
Standard Chartered Saadiq Berhad

**Pillar 3 Disclosures
30 June 2017**



Incorporated in Malaysia with registered Company No. 823437K

Registered Office and Principal Place of Businesses

Level 16, Menara Standard Chartered

No. 30, Jalan Sultan Ismail 50250 Kuala Lumpur

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1.0 Regulatory capital requirement

Disclosure on capital adequacy under the Standardised and IRB approach

30 June 2017 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Risk weighted assets absorbed by PSIA RM'000	Total risk weighted assets after effects of PSIA RM'000	Minimum Capital requirement at 8% RM'000
(a) Credit risk						
<u>Exposures under the Standardised approach</u>						
On-balance sheet exposures:-						
Corporates	48,261	48,261	48,261	-	48,261	3,861
Regulatory retail	152,097	152,097	149,858	-	149,858	11,989
Home financings	346	346	121	-	121	10
Other assets	67,035	67,035	64,120	-	64,120	5,130
Defaulted exposures	11,642	11,642	13,594	-	13,594	1,088
Total on-balance sheet exposures	<u>279,381</u>	<u>279,381</u>	<u>275,954</u>	<u>-</u>	<u>275,954</u>	<u>22,078</u>
Off-balance sheet exposures:-						
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	5,815	4,313	4,119	-	4,119	330
Total off-balance sheet exposures	<u>5,815</u>	<u>4,313</u>	<u>4,119</u>	<u>-</u>	<u>4,119</u>	<u>330</u>
Total on and off-balance sheet exposures	<u>285,196</u>	<u>283,694</u>	<u>280,073</u>	<u>-</u>	<u>280,073</u>	<u>22,408</u>
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	1,755,485	1,755,485	227,756	(120,201)	107,555	8,604
Banks, development financial institutions & multilateral development banks ("MDBs")	796,605	796,605	173,976	-	173,976	13,918
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-	-	-
Corporates	2,051,715	2,051,753	1,787,254	(508,926)	1,278,328	102,266
Home financing	2,671,957	2,671,957	403,603	-	403,603	32,288
Other retail	756,558	756,520	239,844	-	239,844	19,188
Defaulted exposures	92,572	92,572	242,489	-	242,489	19,399
Total on-balance sheet exposures	<u>8,124,892</u>	<u>8,124,892</u>	<u>3,074,922</u>	<u>(629,127)</u>	<u>2,445,795</u>	<u>195,663</u>
Off-balance sheet exposures:-						
Islamic OTC derivatives	477,963	477,963	238,233	(181,569)	56,664	4,533
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	726,186	726,186	417,124	(127,144)	289,980	23,198
Defaulted exposures	9	9	12	-	12	1
Total off-balance sheet exposures	<u>1,204,158</u>	<u>1,204,158</u>	<u>655,369</u>	<u>(308,713)</u>	<u>346,656</u>	<u>27,732</u>
Total on and off-balance sheet exposures	<u>9,329,050</u>	<u>9,329,050</u>	<u>3,730,291</u>	<u>(937,840)</u>	<u>2,792,451</u>	<u>223,395</u>
(b) Large exposures risk requirement			-	-	-	-
(c) Market risk			-	-	-	-
(d) Operational risk (Standardised approach)			332,104	-	332,104	26,568
Total RWA and capital requirements			<u>4,342,468</u>	<u>(937,840)</u>	<u>3,404,628</u>	<u>272,371</u>

CET 1, Tier 1 and Total capital ratios

	Before effect of PSIA	After effect of PSIA
CET 1 capital ratio	14.175%	18.080%
Tier 1 capital ratio	14.175%	18.080%
Total capital ratio	16.652%	21.239%

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1.0 Regulatory capital requirement (continued)

