institutions & MDBs	-	89,423	89,423
Corporates	369,680	-	369,680
Regulatory retail	795,783	-	795,783
Residential mortgages	12,402	-	12,402
Higher risk assets	74	-	74
Other assets	1,260,541	-	1,260,541
Total Standardised exposures	2,438,480	89,423	2,527,903
Total credit risk exposures	50,163,398	5,583,219	55,746,617

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5. Credit risk (continued)

5.1 Exposure values (continued)

5.1.1) Geographical analysis (continued)

Bank 31 December 2018	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	6,314,327	5,664	6,319,991
Banks, development financial institutions & MDBs	3,109,391	3,799,383	6,908,774
Insurance companies, securities firms & fund managers	221,518	160,051	381,569
Corporate exposures (excluding specialised lending and firm-size adjustment)	11,763,870	842,978	12,606,848
Corporate exposures (with firm-size adjustment)	2,277,515	35,553	2,313,068
Specialised lending	559,086	26,704	585,790
Retail exposures	20,762,258	-	20,762,258
<i>Residential mortgages</i>	10,526,779	-	10,526,779
<i>Qualifying revolving retail exposures</i>	7,561,404	-	7,561,404
<i>Other retail exposures</i>	2,674,075	-	2,674,075
Total IRB exposures	45,007,965	4,870,333	49,878,298
Standardised exposures			
Banks, development financial institutions & MDBs	-	79,151	79,151
Corporates	435,903	-	435,903
Regulatory retail	862,892	-	862,892
Residential mortgages	11,507	-	11,507
Higher risk assets	65	-	65
Other assets	888,874	-	888,874
Total Standardised exposures	2,199,241	79,151	2,278,392
Total credit risk exposures	47,207,206	4,949,484	52,156,690

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5. Credit risk (continued)

5.1 Exposure values (continued)

5.1.2) Sector or economic purpose analysis

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

Group 31 December 2019	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	-	-	-	-	-	-	-	9,253,933	-	-	-	9,253,933
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	9,895,190	-	-	-	9,895,190
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	624,054	-	-	-	624,054
Corporate exposures (excluding specialised lending and firm-size adjustment)	365,260	50,826	4,604,375	607,004	1,751,649	1,882,332	972,454	795,242	1,358,361	-	230,756	12,618,259
Corporate exposures (with firm-size adjustment)	1,971	3,486	459,731	2,477	228,149	518,057	52,999	153,148	391,587	-	239,686	2,051,291
Specialised lending	-	27,984	358,984	18,053	-	131,817	-	-	24,295	-	21,849	582,982
Retail exposures	3,867	5,621	186,887	2,377	175,864	429,376	59,748	203,919	441,181	21,062,444	243,804	22,815,088
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	12,153,296	-	12,153,296
<i>Qualifying revolving retail exposures</i>	-	-	-	-	-	-	-	-	-	7,816,887	-	7,816,887
<i>Other retail exposures</i>	3,867	5,621	186,887	2,377	175,864	429,376	59,748	203,919	441,181	1,092,261	243,804	2,844,905
Total IRB exposures	371,098	87,917	5,609,977	629,911	2,155,662	2,961,582	1,085,201	20,925,486	2,215,424	21,062,444	736,095	57,840,797
Standardised exposures												
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	89,423	-	-	-	89,423
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	1,103	-	23,335	22,107	7,802	-	18,583	-	323,648	396,578
Regulatory retail	-	-	-	-	636	2,170	-	-	4,982	796,056	-	803,844
Residential mortgages	-	-	-	-	-	-	-	-	-	12,721	-	12,721
Higher risk assets	-	-	-	-	-	-	-	-	-	74	-	74
Other assets	-	-	-	-	-	-	-	-	-	307,582	1,002,515	1,310,097
Total Standardised exposures	-	-	1,103	-	23,971	24,277	7,802	89,423	23,565	1,116,433	1,326,163	2,612,737
Total credit risk exposures	371,098	87,917	5,611,080	629,911	2,179,633	2,985,859	1,093,003	21,014,909	2,238,989	22,178,877	2,062,258	60,453,534

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5. Credit risk (continued)

5.1 Exposure values (continued)

5.1.2) Sector or economic purpose analysis (continued)

Group 31 December 2018	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	-	-	-	-	-	-	-	7,715,631	-	-	-	7,715,631
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	6,548,920	-	-	-	6,548,920
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	391,078	-	-	-	391,078
Corporate exposures (excluding specialised lending and firm-size adjustment)	266,835	98,944	4,980,053	561,937	2,103,764	2,098,524	1,070,252	917,792	1,580,613	-	267,733	13,946,447
Corporate exposures (with firm-size adjustment)	3,249	11,677	571,368	76,441	250,364	635,989	77,231	170,744	401,931	-	271,095	2,470,089
Specialised lending	-	38,708	376,119	19,966	-	123,781	-	7,980	73,963	-	13,609	654,126
Retail exposures	2,073	7,891	173,798	1,842	144,802	432,925	52,536	194,154	445,434	20,810,591	283,196	22,549,242
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	12,000,998	-	12,000,998
<i>Qualifying revolving retail exposures</i>	-	-	-	-	-	-	-	-	-	7,561,404	-	7,561,404
<i>Other retail exposures</i>	2,073	7,891	173,798	1,842	144,802	432,925	52,536	194,154	445,434	1,248,189	283,196	2,986,840
Total IRB exposures	272,157	157,220	6,101,338	660,186	2,498,930	3,291,219	1,200,019	15,946,299	2,501,941	20,810,591	835,633	54,275,533
Standardised exposures												
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	79,151	-	-	-	79,151
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	8,005	-	32,545	18,982	-	-	22,630	-	359,945	442,107
Regulatory retail	-	-	1,964	-	-	2,388	-	-	4,957	854,932	-	864,241
Residential mortgages	-	-	-	-	-	-	-	-	-	11,687	-	11,687
Higher risk assets	-	-	-	-	-	-	-	-	-	65	-	65
Other assets	-	-	-	-	-	-	-	-	-	249,414	711,296	960,710
Total Standardised exposures	-	-	9,969	-	32,545	21,370	-	79,151	27,587	1,116,098	1,071,241	2,357,961
Total credit risk exposures	272,157	157,220	6,111,307	660,186	2,531,475	3,312,589	1,200,019	16,025,450	2,529,528	21,926,689	1,906,874	56,633,494

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5. Credit risk (continued)

5.1 Exposure values (continued)

5.1.2 Sector or economic purpose analysis (continued)

Bank 31 December 2019	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	-	-	-	-	-	-	-	7,751,156	-	-	-	7,751,156
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	10,334,733	-	-	-	10,334,733
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	616,795	-	-	-	616,795
Corporate exposures (excluding specialised lending and firm-size adjustment)	268,911	50,826	4,388,656	597,114	1,672,948	1,575,387	755,886	719,887	1,337,924	-	153,030	11,520,569
Corporate exposures (with firm-size adjustment)	666	1,171	441,521	2,477	199,443	466,967	30,647	115,418	349,039	-	209,406	1,816,755
Specialised lending	-	27,984	358,896	18,053	-	99,430	-	-	24,295	-	-	528,658
Retail exposures	2,661	4,723	138,985	1,455	113,406	335,962	35,747	141,369	401,790	19,287,165	186,785	20,650,048
<i>Residential mortgages</i>	-	-	-	-	-	-	-	-	-	10,493,397	-	10,493,397
<i>Qualifying revolving retail exposures</i>	-	-	-	-	-	-	-	-	-	7,816,887	-	7,816,887
<i>Other retail exposures</i>	2,661	4,723	138,985	1,455	113,406	335,962	35,747	141,369	401,790	976,881	186,785	2,339,764
Total IRB exposures	272,238	84,704	5,328,058	619,099	1,985,797	2,477,746	822,280	19,679,358	2,113,048	19,287,165	549,221	53,218,714
Standardised exposures												
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	89,423	-	-	-	89,423
Corporates	-	-	1,103	-	20,024	22,107	7,802	-	13,019	-	305,625	369,680
Regulatory retail	-	-	-	-	636	2,170	-	-	4,982	787,995	-	795,783
Residential mortgages	-	-	-	-	-	-	-	-	-	12,402	-	12,402
Higher risk assets	-	-	-	-	-	-	-	-	-	74	-	74
Other assets	-	-	-	-	-	-	-	-	-	307,582	952,959	1,260,541
Total Standardised exposures	-	-	1,103	-	20,660	24,277	7,802	89,423	18,001	1,108,053	1,258,584	2,527,903
Total credit risk exposures	272,238	84,704	5,329,161	619,099	2,006,457	2,502,023	830,082	19,768,781	2,131,049	20,395,218	1,807,805	55,746,617

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5. Credit risk (continued)

5.1 Exposure values (continued)

5.1.2 Sector or economic purpose analysis (continued)

Bank 31 December 2018	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	-	-	-	-	-	-	-	6,319,991	-	-	-	6,319,991
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	6,908,774	-	-	-	6,908,774
Insurance companies, securities firms & fund managers	-	-	-	-	-	-	-	381,569	-	-	-	381,569
Corporate exposures (excluding specialised lending and firm-size adjustment)	79,380	98,944	4,641,223	561,937	2,001,335	1,890,002	887,099	774,513	1,466,115	-	206,300	12,606,848
Corporate exposures (with firm-size adjustment)	1,120	6,105	559,448	76,441	234,025	603,463	47,651	130,706	395,481	-	258,628	2,313,068
Specialised lending	-	38,708	376,119	19,966	-	69,054	-	7,980	73,963	-	-	585,790
Retail exposures	2,035	7,562	138,992	1,842	110,285	374,162	39,052	156,637	446,011	19,211,042	274,638	20,762,258
Residential mortgages	-	-	-	-	-	-	-	-	-	10,526,779	-	10,526,779
Qualifying revolving retail exposures	-	-	-	-	-	-	-	-	-	7,561,404	-	7,561,404
Other retail exposures	2,035	7,562	138,992	1,842	110,285	374,162	39,052	156,637	446,011	1,122,859	274,638	2,674,075
Total IRB exposures	82,535	151,319	5,715,782	660,186	2,345,645	2,936,681	973,802	14,680,170	2,381,570	19,211,042	739,566	49,878,298
Standardised exposures												
Banks, development financial institutions & MDBs	-	-	-	-	-	-	-	79,151	-	-	-	79,151
Corporates	-	-	8,005	-	26,345	18,982	-	-	22,630	-	359,941	435,903
Regulatory retail	-	-	1,964	-	-	2,388	-	-	4,957	853,583	-	862,892
Residential mortgages	-	-	-	-	-	-	-	-	-	11,507	-	11,507
Higher risk assets	-	-	-	-	-	-	-	-	-	65	-	65
Other assets	-	-	-	-	-	-	-	-	-	249,414	639,460	888,874
Total Standardised exposures	-	-	9,969	-	26,345	21,370	-	79,151	27,587	1,114,569	999,401	2,278,392
Total credit risk exposures	82,535	151,319	5,725,751	660,186	2,371,990	2,958,051	973,802	14,759,321	2,409,157	20,325,611	1,738,967	52,156,690

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5. Credit risk (continued)

5.1 Exposure values (continued)

5.1.3) Residual contractual maturity analysis

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

Group 31 December 2019	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	4,621,084	3,995,370	637,479	9,253,933
Banks, development financial institutions & MDBs	7,506,872	2,049,272	339,046	9,895,190
Insurance companies, securities firms & fund managers	403,294	203,106	17,654	624,054
Corporate exposures (excluding specialised lending and firm-size adjustment)	8,575,334	3,798,158	244,767	12,618,259
Corporate exposures (with firm-size adjustment)	882,415	406,034	762,842	2,051,291
Specialised lending	216,477	41,178	325,327	582,982
Retail exposures	1,631,455	8,308,799	12,874,834	22,815,088
<i>Residential mortgages</i>	742,947	313,054	11,097,295	12,153,296
<i>Qualifying revolving retail exposures</i>	727,573	7,052,215	37,099	7,816,887
<i>Other retail exposures</i>	160,935	943,530	1,740,440	2,844,905
Total IRB exposures	23,836,931	18,801,917	15,201,949	57,840,797
Standardised exposures				
Banks, development financial institutions & MDBs	89,423	-	-	89,423
Corporates	330,406	12,705	53,467	396,578
Regulatory retail	503,793	30,810	269,241	803,844
Residential mortgages	98	251	12,372	12,721
Higher risk assets	16	31	27	74
Other assets	1,236,364	10,110	63,623	1,310,097
Total Standardised exposures	2,160,100	53,907	398,730	2,612,737
Total credit risk exposures	25,997,031	18,855,824	15,600,679	60,453,534

Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 85% are collateralized.

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5. Credit risk (continued)

5.1 Exposure values (continued)

5.1.3) Residual contractual maturity analysis (continued)

Group 31 December 2018	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	4,773,731	2,941,900	-	7,715,631
Banks, development financial institutions & MDBs	3,922,819	2,122,508	503,593	6,548,920
Insurance companies, securities firms & fund managers	252,865	126,464	11,749	391,078
Corporate exposures (excluding specialised lending and firm-size adjustment)	9,384,403	4,255,453	306,591	13,946,447
Corporate exposures (with firm-size adjustment)	1,140,631	474,765	854,693	2,470,089
Specialised lending	197,465	87,697	368,964	654,126
Retail exposures	1,022,257	8,510,884	13,016,101	22,549,242
<i>Residential mortgages</i>	591,528	317,988	11,091,482	12,000,998
<i>Qualifying revolving retail exposures</i>	266,026	7,284,492	10,886	7,561,404
<i>Other retail exposures</i>	164,703	908,404	1,913,733	2,986,840
Total IRB exposures	20,694,171	18,519,671	15,061,691	54,275,533
Standardised exposures				
Banks, development financial institutions & MDBs	79,151	-	-	79,151
Corporates	354,041	23,520	64,546	442,107
Regulatory retail	543,731	49,269	271,241	864,241
Residential mortgages	374	405	10,908	11,687
Higher risk assets	16	-	49	65
Other assets	906,747	10,980	42,983	960,710
Total Standardised exposures	1,884,060	84,174	389,727	2,357,961
Total credit risk exposures	22,578,231	18,603,845	15,451,418	56,633,494

Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 90% are collateralized.

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5. Credit risk (continued)

5.1 Exposure values (continued)

5.1.3 Residual contractual maturity analysis (continued)

Bank 31 December 2019	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	3,793,056	3,320,621	637,479	7,751,156
Banks, development financial institutions & MDBs	7,828,616	2,065,797	440,320	10,334,733
Insurance companies, securities firms & fund managers	396,165	202,976	17,654	616,795
Corporate exposures (excluding specialised lending and firm-size adjustment)	7,922,172	3,434,453	163,944	11,520,569
Corporate exposures (with firm-size adjustment)	854,889	340,346	621,520	1,816,755
Specialised lending	177,767	25,564	325,327	528,658
Retail exposures	1,604,098	8,066,536	10,979,414	20,650,048
<i>Residential mortgages</i>	733,538	299,040	9,460,819	10,493,397
<i>Qualifying revolving retail exposures</i>	727,573	7,052,215	37,099	7,816,887
<i>Other retail exposures</i>	142,987	715,281	1,481,496	2,339,764
Total IRB exposures	22,576,763	17,456,293	13,185,658	53,218,714
Standardised exposures				
Banks, development financial institutions & MDBs	89,423	-	-	89,423
Corporates	327,095	12,705	29,880	369,680
Regulatory retail	503,755	30,668	261,360	795,783
Residential mortgages	98	251	12,053	12,402
Higher risk assets	16	31	27	74
Other assets	1,186,808	10,110	63,623	1,260,541
Total Standardised exposures	2,107,195	53,765	366,943	2,527,903
Total credit risk exposures	24,683,958	17,510,058	13,552,601	55,746,617

Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 79% are collateralized.