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

31 December 2016 Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Risk weighted assets absorbed by PSIA RM'000	Total risk weighted assets after effects of PSIA RM'000	Minimum Capital requirement at 8% RM'000
(a) Credit risk						
<u>Exposures under the Standardised approach</u>						
On-balance sheet exposures:-						
Corporates	32,321	32,321	32,321	-	32,321	2,586
Regulatory retail	187,990	187,990	184,967	-	184,967	14,797
Home financings	351	351	123	-	123	10
Other assets	73,945	73,945	70,559	-	70,559	5,645
Defaulted exposures	6,974	6,974	8,806	-	8,806	704
Total on-balance sheet exposures	<u>301,581</u>	<u>301,581</u>	<u>296,776</u>	<u>-</u>	<u>296,776</u>	<u>23,742</u>
Off-balance sheet exposures:-						
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	38,291	36,741	36,738	-	36,738	2,939
Total off-balance sheet exposures	<u>38,291</u>	<u>36,741</u>	<u>36,738</u>	<u>-</u>	<u>36,738</u>	<u>2,939</u>
Total on and off-balance sheet exposures	<u>339,872</u>	<u>338,322</u>	<u>333,514</u>	<u>-</u>	<u>333,514</u>	<u>26,681</u>
<u>Exposures under the IRB approach</u>						
On-balance sheet exposures:-						
Sovereigns/central banks	1,631,325	1,631,325	215,711	(122,208)	93,503	7,480
Banks, development financial institutions & multilateral development banks ("MDBs")	642,725	642,725	139,809	-	139,809	11,185
Takaful companies, Syariah compliant securities firms & fund managers	201,195	201,195	76,483	(27,941)	48,542	3,883
Corporates	2,521,146	2,521,190	2,328,280	(891,391)	1,436,889	114,951
Home financing	2,753,085	2,753,085	437,675	-	437,675	35,014
Other retail	854,354	854,310	335,024	-	335,024	26,802
Defaulted exposures	109,007	109,007	282,531	-	282,531	22,602
Total on-balance sheet exposures	<u>8,712,837</u>	<u>8,712,837</u>	<u>3,815,513</u>	<u>(1,041,540)</u>	<u>2,773,973</u>	<u>221,917</u>
Off-balance sheet exposures:-						
Islamic OTC derivatives	565,517	565,517	324,858	(225,619)	99,239	7,939
Off-balance sheet exposures other than Islamic OTC derivative transactions and Islamic credit derivatives	715,088	715,088	285,682	(46,547)	239,135	19,131
Defaulted exposures	227	227	232	-	232	19
Total off-balance sheet exposures	<u>1,280,832</u>	<u>1,280,832</u>	<u>610,772</u>	<u>(272,166)</u>	<u>338,606</u>	<u>27,089</u>
Total on and off-balance sheet exposures	<u>9,993,669</u>	<u>9,993,669</u>	<u>4,426,285</u>	<u>(1,313,706)</u>	<u>3,112,579</u>	<u>249,006</u>
(b) Large exposures risk requirement			-	-	-	-
(c) Market risk			-	-	-	-
(d) Operational risk (Standardised approach)			350,763	-	350,763	28,061
Total RWA and capital requirements			<u>5,110,562</u>	<u>(1,313,706)</u>	<u>3,796,856</u>	<u>303,748</u>

CET 1, Tier 1 and Total capital ratios

	Before effect of PSIA	After effect of PSIA
CET 1 capital ratio	11.743%	15.806%
Tier 1 capital ratio	11.743%	15.806%
Total capital ratio	13.922%	18.739%

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2.0 Credit risk

2.1 Exposure values

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

Geographical analysis

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

30 June 2017	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	1,755,485	-	1,755,485
Banks, development financial institutions & MDBs	902,658	318,098	1,220,756
Takaful companies, Syariah compliant securities firms & fund managers	9,407	42,791	52,198
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,939,608	135,708	2,075,316
Corporate exposures (with firm-size adjustment)	583,532	-	583,532
Retail exposures	3,641,763	-	3,641,763
<i>Home financing</i>	2,792,960	-	2,792,960
<i>Other retail exposures</i>	848,803	-	848,803
Total IRB exposures	8,832,453	496,597	9,329,050
Standardised exposures			
Corporates	53,769	-	53,769
Regulatory retail	163,752	-	163,752
Home financings	640	-	640
Other assets	61,113	5,922	67,035
Total Standardised exposures	279,274	5,922	285,196
Total credit risk exposures	9,111,727	502,519	9,614,246

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Geographical analysis (continued)

31 December 2016	Malaysia RM'000	Others RM'000	Total RM'000
IRB exposures			
Sovereigns/Central banks	1,631,325	-	1,631,325
Banks, development financial institutions & MDBs	747,883	401,657	1,149,540
Takaful companies, Syariah compliant securities firms & multilateral fund managers	210,472	48,051	258,523
Corporate exposures (excluding specialised financing and firm-size adjustment)	2,249,419	244,291	2,493,710
Corporate exposures (with firm-size adjustment)	562,748	-	562,748
Retail exposures	3,897,823	-	3,897,823
<i>Home financing</i>	<i>2,887,321</i>	-	<i>2,887,321</i>
<i>Other retail exposures</i>	<i>1,010,502</i>	-	<i>1,010,502</i>
Total IRB exposures	9,299,670	693,999	9,993,669
Standardised exposures			
Corporates	69,124	1,475	70,599
Regulatory retail	194,977	-	194,977
Home financings	351	-	351
Other assets	64,015	9,930	73,945
Total Standardised exposures	328,467	11,405	339,872
Total credit risk exposures	9,628,137	705,404	10,333,541

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Sector or economic purpose analysis

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

30 June 2017	Agricultural, hunting, forestry and fishing RM'000	Mining quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale & retail trade and restaurants & hotels RM'000	Transportation, storage and communication RM'000	Finance, insurance/ takaful and services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	1,755,485	-	-	-	1,755,485
Banks, development financial financial institutions & MDBs	-	-	-	-	-	-	-	1,220,756	-	-	-	1,220,756
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-	-	-	-	52,198	-	-	-	52,198
Corporate exposures (excluding specialised financing and firm- size adjustment)	186,781	298,904	610,891	10,376	30,575	370,922	92,486	163,027	272,711	-	38,643	2,075,316
Corporate exposures (with firm- size adjustment)	1,427	15	13,045	-	116,800	17,069	37,747	109,216	-	281,243	6,970	583,532
Retail exposures	1,141	1,683	30,371	736	34,410	60,796	20,670	31,491	1,174	3,449,642	9,649	3,641,763
Home financing	-	-	-	-	-	-	-	-	-	2,792,960	-	2,792,960
Other retail exposures	1,141	1,683	30,371	736	34,410	60,796	20,670	31,491	1,174	656,682	9,649	848,803
Total IRB exposures	189,349	300,602	654,307	11,112	181,785	448,787	150,903	3,332,173	273,885	3,730,885	55,262	9,329,050
Standardised exposures												
Corporates	-	-	-	-	52,327	-	-	-	-	1,442	-	53,769
Regulatory retail	-	-	-	-	-	-	-	-	-	163,752	-	163,752
Home financings	-	-	-	-	-	-	-	-	-	640	-	640
Other assets	-	-	-	-	-	-	-	-	-	-	67,035	67,035
Total Standardised exposures	-	-	-	-	52,327	-	-	-	-	165,834	67,035	285,196
Total credit risk exposures	189,349	300,602	654,307	11,112	234,112	448,787	150,903	3,332,173	273,885	3,896,719	122,297	9,614,246

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Sector or economic purpose analysis (continued)

31 December 2016	Agricultural, hunting, forestry and fishing RM'000	Mining and quarrying RM'000	Manufacturing RM'000	Electricity, gas and water RM'000	Construction RM'000	Wholesale & retail trade and restaurants & hotels RM'000	Transportation, storage and communication RM'000	Finance, insurance/ takaful and services RM'000	Real estate RM'000	Household RM'000	Others RM'000	Total RM'000
IRB exposures												
Sovereigns/Central banks	-	-	-	-	-	-	-	1,631,325	-	-	-	1,631,325
Banks, development financial financial institutions & MDBs	-	-	-	-	-	-	-	1,149,540	-	-	-	1,149,540
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-	-	-	-	258,523	-	-	-	258,523
Corporate exposures (excluding specialised financing and firm- size adjustment)	137,377	43,973	968,791	-	27,155	673,466	96,745	214,689	289,643	-	41,871	2,493,710
Corporate exposures (with firm- size adjustment)	-	-	17,501	-	106,846	29,063	40,657	41,532	3,338	304,947	18,864	562,748
Retail exposures	1,372	1,385	38,395	870	42,637	81,942	28,635	35,853	24	3,654,877	11,833	3,897,823
<i>Home financing</i>	-	-	-	-	-	-	-	-	-	2,887,321	-	2,887,321
<i>Other retail exposures</i>	1,372	1,385	38,395	870	42,637	81,942	28,635	35,853	24	767,556	11,833	1,010,502
Total IRB exposures	138,749	45,358	1,024,687	870	176,638	784,471	166,037	3,331,462	293,005	3,959,824	72,568	9,993,669
Standardised exposures												
Corporates	-	-	-	-	69,124	-	-	-	-	1,475	-	70,599
Regulatory retail	-	-	-	-	-	-	-	-	-	194,977	-	194,977
Home financing	-	-	-	-	-	-	-	-	-	351	-	351
Other assets	-	-	-	-	-	-	-	-	-	-	73,945	73,945
Total Standardised exposures	-	-	-	-	69,124	-	-	-	-	196,803	73,945	339,872
Total credit risk exposures	138,749	45,358	1,024,687	870	245,762	784,471	166,037	3,331,462	293,005	4,156,627	146,513	10,333,541