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5. Credit risk (continued)

5.1 Exposure values (continued)

5.1.3) Residual contractual maturity analysis (continued)

Bank 31 December 2018	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	3,378,091	2,941,900	-	6,319,991
Banks, development financial institutions & MDBs	4,166,761	2,238,420	503,593	6,908,774
Insurance companies, securities firms & fund managers	243,487	126,333	11,749	381,569
Corporate exposures (excluding specialised lending and firm-size adjustment)	8,536,132	3,790,070	280,646	12,606,848
Corporate exposures (with firm-size adjustment)	1,085,686	410,356	817,026	2,313,068
Specialised lending	143,128	73,698	368,964	585,790
Retail exposures	998,400	8,304,214	11,459,644	20,762,258
<i>Residential mortgages</i>	591,507	308,916	9,626,356	10,526,779
<i>Qualifying revolving retail exposures</i>	266,026	7,284,492	10,886	7,561,404
<i>Other retail exposures</i>	140,867	710,806	1,822,402	2,674,075
Total IRB exposures	18,551,685	17,884,991	13,441,622	49,878,298
Standardised exposures				
Banks, development financial institutions & MDBs	79,151	-	-	79,151
Corporates	349,402	21,955	64,546	435,903
Regulatory retail	543,730	49,269	269,893	862,892
Residential mortgages	374	405	10,728	11,507
Higher risk assets	16	-	49	65
Other assets	834,911	10,980	42,983	888,874
Total Standardised exposures	1,807,584	82,609	388,199	2,278,392
Total credit risk exposures	20,359,269	17,967,600	13,829,821	52,156,690

Note: The above table shows that exposures with residual contractual maturity more than 5 years, of which 80% are collateralized.

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5. Credit risk (continued)

5.2 Credit risk mitigation

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

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

Group 31 December 2019	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	9,193,461	-	-	-
Banks, development financial institutions & MDBs	5,488,431	231,936	-	-
Insurance companies, securities firms & fund managers	330,180	271,277	-	-
Corporates	8,132,540	33,860	279,891	850,187
Regulatory retail	5,548,081	1,491	117,585	1,069,493
Residential mortgages	11,057,799	-	-	10,893,826
Other assets	1,310,084	-	63,196	-
Specialised financing/investment	413,544	-	-	55,425
Defaulted exposures	995,209	-	6,775	225,104
Total on-balance sheet exposures	42,469,329	538,564	467,447	13,094,035
Off-balance sheet exposures				
OTC derivatives	4,101,059	15,120	306,054	17,404
Off-balance sheet exposures other than OTC derivatives or credit derivatives	13,867,509	32,487	881,438	620,319
Defaulted exposures	15,637	-	2,584	3,140
Total off-balance sheet exposures	17,984,205	47,607	1,190,076	640,863
Total on and off-balance sheet exposures	60,453,534	586,171	1,657,523	13,734,898

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5. Credit risk (continued)

5.2 Credit risk mitigation (continued)

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 2018				
On-balance sheet exposures				
Sovereigns/Central banks	7,498,507	-	-	-
Banks, development financial institutions & MDBs	2,073,918	96,789	-	-
Insurance companies, securities firms & fund managers	113,718	110,279	-	-
Corporates	9,776,723	75,706	388,738	1,256,551
Regulatory retail	5,649,700	4,022	125,552	1,224,923
Residential mortgages	11,040,207	-	-	10,872,383
Other assets	960,703	-	39,959	-
Specialised financing/investment	555,790	-	-	-
Defaulted exposures	1,190,653	-	8,735	264,068
Total on-balance sheet exposures	38,859,919	286,796	562,984	13,617,925
Off-balance sheet exposures				
OTC derivatives	4,789,551	21,740	204,128	6,790
Off-balance sheet exposures other than OTC derivatives or credit derivatives	12,963,895	28,186	118,951	458,211
Defaulted exposures	20,129	-	2,706	822
Total off-balance sheet exposures	17,773,575	49,926	325,785	465,823
Total on and off-balance sheet exposures	56,633,494	336,722	888,769	14,083,748

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5. Credit risk (continued)

5.2 Credit risk mitigation (continued)

Bank 31 December 2019	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	7,690,684	-	-	-
Banks, development financial institutions & MDBs	5,896,004	231,936	-	-
Insurance companies, securities firms & fund managers	330,180	271,277	-	-
Corporates	7,295,437	33,101	252,315	744,591
Regulatory retail	5,084,965	1,491	117,585	962,091
Residential mortgages	9,428,391	-	-	9,268,249
Other assets	1,260,528	-	63,196	-
Specialised financing/investment	399,372	-	-	55,425
Defaulted exposures	910,335	-	6,775	198,803
Total on-balance sheet exposures	38,295,896	537,805	439,871	11,229,159
Off-balance sheet exposures				
OTC derivatives	4,100,806	15,117	274,173	15,071
Off-balance sheet exposures other than OTC derivatives or credit derivatives	13,335,618	32,486	845,773	610,181
Defaulted exposures	14,297	-	2,584	3,140
Total off-balance sheet exposures	17,450,721	47,603	1,122,530	628,392
Total on and off-balance sheet exposures	55,746,617	585,408	1,562,401	11,857,551

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5. Credit risk (continued)

5.2 Credit risk mitigation (continued)

Bank 31 December 2018	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	6,102,867	-	-	-
Banks, development financial institutions & MDBs	2,300,691	96,789	-	-
Insurance companies, securities firms & fund managers	113,718	110,279	-	-
Corporates	8,645,124	72,286	324,943	1,128,952
Regulatory retail	5,398,844	4,004	124,892	1,228,065
Residential mortgages	9,580,488	-	-	9,417,702
Other assets	888,866	-	39,959	-
Specialised financing/investment	514,354	-	-	-
Defaulted exposures	1,109,019	-	8,735	253,708
Total on-balance sheet exposures	34,653,971	283,358	498,529	12,028,427
Off-balance sheet exposures				
OTC derivatives	4,898,477	21,740	165,116	3,761
Off-balance sheet exposures other than OTC derivatives or credit derivatives	12,584,113	15,596	92,776	456,028
Defaulted exposures	20,129	-	2,706	822
Total off-balance sheet exposures	17,502,719	37,336	260,598	460,611
Total on and off-balance sheet exposures	52,156,690	320,694	759,127	12,489,038

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5. Credit risk (continued)