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Residual contractual maturity analysis

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

30 June 2017	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	1,653,634	101,851	-	1,755,485
Banks, development financial institutions & MDBs	816,878	403,878	-	1,220,756
Takaful companies, securities firms & Syariah compliant fund managers	9,278	42,920	-	52,198
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,238,550	603,569	233,197	2,075,316
Corporate exposures (with firm-size adjustment)	222,789	90,428	270,315	583,532
Retail exposures	141,313	189,158	3,311,292	3,641,763
<i>Home financing</i>	96,373	13,438	2,683,149	2,792,960
<i>Other retail exposures</i>	44,940	175,720	628,143	848,803
Total IRB exposures	4,082,442	1,431,804	3,814,804	9,329,050
Standardised exposures				
Corporates	252	52,125	1,392	53,769
Regulatory retail	3,196	152,315	8,241	163,752
Home financings	295	-	345	640
Other assets	67,035	-	-	67,035
Total Standardised exposures	70,778	204,440	9,978	285,196
Total credit risk exposures	4,153,220	1,636,244	3,824,782	9,614,246

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

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2.0 Credit risk (continued)

2.1 Exposure values (continued)

Residual contractual maturity analysis (continued)

31 December 2016	Up to 1 year RM'000	> 1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
IRB exposures				
Sovereigns/Central banks	1,529,378	101,947	-	1,631,325
Banks, development financial institutions & MDBs	648,317	501,223	-	1,149,540
Takaful companies, Syariah compliant securities firms & fund managers	206,872	51,651	-	258,523
Corporate exposures (excluding specialised financing and firm-size adjustment)	1,720,908	576,551	196,251	2,493,710
Corporate exposures (with firm-size adjustment)	127,868	140,495	294,385	562,748
Retail exposures	216,222	221,129	3,460,472	3,897,823
<i>Home financing</i>	90,851	12,312	2,784,158	2,887,321
<i>Other retail exposures</i>	125,371	208,817	676,314	1,010,502
Total IRB exposures	4,449,565	1,592,996	3,951,108	9,993,669
Standardised exposures				
Corporates	9,863	59,322	1,414	70,599
Regulatory retail	1,993	188,822	4,162	194,977
Home financing	-	-	351	351
Other assets	73,945	-	-	73,945
Total Standardised exposures	85,801	248,144	5,927	339,872
Total credit risk exposures	4,535,366	1,841,140	3,957,035	10,333,541

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

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2.0 Credit risk (continued)

2.2 Credit risk mitigation

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

	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
30 June 2017				
On-balance sheet exposures				
Sovereigns/Central banks	1,755,485	-	-	-
Banks, development financial institutions & MDBs	796,605	-	-	-
Takaful companies, Syariah compliant securities firms & fund managers	-	-	-	-
Corporates	2,099,976	187	131,013	295,428
Regulatory retail	908,655	38	2,134	5,510
Home financing	2,672,303	-	-	2,654,268
Other assets	67,035	-	-	-
Defaulted exposures	104,214	-	-	16,135
Total on-balance sheet exposures	8,404,273	225	133,147	2,971,341
Off-balance sheet exposures				
Islamic OTC derivatives	477,963	-	51,998	33,915
Off balance sheet exposures other than Islamic OTC derivatives or Islamic credit derivatives	732,001	4,676	18,373	91,394
Defaulted exposures	9	-	-	-
Total off-balance sheet exposures	1,209,973	4,676	70,371	125,309
Total on and off-balance sheet exposures	9,614,246	4,901	203,518	3,096,650

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2.0 Credit risk (continued)

2.2 Credit risk mitigation (continued)

31 December 2016	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	1,631,325	-	-	-
Banks, development financial institutions & MDBs	642,725	-	-	-
Takaful companies, Syariah compliant securities firms & fund managers	201,195	-	2,741	-
Corporates	2,553,467	560	69,005	327,166
Regulatory retail	1,042,344	44	1,326	6,908
Home financing	2,753,436	-	-	2,713,280
Other assets	73,945	-	-	-
Defaulted exposures	115,981	-	-	21,068
Total on-balance sheet exposures	9,014,418	604	73,072	3,068,422
Off-balance sheet exposures				
Islamic OTC derivatives	565,517	-	-	-
Off balance sheet exposures other than Islamic OTC derivatives or Islamic credit derivatives	753,379	4,165	24,894	90,519
Defaulted exposures	227	-	-	227
Total off-balance sheet exposures	1,319,123	4,165	24,894	90,746
Total on and off-balance sheet exposures	10,333,541	4,769	97,966	3,159,168

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2.0 Credit risk (continued)

2.3 Exposures under IRB approach

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

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

30 June 2017	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	-	1,755,485	-	-	-	-	-
Banks	-	795,629	976	-	-	-	-
Corporate	-	16,123	651,765	1,119,036	255,201	9,590	277
Total on-balance sheet exposures	-	2,567,237	652,741	1,119,036	255,201	9,590	277
<u>Undrawn commitments</u>							
Corporate	-	47,901	150,526	92,394	3,300	4,465	-
Total undrawn commitments	-	47,901	150,526	92,394	3,300	4,465	-
<u>Derivatives</u>							
Banks	-	106,014	70,105	247,994	-	-	-
Corporate	-	49,876	1,627	2,344	-	3	-
Total derivatives	-	155,890	71,732	250,338	-	3	-
<u>Contingent</u>							
Banks	-	38	-	-	-	-	-
Corporate	-	85,050	41,158	173,981	6,377	52	-
Total contingent	-	85,088	41,158	173,981	6,377	52	-
Exposure weighted average LGD (%)							
Sovereign	-	46.20%	-	-	-	-	-
Banks	-	40.12%	41.60%	41.20%	-	-	-
Corporate	-	33.42%	44.28%	41.65%	42.20%	26.32%	95.81%
Exposure weighted average risk weight (%)							
Sovereign	-	12.97%	-	-	-	-	-
Banks	-	23.09%	22.22%	73.49%	-	-	-
Corporate	-	17.85%	54.91%	90.77%	152.70%	125.81%	951.38%

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2.0 Credit risk (continued)

2.3 Exposures under IRB approach (continued)

31 December 2016	0-0.04% RM'000	0.04-0.17% RM'000	0.17-0.59% RM'000	0.59-3.05% RM'000	3.05-12.00% RM'000	12.00-100% RM'000	Default or 100% RM'000
Non-retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Sovereign	-	1,631,325	-	-	-	-	-
Banks	-	642,725	-	-	-	-	-
Corporate	-	218,913	711,102	1,529,425	253,686	9,215	418
Total on-balance sheet exposures	-	2,492,963	711,102	1,529,425	253,686	9,215	418
<u>Undrawn commitments</u>							
Corporate	-	71,525	117,382	65,791	30,869	79	-
Total undrawn commitments	-	71,525	117,382	65,791	30,869	79	-
<u>Derivatives</u>							
Banks	-	105,120	89,921	311,736	-	-	-
Corporate	-	52,995	-	5,736	6	3	-
Total derivatives	-	158,115	89,921	317,472	6	3	-
<u>Contingent</u>							
Bank	-	38	-	-	-	-	-
Corporate	-	88,842	1,436	144,441	12,905	212	-
Total contingent	-	88,880	1,436	144,441	12,905	212	-
Exposure weighted average LGD (%)							
Sovereign	-	46.20%	-	-	-	-	-
Banks	-	41.17%	41.20%	41.20%	-	-	-
Corporate	-	35.24%	49.83%	44.04%	38.65%	69.66%	95.81%
Exposure weighted average risk weight (%)							
Sovereign	-	13.22%	-	-	-	-	-
Banks	-	23.99%	33.52%	79.40%	-	-	-
Corporate	-	18.79%	53.91%	97.20%	134.58%	322.36%	937.48%