5.3 Exposures under IRB approach

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

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

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 2019	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	-	9,193,461	-	-	-	-	-
Bank	1,004,833	3,424,645	356,259	606,516	6,382	373	-
Corporate	395,333	1,811,868	2,121,093	2,632,580	1,191,490	347,131	320,400
Total on-balance sheet exposures	1,400,166	14,429,974	2,477,352	3,239,096	1,197,872	347,504	320,400
<u>Undrawn commitments</u>							
Bank	-	207,770	12,657	1,151	-	-	-
Corporate	15,542	313,933	538,497	726,299	108,023	14,342	2,501
Total undrawn commitments	15,542	521,703	551,154	727,450	108,023	14,342	2,501
<u>Derivatives</u>							
Sovereign	18,988	41,484	-	-	-	-	-
Bank	22,069	2,419,251	493,500	98,315	-	-	-
Corporate	15,276	347,963	263,639	340,452	13,449	26,665	-
Total derivatives	56,333	2,808,698	757,139	438,767	13,449	26,665	-
<u>Contingent</u>							
Bank	21,328	975,526	162,411	80,888	1,316	-	-
Corporate	26,787	691,028	1,185,408	1,806,801	522,916	90,539	6,631
Total contingent	48,115	1,666,554	1,347,819	1,887,689	524,232	90,539	6,631
Exposure weighted average LGD (%)							
Sovereign	46.00%	46.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bank	42.72%	38.85%	39.37%	28.89%	17.76%	46.00%	0.00%
Corporate	52.31%	47.13%	51.01%	38.99%	45.54%	65.16%	53.09%
Exposure weighted average risk weight (%)							
Sovereign	3.41%	22.26%	0.00%	0.00%	0.00%	0.00%	0.00%
Bank	7.67%	17.44%	47.04%	50.01%	67.48%	215.72%	0.00%
Corporate	14.62%	22.95%	52.48%	79.86%	143.71%	315.15%	197.38%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

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 2018	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	-	7,498,507	-	-	-	-	-
Bank	223,085	952,341	543,776	260,888	4,407	11,146	-
Corporate	415,689	1,774,728	2,622,332	3,302,338	1,403,811	513,220	523,040
Total on-balance sheet exposures	638,774	10,225,576	3,166,108	3,563,226	1,408,218	524,366	523,040
<u>Undrawn commitments</u>							
Bank	-	190,050	2,861	660	-	-	-
Corporate	-	270,148	485,060	453,585	76,232	11,418	4,596
Total undrawn commitments	-	460,198	487,921	454,245	76,232	11,418	4,596
<u>Derivatives</u>							
Sovereign	5,664	211,460	-	-	-	-	-
Bank	23,209	2,710,676	482,529	216,447	-	-	-
Corporate	21,741	371,552	235,913	401,140	108,827	379	2,814
Total derivatives	50,614	3,293,688	718,442	617,587	108,827	379	2,814
<u>Contingent</u>							
Bank	43,097	706,586	71,999	105,163	-	-	-
Corporate	-	995,861	1,926,928	1,135,567	256,917	139,620	8,284
Total contingent	43,097	1,702,447	1,998,927	1,240,730	256,917	139,620	8,284
<u>Exposure weighted average LGD (%)</u>							
Sovereign	46.00%	46.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bank	39.59%	39.82%	37.39%	34.29%	32.66%	46.00%	0.00%
Corporate	54.27%	44.30%	40.85%	41.21%	47.60%	39.48%	58.33%
<u>Exposure weighted average risk weight (%)</u>							
Sovereign	3.41%	21.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Bank	6.78%	18.41%	39.72%	59.34%	89.16%	215.72%	0.00%
Corporate	30.93%	25.51%	43.78%	82.90%	152.82%	220.57%	427.25%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

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 2019	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	-	7,690,684	-	-	-	-	-
Bank	1,004,833	3,423,085	765,392	606,516	6,382	373	-
Corporate	394,574	1,627,768	2,088,624	2,303,915	919,150	337,776	306,939
Total on-balance sheet exposures	1,399,407	12,741,537	2,854,016	2,910,431	925,532	338,149	306,939
<u>Undrawn commitments</u>							
Sovereign	-	-	-	-	-	-	-
Bank	-	207,770	13,697	1,151	-	-	-
Corporate	15,542	291,645	394,068	630,995	42,848	14,340	2,501
Total undrawn commitments	15,542	499,415	407,765	632,146	42,848	14,340	2,501
<u>Derivatives</u>							
Sovereign	18,988	41,484	-	-	-	-	-
Bank	22,069	2,419,105	598,216	24,675	-	-	-
Corporate	15,276	321,510	263,622	335,739	13,449	26,665	-
Total derivatives	56,333	2,782,099	861,838	360,414	13,449	26,665	-
<u>Contingent</u>							
Bank	21,328	975,526	162,411	80,888	1,316	-	-
Corporate	26,787	691,028	1,140,338	1,683,478	498,370	90,539	5,291
Total contingent	48,115	1,666,554	1,302,749	1,764,366	499,686	90,539	5,291
Exposure weighted average LGD (%)							
Sovereign	46.00%	46.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bank	42.72%	38.85%	41.27%	27.16%	17.76%	46.00%	0.00%
Corporate	52.24%	47.12%	51.43%	37.89%	42.08%	65.46%	54.42%
Exposure weighted average risk weight (%)							
Sovereign	3.41%	22.23%	0.00%	0.00%	0.00%	0.00%	0.00%
Bank	7.67%	17.44%	43.05%	50.20%	67.48%	215.72%	0.00%
Corporate	14.59%	22.77%	51.91%	77.09%	127.52%	318.71%	193.28%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Bank 31 December 2018	0-0.04% RM'000	0.04-0.17% RM'000	0.17-0.59% RM'000	0.59-3.05% RM'000	3.05-12.00% RM'000	12.00-100% RM'000	Default or 100% RM'000
Non-retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Sovereign	-	6,102,867	-	-	-	-	-
Bank	223,085	950,784	772,106	260,888	4,407	11,146	-
Corporate	415,689	1,613,477	2,335,697	2,911,348	1,088,781	494,095	518,853
Total on-balance sheet exposures	638,774	8,667,128	3,107,803	3,172,236	1,093,188	505,241	518,853
<u>Undrawn commitments</u>							
Bank	-	190,050	3,901	660	-	-	-
Corporate	-	270,018	376,849	362,406	57,014	10,199	4,596
Total undrawn commitments	-	460,068	380,750	363,066	57,014	10,199	4,596
<u>Derivatives</u>							
Sovereign	5,664	211,460	-	-	-	-	-
Bank	23,209	2,710,676	721,415	109,601	-	-	-
Corporate	21,741	349,936	235,789	399,767	108,827	378	2,814
Total derivatives	50,614	3,272,072	957,204	509,368	108,827	378	2,814
<u>Contingent</u>							
Bank	43,097	706,587	71,999	105,163	-	-	-
Corporate	-	995,861	1,879,386	1,048,679	243,345	133,446	8,284
Total contingent	43,097	1,702,448	1,951,385	1,153,842	243,345	133,446	8,284
Exposure weighted average LGD (%)							
Sovereign	46.00%	46.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bank	39.59%	39.82%	39.52%	31.74%	32.66%	46.00%	0.00%
Corporate	54.27%	43.80%	40.92%	40.65%	46.73%	39.06%	58.09%
Exposure weighted average risk weight (%)							
Sovereign	3.41%	22.31%	0.00%	0.00%	0.00%	0.00%	0.00%
Bank	6.78%	18.41%	37.67%	60.19%	89.16%	215.72%	0.00%
Corporate	30.93%	25.15%	43.95%	81.13%	148.19%	220.01%	422.12%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