Standard Chartered Saadiq Berhad
Pillar 3 disclosures

2.0 Credit risk (continued)

2.3 Exposures under IRB approach (continued)

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

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

30 June 2017	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>							
Home financing	4,792	681,190	326,550	1,409,888	170,439	79,098	17,515
Other retail	97,696	124,600	99,887	294,095	88,166	52,114	74,780
Total on-balance sheet exposures	102,488	805,790	426,437	1,703,983	258,605	131,212	92,295
<u>Undrawn commitments</u>							
Home financing	919	1,846	2,273	97,473	527	441	9
Other retail	69	-	-	17,128	268	-	-
Total undrawn commitments	988	1,846	2,273	114,601	795	441	9
Exposure weighted average LGD (%)							
Home financing	15.81%	12.46%	12.36%	12.36%	12.50%	12.91%	16.62%
Other retail	15.25%	16.82%	18.04%	34.45%	33.17%	45.81%	75.97%
Exposure weighted average risk weight (%)							
Home financing	3.67%	5.18%	8.13%	15.65%	44.70%	66.49%	104.27%
Other retail	2.99%	8.93%	10.78%	40.33%	51.37%	93.97%	296.33%

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2.0 Credit risk (continued)

2.3 Exposures under IRB approach (continued)

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

31 December 2016	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>							
Home financing	2,610	638,460	293,462	1,577,152	160,471	80,930	22,072
Other retail	100,150	124,962	115,241	355,303	94,756	63,942	86,517
Total on-balance sheet exposures	102,760	763,422	408,703	1,932,455	255,227	144,872	108,589
<u>Undrawn commitments</u>							
Home financing	949	7,271	2,836	99,924	648	309	227
Other retail	404	-	382	68,315	530	-	-
Total undrawn commitments	1,353	7,271	3,218	168,239	1,178	309	227
Exposure weighted average LGD (%)							
Home financing	16.36%	12.49%	12.41%	12.48%	12.49%	12.94%	16.47%
Other retail	15.04%	15.90%	18.51%	36.87%	44.84%	56.31%	76.63%
Exposure weighted average risk weight (%)							
Home financing	3.79%	5.35%	8.15%	16.45%	44.52%	68.56%	103.58%
Other retail	3.00%	8.52%	11.18%	43.60%	69.61%	117.11%	295.61%

**Standard Chartered Saadiq Berhad
Pillar 3 disclosures**

2.0 Credit risk (continued)

2.3 Exposures under IRB approach (continued)

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

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

30 June 2017	Up to 0.10% RM'000	>0.10 to 0.20% RM'000	>0.20 to 0.50% RM'000	>0.50 to 1.00% RM'000	>1.00 to 30.00% RM'000	>30 to <100% RM'000	100% RM'000
Retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Home financing	1,779,902	477,715	201,889	106,142	123,824	-	-
Other retail	376,704	109,986	8,471	134,674	128,989	72,514	-
Total on-balance sheet exposures	2,156,606	587,701	210,360	240,816	252,813	72,514	-
<u>Undrawn commitments</u>							
Home financing	15,169	13,830	73,512	-	977	-	-
Other retail	453	96	16,648	-	268	-	-
Total undrawn commitments	15,622	13,926	90,160	-	1,245	-	-
Exposure weighted average risk weight (%)							
Home financing	8.23%	17.45%	28.35%	45.05%	69.21%	-	-
Other retail	13.60%	15.05%	30.96%	45.07%	105.63%	266.76%	-

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2.0 Credit risk (continued)

2.3 Exposures under IRB approach (continued)

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

31 December 2016	Up to 0.10% RM'000	>0.10 to 0.20% RM'000	>0.20 to 0.50% RM'000	>0.50 to 1.00% RM'000	>1.00 to 30.00% RM'000	>30 to <100% RM'000	100% RM'000
Retail exposures (EAD)							
<u>On-balance sheet exposures</u>							
Home financing	1,721,978	529,233	298,252	92,000	133,694	-	-
Other retail	422,141	93,317	20,971	135,719	182,170	86,553	-
Total on-balance sheet exposures	2,144,119	622,550	319,223	227,719	315,864	86,553	-
<u>Undrawn commitments</u>							
Home financing	21,684	16,855	72,441	275	909	-	-
Other retail	1,389	-	67,605	358	279	-	-
Total undrawn commitments	23,073	16,855	140,046	633	1,188	-	-
Exposure weighted average risk weight (%)							
Home financing	8.45%	17.80%	27.99%	44.35%	71.34%	-	-
Other retail	13.78%	14.46%	26.92%	50.95%	114.17%	271.41%	-

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2.0 Credit Risk (continued)

2.4 Exposures under Standardised approach

Risk weights under the Standardised approach

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

	← Exposures After Netting and Credit Risk Mitigation →				Total exposures after netting and credit risk mitigation	Total risk weighted assets
30 June 2017	Corporates*	Regulatory retail	Home financing	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk weights						
0%	-	-	-	2,915	2,915	-
35%	-	-	640	-	640	224
50%	-	443	-	-	443	222
75%	-	8,969	-	-	8,969	6,726
100%	52,267	149,992	-	64,120	266,379	266,379
150%	-	4,348	-	-	4,348	6,522
Total exposures	52,267	163,752	640	67,035	283,694	280,073
Risk-weighted assets by exposures	52,267	163,462	224	64,120	280,073	
Average risk weight	100.0%	99.8%	35.0%	95.7%	98.7%	
Deduction from capital base	-	-	-	-	-	

	← Exposures After Netting and Credit Risk Mitigation →				Total exposures after netting and credit risk mitigation	Total risk weighted assets
31 December 2016	Corporates*	Regulatory retail	Home financing	Other assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Risk weights						
0%	-	-	-	3,386	3,386	-
35%	-	-	351	-	351	123
50%	-	407	-	-	407	204
75%	-	12,105	-	-	12,105	9,079
100%	69,049	178,395	-	70,559	318,003	318,003
150%	-	4,070	-	-	4,070	6,105
Total exposures	69,049	194,977	351	73,945	338,322	333,514
Risk-weighted assets by exposures	69,049	193,783	123	70,559	333,514	
Average risk weight	100.0%	99.4%	35.0%	95.4%	98.6%	
Deduction from capital base	-	-	-	-	-	

* All corporate standardised exposures are unrated.

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2.0 Credit risk (continued)

2.5 Problem credit management and provisioning

Impairment provisions analysed by customers' business or industry

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

	Collective impairment provisions as at 30 June 2017 RM'000	Individual impairment provisions held as at 1 January 2017 RM'000	Net individual impairment charge during the financial year RM'000	Amounts written off or other movements during the financial year RM'000	Individual impairment provisions held as at 30 June 2017 RM'000
30 June 2017					
Home financing	7,795	4,649	9,409	(5,910)	8,148
Others	37,474	20,328	24,207	(24,845)	19,690
Retail Clients	45,269	24,977	33,616	(30,755)	27,838
Agriculture	3,281	-	-	-	-
Mining and quarrying	1,884	-	-	-	-
Manufacturing	5,440	1,185	(956)	-	229
Electricity, gas and water	20	-	-	-	-
Construction	996	-	-	-	-
Real estate	567	-	-	-	-
Wholesale & retail trade and restaurants & hotels	3,760	-	-	-	-
Transportation, storage and communication	583	-	2,378	-	2,378
Finance, insurance/takaful and business services	2,850	-	-	-	-
Others	320	-	-	-	-
Corporates, Institutional and Commercial Clients	19,701	1,185	1,422	-	2,607
Total Impairment Provisions	64,970	26,162	35,038	(30,755)	30,445

Standard Chartered Saadiq Berhad
Pillar 3 disclosures

2.0 Credit risk (continued)

2.5 Problem credit management and provisioning (continued)

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

31 December 2016	Collective impairment provisions as at 31 December 2016 RM'000	Individual impairment provisions held as at 1 January 2015 RM'000	Net individual impairment charge during the financial year RM'000	Amounts written off or other movements during the financial year RM'000	Individual impairment provisions held as at 31 December 2016 RM'000
Home financing	7,018	3,410	8,809	(7,570)	4,649
Others	50,307	24,027	65,396	(69,095)	20,328
Retail Clients	57,325	27,437	74,205	(76,665)	24,977
Agriculture	3,797	-	-	-	-
Mining and quarrying	644	-	-	-	-
Manufacturing	7,884	1,185	-	-	1,185
Construction	1,363	-	-	-	-
Real estate	657	-	-	-	-
Wholesale & retail trade and restaurants & hotels	5,203	-	-	-	-
Transportation, storage and communication	689	-	-	-	-
Finance, insurance/takaful and business services	2,823	-	-	-	-
Others	279	-	-	-	-
	23,339	1,185	-	-	1,185
Total Impairment Provisions	80,664	28,622	74,205	(76,665)	26,162

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2.0 Credit risk (continued)

2.5 Problem credit management and provisioning (continued)

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

	30 June 2017 RM'000	31 December 2016 RM'000
Home financing	319,827	314,864
Others	94,131	106,833
Retail Clients	413,958	421,697

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

	30 June 2017 RM'000	31 December 2016 RM'000
Malaysia	413,958	421,697

2.6 Summary analysis of financing and advances

The following tables show the Bank's impaired financing and advances, individual impairment provisions and collective impairment provisions by significant geographical areas.