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

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 2019	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	277,135	2,045,820	1,159,811	6,425,518	636,455	502,485	204,695
Qualifying revolving retail	26,676	216,031	153,349	1,041,161	438,195	266,399	275,764
Other retail	344,009	485,448	39,616	961,000	490,331	308,460	170,886
Total on-balance sheet exposures	<u>647,820</u>	<u>2,747,299</u>	<u>1,352,776</u>	<u>8,427,679</u>	<u>1,564,981</u>	<u>1,077,344</u>	<u>651,345</u>
<u>Undrawn commitments</u>							
Residential mortgage	710	30,339	64,519	463,487	135,312	204,902	2,108
Qualifying revolving retail	339,120	1,834,988	692,266	2,061,595	345,908	125,435	-
Other retail	-	17,627	1,154	11,255	4,631	6,229	4,259
Total undrawn commitments	<u>339,830</u>	<u>1,882,954</u>	<u>757,939</u>	<u>2,536,337</u>	<u>485,851</u>	<u>336,566</u>	<u>6,367</u>
Exposure weighted average LGD (%)							
Residential mortgage	12.14%	12.56%	12.70%	12.63%	13.64%	13.07%	16.37%
Qualifying revolving retail	62.79%	62.79%	62.79%	62.94%	63.55%	63.81%	40.19%
Other retail	21.77%	22.01%	26.88%	42.63%	46.76%	51.99%	51.28%
Exposure weighted average risk weight (%)							
Residential mortgage	3.01%	5.53%	8.32%	15.10%	41.07%	58.97%	96.53%
Qualifying revolving retail	3.35%	7.14%	11.40%	25.19%	80.65%	158.84%	140.75%
Other retail	3.93%	8.54%	16.81%	55.16%	73.35%	114.28%	183.71%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Group 31 December 2018	0-0.11% RM'000	0.11-0.30% RM'000	0.30-0.43% RM'000	0.43-3.05% RM'000	3.05-9.20% RM'000	9.20-100% RM'000	Default or 100% RM'000
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	309,646	2,326,829	1,169,576	6,211,642	612,522	398,852	196,039
Qualifying revolving retail	26,683	200,474	147,180	1,001,871	409,897	275,550	256,292
Other retail	455,707	623,693	49,356	963,907	388,666	265,848	198,443
Total on-balance sheet exposures	<u>792,036</u>	<u>3,150,996</u>	<u>1,366,112</u>	<u>8,177,420</u>	<u>1,411,085</u>	<u>940,250</u>	<u>650,774</u>
<u>Undrawn commitments</u>							
Residential mortgage	77	23,469	58,793	556,755	32,361	101,945	2,492
Qualifying revolving retail	329,235	1,702,398	723,823	2,045,332	308,295	134,374	-
Other retail	42	14,841	1,005	13,331	4,799	5,413	1,789
Total undrawn commitments	<u>329,354</u>	<u>1,740,708</u>	<u>783,621</u>	<u>2,615,418</u>	<u>345,455</u>	<u>241,732</u>	<u>4,281</u>
Exposure weighted average LGD (%)							
Residential mortgage	12.26%	12.50%	12.64%	12.61%	12.77%	13.07%	16.03%
Qualifying revolving retail	62.79%	62.79%	62.79%	62.93%	63.53%	63.88%	40.18%
Other retail	21.41%	21.85%	27.03%	40.45%	50.60%	58.16%	50.50%
Exposure weighted average risk weight (%)							
Residential mortgage	2.99%	5.43%	8.30%	15.47%	42.83%	63.48%	97.87%
Qualifying revolving retail	3.35%	7.11%	11.36%	25.03%	80.64%	160.97%	141.12%
Other retail	3.80%	8.93%	16.56%	52.11%	80.57%	130.44%	164.23%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Bank 31 December 2019	0-0.11% RM'000	0.11-0.30% RM'000	0.30-0.43% RM'000	0.43-3.05% RM'000	3.05-9.20% RM'000	9.20-100% RM'000	Default or 100% RM'000
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	268,912	1,615,678	929,197	5,581,288	563,212	459,848	182,848
Qualifying revolving retail	26,676	216,031	153,349	1,041,161	438,195	266,399	275,764
Other retail	328,415	445,975	37,716	723,531	378,280	259,732	121,344
Total on-balance sheet exposures	624,003	2,277,684	1,120,262	7,345,980	1,379,687	985,979	579,956
<u>Undrawn commitments</u>							
Residential mortgage	710	30,339	64,519	454,524	135,312	204,902	2,108
Qualifying revolving retail	339,120	1,834,988	692,266	2,061,595	345,908	125,435	-
Other retail	-	17,627	1,154	11,178	4,324	6,229	4,259
Total undrawn commitments	339,830	1,882,954	757,939	2,527,297	485,544	336,566	6,367
Exposure weighted average LGD (%)							
Residential mortgage	12.13%	12.59%	12.79%	12.67%	13.76%	13.07%	15.96%
Qualifying revolving retail	62.79%	62.79%	62.79%	62.94%	63.55%	63.81%	40.19%
Other retail	21.63%	21.66%	27.42%	39.98%	47.41%	53.42%	54.00%
Exposure weighted average risk weight (%)							
Residential mortgage	3.01%	5.61%	8.37%	15.17%	40.94%	58.47%	95.49%
Qualifying revolving retail	3.35%	7.14%	11.40%	25.19%	80.65%	158.84%	140.75%
Other retail	3.90%	8.41%	17.13%	51.47%	74.48%	119.27%	213.03%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

Bank 31 December 2018	0-0.11% RM'000	0.11-0.30% RM'000	0.30-0.43% RM'000	0.43-3.05% RM'000	3.05-9.20% RM'000	9.20-100% RM'000	Default or 100% RM'000
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	309,260	1,856,073	967,658	5,515,814	561,066	359,657	181,359
Qualifying revolving retail	26,683	200,474	147,180	1,001,871	409,897	275,550	256,292
Other retail	455,540	626,402	49,356	809,354	330,146	226,847	135,700
Total on-balance sheet exposures	<u>791,483</u>	<u>2,682,949</u>	<u>1,164,194</u>	<u>7,327,039</u>	<u>1,301,109</u>	<u>862,054</u>	<u>573,351</u>
<u>Undrawn commitments</u>							
Residential mortgage	77	23,469	58,793	556,755	32,361	101,945	2,492
Qualifying revolving retail	329,235	1,702,398	723,823	2,045,332	308,295	134,374	-
Other retail	42	14,841	1,005	13,126	4,514	5,413	1,789
Total undrawn commitments	<u>329,354</u>	<u>1,740,708</u>	<u>783,621</u>	<u>2,615,213</u>	<u>345,170</u>	<u>241,732</u>	<u>4,281</u>
Exposure weighted average LGD (%)							
Residential mortgage	12.10%	12.51%	12.73%	12.67%	12.84%	13.09%	15.58%
Qualifying revolving retail	62.79%	62.79%	62.79%	62.93%	63.53%	63.88%	40.18%
Other retail	21.42%	21.80%	27.03%	36.94%	48.01%	57.94%	52.94%
Exposure weighted average risk weight (%)							
Residential mortgage	2.99%	5.52%	8.36%	15.55%	42.69%	62.68%	96.53%
Qualifying revolving retail	3.35%	7.11%	11.36%	25.03%	80.64%	160.97%	141.12%
Other retail	3.80%	8.91%	16.56%	47.31%	76.74%	130.95%	195.29%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

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

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 2019	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	7,452,866	1,773,320	901,788	297,639	826,306	-	-
Qualifying revolving retail	71,416	189,085	459,095	383,613	1,213,385	100,981	-
Other retail	1,265,856	96,344	50,586	347,270	853,988	185,513	193
Total on-balance sheet exposures	8,790,138	2,058,749	1,411,469	1,028,522	2,893,679	286,494	193
<u>Undrawn commitments</u>							
Residential mortgage	230,580	199,212	129,510	4,460	337,615	-	-
Qualifying revolving retail	902,090	1,391,194	1,872,372	488,299	743,066	2,291	-
Other retail	25,590	4,310	2,253	1,335	9,729	1,938	-
Total undrawn commitments	1,158,260	1,594,716	2,004,135	494,094	1,090,410	4,229	-
Exposure weighted average risk weight (%)							
Residential mortgage	9.06%	17.82%	28.79%	44.32%	61.88%	0.00%	0.00%
Qualifying revolving retail	4.50%	8.16%	14.75%	27.57%	88.70%	181.27%	0.00%
Other retail	6.22%	27.51%	48.13%	62.47%	118.40%	143.02%	1057.09%
Group							
31 December 2018	Up to 0.10%	>0.10 to 0.20%	>0.20 to 0.50%	>0.50 to 1.00%	>1.00 to 30.00%	>30 to <100%	100%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	7,410,385	1,908,875	892,022	327,541	686,283	-	-
Qualifying revolving retail	70,187	173,955	452,701	363,488	1,157,254	100,362	-
Other retail	1,437,913	117,869	63,311	335,370	779,275	211,675	207
Total on-balance sheet exposures	8,918,485	2,200,699	1,408,034	1,026,399	2,622,812	312,037	207
<u>Undrawn commitments</u>							
Residential mortgage	218,794	153,044	267,938	1,672	134,444	-	-
Qualifying revolving retail	869,966	1,298,222	1,874,998	474,079	723,299	2,893	-
Other retail	24,497	2,218	1,940	832	9,943	1,790	-
Total undrawn commitments	1,113,257	1,453,484	2,144,876	476,583	867,686	4,683	-
Exposure weighted average risk weight (%)							
Residential mortgage	8.74%	17.70%	28.05%	44.30%	69.14%	0.00%	0.00%
Qualifying revolving retail	4.48%	8.20%	14.59%	27.57%	89.95%	178.75%	0.00%
Other retail	6.78%	29.91%	51.57%	63.01%	117.09%	137.21%	801.49%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

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 2019	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	6,274,786	1,510,055	797,719	263,596	754,827	-	-
Qualifying revolving retail	71,416	189,085	459,095	383,613	1,213,385	100,981	-
Other retail	1,143,473	89,281	45,067	219,988	668,731	128,322	131
Total on-balance sheet exposures	7,489,675	1,788,421	1,301,881	867,197	2,636,943	229,303	131
<u>Undrawn commitments</u>							
Residential mortgage	227,310	198,074	124,955	4,460	337,615	-	-
Qualifying revolving retail	902,090	1,391,194	1,872,372	488,299	743,066	2,291	-
Other retail	25,513	4,310	2,253	1,335	9,422	1,938	-
Total undrawn commitments	1,154,913	1,593,578	1,999,580	494,094	1,090,103	4,229	-
Exposure weighted average risk weight (%)							
Residential mortgage	9.18%	17.90%	28.65%	44.24%	60.84%	0.00%	0.00%
Qualifying revolving retail	4.50%	8.16%	14.75%	27.57%	88.70%	181.27%	0.00%
Other retail	6.70%	27.46%	48.37%	63.69%	122.49%	158.61%	933.89%
Bank							
31 December 2018	Up to 0.10%	>0.10 to 0.20%	>0.20 to 0.50%	>0.50 to 1.00%	>1.00 to 30.00%	>30 to <100%	100%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)							
<u>On balance sheet exposures</u>							
Residential mortgage	6,342,839	1,649,784	835,755	295,430	627,079	-	-
Qualifying revolving retail	70,187	173,955	452,701	363,488	1,157,254	100,362	-
Other retail	1,456,589	117,972	57,127	248,222	612,926	140,302	207
Total on-balance sheet exposures	7,869,615	1,941,711	1,345,583	907,140	2,397,259	240,664	207
<u>Undrawn commitments</u>							
Residential mortgage	218,794	153,044	267,938	1,672	134,444	-	-
Qualifying revolving retail	869,966	1,298,222	1,874,998	474,079	723,299	2,893	-
Other retail	24,354	2,218	1,940	832	9,596	1,790	-
Total undrawn commitments	1,113,114	1,453,484	2,144,876	476,583	867,339	4,683	-
Exposure weighted average risk weight (%)							
Residential mortgage	8.88%	17.69%	27.96%	44.28%	68.46%	0.00%	0.00%
Qualifying revolving retail	4.48%	8.20%	14.59%	27.57%	89.95%	178.75%	0.00%
Other retail	6.74%	29.92%	51.73%	63.63%	121.17%	155.24%	801.49%

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5. Credit risk (continued)

5.3 Exposures under IRB approach (continued)

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

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

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 2019					
Income producing real estate					
- Total Exposures	-	24,295	-	-	-
- Risk Weighted Assets	-	21,866	-	-	-
31 December 2018					
Income producing real estate					
- Total Exposures	-	73,963	-	-	-
- Risk Weighted Assets	-	66,566	-	-	-
Bank	Strong or 70% RM'000	Good or 90% RM'000	Satisfactory or 115% RM'000	Weak or 250% RM'000	Default or 0% RM'000
31 December 2019					
Income producing real estate					
- Total Exposures	-	24,295	-	-	-
- Risk Weighted Assets	-	21,866	-	-	-
31 December 2018					
Income producing real estate					
- Total Exposures	-	73,963	-	-	-
- Risk Weighted Assets	-	66,566	-	-	-

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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
	Banks, development financial institutions & MDBs RM'000	Corporates* RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000		
31 December 2019								
Risk weights								
0%	71,418	8	-	-	-	88,525	159,951	-
20%	4,316	-	-	-	-	-	4,316	863
35%	-	-	-	10,575	-	-	10,575	3,701
50%	11,151	-	-	89	-	-	11,240	5,620
75%	-	642	623,835	50	-	-	624,527	468,395
100%	2,538	333,555	50,508	1,963	-	1,158,370	1,546,934	1,546,934
150%	-	-	20,855	44	74	6	20,979	31,469
Total exposures	89,423	334,205	695,198	12,721	74	1,246,901	2,378,522	2,056,982
Risk-weighted assets by exposures	8,977	334,037	549,667	5,812	111	1,158,378	2,056,982	
Average risk weight	10.0%	99.9%	79.1%	45.7%	150.0%	92.9%	86.5%	
Deduction from capital base	-	-	-	-	-	-	-	

Group	Exposures after netting and credit risk mitigation						Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
	Banks, development financial institutions & MDBs RM'000	Corporates* RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000		
31 December 2018								
Risk weights								
0%	77,757	11	-	-	-	128,663	206,431	-
35%	-	-	-	11,202	-	-	11,202	3,921
50%	-	14	-	1	-	-	15	8
75%	-	713	687,462	345	-	-	688,520	516,391
100%	1,395	385,627	52,781	95	-	792,088	1,231,986	1,231,986
150%	-	-	15,886	44	64	-	15,994	23,991
Total exposures	79,152	386,365	756,129	11,687	64	920,751	2,154,148	1,776,297
Risk-weighted assets by exposures	1,395	386,169	592,207	4,341	96	792,089	1,776,297	
Average risk weight	1.8%	99.9%	78.3%	37.1%	150.0%	86.0%	82.5%	
Deduction from capital base	-	-	-	-	-	-	-	

* All corporate standardised exposures are unrated.