	Within Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
30 June 2017			
Gross impaired financing and advances	48,110	-	48,110
Individual impairment provisions	30,445	-	30,445
Collective impairment provisions	64,970	-	64,970
31 December 2016			
Gross impaired financing and advances	56,883	-	56,883
Individual impairment provisions	26,162	-	26,162
Collective impairment provisions	80,664	-	80,664

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2.0 Credit risk (continued)

2.7 Off-balance sheet and counterparty credit risk

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

	Principal amount RM'000	Positive fair value of contracts RM'000	Negative fair value of contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
30 June 2017					
Direct credit substitutes	8,865	-	-	8,865	3,100
Transaction related contingent items	224,670	-	-	224,670	45,443
Short term self liquidating trade related contingencies	78,916	-	-	78,916	24,906
Foreign exchange related contracts					
<i>One year or less</i>	964,880	4,338	8,117	30,815	8,264
<i>Over one year to five years</i>	2,146,898	242,309	242,310	380,298	218,572
Profit rate related contracts					
<i>Over one year to five years</i>	1,521,047	21,693	23,342	66,850	11,397
Commodity contracts					
<i>One year or less</i>	-	-	-	-	-
<i>Over one year to five years</i>	-	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	365,332	-	-	71,178	98,731
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	140,433	-	-	125,096	31,622
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	3,852,683	-	-	223,285	217,453
	<u>9,303,724</u>	<u>268,340</u>	<u>273,769</u>	<u>1,209,973</u>	<u>659,488</u>

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Pillar 3 disclosures

2.0 Credit risk (continued)

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

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

31 December 2016	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	2,817	-	-	2,817	1,206
Transaction related contingent items	212,675	-	-	212,675	35,960
Short term self liquidating trade related contingencies	41,190	-	-	41,190	10,136
Foreign exchange related contracts					
<i>One year or less</i>	610,656	7,183	7,178	12,108	5,844
<i>Over one year to five years</i>	2,335,014	260,564	271,979	481,323	306,296
Profit rate related contracts					
<i>Over one year to five years</i>	1,503,293	27,153	29,176	72,086	12,718
Commodity contracts					
<i>One year or less</i>	-	-	-	-	-
<i>Over one year to five years</i>	-	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	404,986	-	-	93,936	80,683
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	184,041	-	-	182,838	46,728
Any commitments that are unconditionally cancellable at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	3,071,121	-	-	220,150	147,939
	<u>8,365,793</u>	<u>294,900</u>	<u>308,333</u>	<u>1,319,123</u>	<u>647,510</u>

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2.0 Credit risk (continued)

2.8 Actual losses

The tables below show net individual impairment charges raised and write off during the financial period ended 30 June 2017 versus 30 June 2016 for IRB exposure classes. The net individual impairment charge is a point in time actual charge raised in accordance with accounting standards that require the Bank to either provide for or write-off debts when certain conditions are met.

	30 June 2017	30 June 2016
	Actual losses	Actual losses
	RM'000	RM'000
Corporates	1,422	-
Home financing	9,409	3,122
Other Retail	24,207	37,066
	<u>35,038</u>	<u>40,188</u>

The lower actual loss as compared to the corresponding year was mainly due to one-off precautionary top up in individual impairment provisions in previous year.

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3.0 Market risk

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

Type of Currency	Impact on positions as at reporting period (200 basis points) parallel shift	
	Increase/(Decline) in earnings at risk RM'000	Increase/(Decline) in economic value RM'000
30 June 2017		
MYR	5,923	(3,383)
USD	(6,544)	(7,976)
EUR	41	-
<hr/>		
31 December 2016		
MYR	14,735	11,198
USD	(4,694)	(3,568)
EUR	1	1
<hr/>		

4.0 Shariah non-compliant events and income

During the financial period, there were four (2016: five) syariah non-compliant events being detected. There was no syariah non-compliant income incurred arising from these events in 2017 (2016: RM347,009).

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Attestation

In accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Standard Chartered Saadiq Berhad's Pillar 3 Disclosures report for the financial period ended 30 June 2017 are consistent with the manner in which the Bank assesses and manages its risk, and are not misleading in any particular way.

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Mohd Suhaimi Abdul Hamid
Chief Operating Officer

Date: 13 September 2017