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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
	Banks, development financial institutions & MDBs RM'000	Corporates* RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000		
31 December 2019								
Risk weights								
0%	71,418	8	-	-	-	85,712	157,138	-
20%	4,316	-	-	-	-	-	4,316	863
35%	-	-	-	10,256	-	-	10,256	3,590
50%	11,151	-	-	89	-	-	11,240	5,620
75%	-	642	615,824	50	-	-	616,516	462,387
100%	2,538	309,540	50,481	1,963	-	1,111,627	1,476,149	1,476,149
150%	-	-	20,831	44	74	6	20,955	31,433
Total exposures	89,423	310,190	687,136	12,402	74	1,197,345	2,296,570	1,980,042
Risk-weighted assets by exposures	8,977	310,022	543,596	5,701	111	1,111,635	1,980,042	
Average risk weight	10.0%	99.9%	79.1%	46.0%	150.0%	92.8%	86.2%	
Deduction from capital base	-	-	-	-	-	-	-	

Bank	Exposures after netting and credit risk mitigation						Total exposures after netting and credit risk mitigation RM'000	Total risk weighted assets RM'000
	Banks, development financial institutions & MDBs RM'000	Corporates* RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000		
31 December 2018								
Risk weights								
0%	77,757	11	-	-	-	125,929	203,697	-
35%	-	-	-	11,022	-	-	11,022	3,858
50%	-	14	-	1	-	-	15	8
75%	-	713	686,138	345	-	-	687,196	515,396
100%	1,395	382,240	52,781	95	-	722,986	1,159,497	1,159,497
150%	-	-	15,862	44	64	-	15,970	23,955
Total exposures	79,152	382,978	754,781	11,507	64	848,915	2,077,397	1,702,714
Risk-weighted assets by exposures	1,395	382,782	591,178	4,278	96	722,985	1,702,714	
Average risk weight	1.8%	99.9%	78.3%	37.2%	150.0%	85.2%	82.0%	
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

The Group's credit management policies and impairment measurement are disclosed in Note 38)(i)(h) of the Group's financial statements.

The Group's impaired loans, advances and financing and allowance for credit losses by significant geographical areas are disclosed in Note 40 (iii) of the Group's financial statements

5.5.1 Impairment provisions analysed by borrowers' business or industry

The following tables show the Group's and the Bank's allowance for credit losses by each principal category of borrowers' business or industry.

Group 31 December 2019	Allowances for credit losses held as at 1 January 2019 RM'000	Net allowance credit losses charge/(release) during the financial year RM'000	Amounts written off or other movements during the financial year RM'000	Allowances for credit losses provisions held as at 31 December 2019 RM'000
Mortgages	65,568	23,526	(11,649)	77,445
Others	404,279	72,861	(89,086)	388,054
Retail Clients	469,847	96,387	(100,735)	465,499
Agriculture	264	972	-	1,236
Mining and quarrying	193	310	(91)	412
Manufacturing	175,282	15,396	(48,687)	141,991
Electricity, gas and water	337	47	-	384
Construction	10,323	4,395	(1,353)	13,365
Real estate	6,698	229	-	6,927
Wholesale & retail trade and restaurants & hotels	43,590	(307)	(6,534)	36,749
Transportation, storage and communication	6,745	(1,821)	(4,256)	668
Finance, insurance and business services	8,076	(5,443)	-	2,633
Others	1,161	3,367	(2,238)	2,290
Corporates, Institutional and Commercial Clients	252,669	17,145	(63,159)	206,655
Total Impairment Provisions	722,516	113,532	(163,894)	672,154

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5. Credit risk (continued)

5.5 Problem credit management and provisioning (continued)

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

Group 31 December 2018	Allowances for credit losses held as at 1 January 2018 * RM'000	Net allowance credit losses charge/(release) during the financial year RM'000	Amounts written off or other movements during the financial year RM'000	Allowances for credit losses provisions held as at 31 December 2018 RM'000
Mortgages	71,949	1,275	(7,656)	65,568
Others	421,692	78,331	(95,744)	404,279
Retail Clients	493,641	79,606	(103,400)	469,847
Agriculture	30	234	-	264
Mining and quarrying	476	(219)	(64)	193
Manufacturing	519,763	(112,211)	(232,270)	175,282
Electricity, gas and water	478	(141)	-	337
Construction	8,623	1,715	(15)	10,323
Real estate	2,458	35,358	(31,118)	6,698
Wholesale & retail trade and restaurants & hotels	57,085	(2,922)	(10,573)	43,590
Transportation, storage and communication	5,851	894	-	6,745
Finance, insurance and business services	2,037	7,885	(1,846)	8,076
Others	8,207	(6,807)	(239)	1,161
Corporates, Institutional and Commercial Clients	605,008	(76,214)	(276,125)	252,669
Total Impairment Provisions	1,098,649	3,392	(379,525)	722,516

* Balances as of 1 January 2018 have been applied retrospectively with MFRS 9 day 1 impact.

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5. Credit risk (continued)

5.5 Problem credit management and provisioning (continued)

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

Bank 31 December 2019	Allowances for credit losses held as at 1 January 2019 RM'000	Net allowance credit losses charge/(release) during the financial year RM'000	Amounts written off or other movements during the financial year RM'000	Allowances for credit losses provisions held as at 31 December 2019 RM'000
Mortgages	51,401	20,424	(7,779)	64,046
Others	358,925	64,486	(69,193)	354,218
Retail Clients	410,326	84,910	(76,972)	418,264
Agriculture	36	(16)	-	20
Mining and quarrying	132	270	(91)	311
Manufacturing	169,825	17,863	(48,687)	139,001
Electricity, gas and water	337	47	-	384
Construction	5,152	9,526	(1,353)	13,325
Real estate	6,562	357	-	6,919
Wholesale & retail trade and restaurants & hotels	42,961	(154)	(6,534)	36,273
Transportation, storage and communication	3,870	(1,301)	(1,928)	641
Finance, insurance and business services	7,144	(5,171)	-	1,973
Others	1,136	3,053	(2,070)	2,119
Corporates, Institutional and Commercial Clients	237,155	24,474	(60,663)	200,966
Total Impairment Provisions	647,481	109,384	(137,635)	619,230

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5. Credit risk (continued)

5.5 Problem credit management and provisioning (continued)

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

Bank 31 December 2018	Allowances for credit losses held as at 1 January 2018 * RM'000	Net allowance credit losses charge/(release) during the financial year RM'000	Amounts written off or other movements during the financial year RM'000	Allowances for credit losses provisions held as at 31 December 2018 RM'000
Mortgages	57,495	395	(6,489)	51,401
Others	347,246	80,527	(68,848)	358,925
Retail Clients	404,741	80,922	(75,337)	410,326
Agriculture	18	18	-	36
Mining and quarrying	475	(279)	(64)	132
Manufacturing	508,803	(106,708)	(232,270)	169,825
Electricity, gas and water	478	(141)	-	337
Construction	8,339	(3,172)	(15)	5,152
Real estate	2,458	35,222	(31,118)	6,562
Wholesale & retail trade and restaurants & hotels	56,566	(2,993)	(10,612)	42,961
Transportation, storage and communication	2,982	888	-	3,870
Finance, insurance and business services	1,607	5,537	-	7,144
Others	8,193	(6,825)	(232)	1,136
Corporates, Institutional and Commercial Clients	589,919	(78,453)	(274,311)	237,155
Total Impairment Provisions	994,660	2,469	(349,648)	647,481

* Balances as of 1 January 2018 have been applied retrospectively with MFRS 9 day 1 impact.

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5. Credit risk (continued)

5.5 Problem credit management and provisioning (continued)

5.5.2 Past due but not impaired loans, advances and financing

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

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

	Group		Bank	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Mortgages	981,390	1,088,188	738,786	811,470
Others	300,133	302,871	241,341	243,085
Retail Clients	1,281,523	1,391,059	980,127	1,054,555
Manufacturing	26,766	9,684	26,766	9,684
Real estate	-	47	-	47
Wholesale & retail trade and restaurants & hotels	5,305	79,804	5,305	79,804
Finance, insurance and business services	-	440	-	440
Transportation, storage and communication	-	499	-	-
Corporates, Institutional and Commercial Clients	32,071	90,474	32,071	89,975

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia	1,313,594	1,481,533	1,012,198	1,144,530
	1,313,594	1,481,533	1,012,198	1,144,530

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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 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 2019					
Direct credit substitutes	1,392,774	-	-	1,392,774	985,422
Transaction related contingent items	3,361,910	-	-	3,361,910	988,313
Short term self liquidating trade related contingencies	116,693	-	-	116,693	37,245
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	729,239	-	-	729,239	3,484
Foreign exchange related contracts					
<i>One year or less</i>	61,924,016	570,245	592,052	1,349,020	469,500
<i>Over one year to five years</i>	10,078,363	536,847	199,078	1,237,334	421,955
<i>Over five years</i>	790,613	-	104,381	85,508	34,485
Interest/profit rate related contracts					
<i>One year or less</i>	14,814,609	21,560	25,131	46,980	10,143
<i>Over one year to five years</i>	29,460,000	192,804	246,331	858,879	366,268
<i>Over five years</i>	2,766,463	59,894	42,423	241,596	49,008
Commodity contracts					
<i>One year or less</i>	2,139,090	58,567	58,567	150,416	71,089
<i>Over one year to five years</i>	1,912,335	26,466	26,466	129,907	44,514
Credit derivative contracts *					
<i>Over one year to five years</i>	28,386	-	4,485	1,419	398
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,202,563	-	-	683,175	381,685
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	730,460	-	-	722,733	207,055
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	38,819,170	-	-	6,876,622	2,210,861
	<u>172,266,684</u>	<u>1,466,383</u>	<u>1,298,914</u>	<u>17,984,205</u>	<u>6,281,425</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	28,386	1,419	398

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5. Credit risk (continued)

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

Group	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 2018					
Direct credit substitutes	1,376,372	-	-	1,376,372	364,405
Transaction related contingent items	3,825,431	-	-	3,825,431	972,145
Short term self liquidating trade related contingencies	235,120	-	-	234,530	41,985
Sell and buy back agreements					
Foreign exchange related contracts					
<i>One year or less</i>	68,204,696	622,987	674,235	1,604,180	515,435
<i>Over one year to five years</i>	13,097,204	571,207	358,412	1,458,060	581,815
<i>Over five years</i>	982,890	66,437	118,142	169,354	58,643
Interest/profit rate related contracts					
<i>One year or less</i>	10,196,835	24,182	20,151	42,977	6,364
<i>Over one year to five years</i>	31,141,637	127,861	112,439	876,409	367,572
<i>Over five years</i>	4,509,926	43,922	39,802	341,952	195,433
Equity related contracts					
<i>One year or less</i>	36,936	180	-	2,396	246
Commodity contracts					
<i>One year or less</i>	2,415,587	111,391	111,387	187,328	125,990
<i>Over one year to five years</i>	1,461,219	58,524	58,524	108,290	57,530
Credit derivative contracts *					
<i>Over five years</i>	28,386	-	467	1,419	620
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,338,181	-	-	476,113	267,856
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,121,579	-	-	570,964	138,681
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	34,447,727	-	-	6,497,800	1,971,027
	<u>176,419,726</u>	<u>1,626,691</u>	<u>1,493,559</u>	<u>17,773,575</u>	<u>5,665,747</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 swaps			
- protection sold	28,386	1,419	620

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5. Credit risk (continued)

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

Bank 31 December 2019	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
Direct credit substitutes	1,326,505	-	-	1,343,705	927,639
Transaction related contingent items	3,233,047	-	-	3,233,047	949,462
Short term self liquidating trade related contingencies	96,956	-	-	96,956	28,967
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions	729,239	-	-	729,239	3,484
Foreign exchange related contracts					
<i>One year or less</i>	61,901,407	570,603	592,094	1,348,767	458,797
<i>Over one year to five years</i>	10,078,363	536,847	199,078	1,237,334	421,955
<i>Over five years</i>	790,613	-	104,381	85,508	34,485
Interest rate related contracts					
<i>One year or less</i>	14,814,609	21,560	25,131	46,980	11,592
<i>Over one year to five years</i>	29,459,999	192,804	246,331	858,879	373,645
<i>Over five years</i>	2,766,463	59,894	42,423	241,596	49,008
Commodity contracts					
<i>One year or less</i>	2,139,090	58,567	58,567	150,416	71,089
<i>Over one year to five years</i>	1,912,335	26,466	26,466	129,907	44,514
Credit derivative contracts *					
<i>Over one year to five years</i>	28,386	-	4,485	1,419	398
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,578,847	-	-	621,781	284,073
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	720,010	-	-	713,462	205,034
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	42,996,292	-	-	6,611,725	1,945,735
	<u>175,572,161</u>	<u>1,466,741</u>	<u>1,298,956</u>	<u>17,450,721</u>	<u>5,809,877</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	28,386	1,419	398

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5. Credit risk (continued)

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

Bank 31 December 2018	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
Direct credit substitutes	1,352,250	-	-	1,352,250	354,348
Transaction related contingent items	3,705,816	-	-	3,711,526	955,735
Short term self liquidating trade related contingencies	212,628	-	-	212,038	33,622
Sell and buy back agreements					
Foreign exchange related contracts					
<i>One year or less</i>	68,199,573	627,220	673,705	1,713,106	546,945
<i>Over one year to five years</i>	13,097,204	571,207	358,412	1,458,060	570,204
<i>Over five years</i>	982,890	66,437	118,142	169,354	58,643
Interest rate related contracts					
<i>One year or less</i>	10,196,835	24,182	20,151	42,977	6,364
<i>Over one year to five years</i>	31,141,637	127,861	112,439	876,409	370,145
<i>Over five years</i>	4,509,926	43,922	39,802	341,952	195,433
Equity related contracts					
<i>One year or less</i>	36,936	180	-	2,396	246
<i>Over one year to five years</i>	-	-	-	-	-
Commodity contracts					
<i>One year or less</i>	2,415,587	111,391	111,387	187,328	125,990
<i>Over one year to five years</i>	1,461,219	58,524	58,524	108,290	57,530
Credit derivative contracts *					
<i>Over one year to five years</i>	28,386	-	467	1,419	620
<i>Over five years</i>	-	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,814,463	-	-	450,710	224,408
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,107,181	-	-	570,856	138,584
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	38,301,673	-	-	6,304,048	1,812,027
	<u>179,564,204</u>	<u>1,630,924</u>	<u>1,493,029</u>	<u>17,502,719</u>	<u>5,450,844</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	28,386	1,419	620

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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 Group's taking market risk position. All trading teams support client activity; there are no proprietary trading teams. Market risk also arises in the non-trading book from the holding of high quality liquid debt securities.

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

7. Equity exposures in banking book

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

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

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

Group and Bank	31 December 2019		31 December 2018	
	Gross exposures RM'000	Risk assets RM'000	Gross exposures RM'000	Risk assets RM'000
<u>Privately Held</u>				
For socio-economic purposes	19,973	19,973	18,144	18,144
	<u>19,973</u>	<u>19,973</u>	<u>18,144</u>	<u>18,144</u>

8. Operational risk

The Group defines Operational Risk as the potential for loss resulting from inadequate or failed internal processes, and systems human error, or from the impact of external events, including legal risks and Shariah non-compliance risk.

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

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Chief Executive Officer Attestation

In accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Standard Chartered Bank Malaysia Berhad and its subsidiaries' Pillar 3 Disclosures report for the financial year ended 31 December 2019 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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Abrar A. Anwar
Chief Executive Officer

Date: 24 June 2020