

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024



standard
chartered

Registered Office: 140 Wireless Road , Lumpini Patumwan, Bangkok, 10330, Thailand

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Contents

1.	Scope of Basel III Framework	5
2.	Scope of Application	6
3.	Key Prudential Metrics	7
4.	Capital Management.....	9
	4.1 Capital Structure	9
	4.2 Capital Sources	10
	4.3 Capital Adequacy.....	13
	4.4 Minimum Capital Requirement by Type of Risk.....	13
5.	Risk Management.....	16
	5.1 Enterprise Risk Management Framework (“ERMF”).....	16
	5.2 Risk Governance	17
	5.3 The Risk Function	17
6.	Credit Risk	18
	6.1 Credit Policies.....	18
	6.2 Governance committee oversight.....	19
	6.3 Decision-making authorities and delegation.....	19
	6.4 Credit Monitoring	19
	6.5 Credit Rating and Measurement	19
	6.6 Credit Concentration Risk	20
	6.7 Credit Impairment	20
	6.8 Internal Ratings Based Approach to Credit Risk	32
	6.9 Standardised Approach to Credit Risk	34
	6.10 Credit Risk Mitigation	35
	6.11 Internal Rating Based Models	36
	6.12 Risk Grade Profile.....	38
7.	Traded Risk	46
	7.1 Market risk.....	46
	7.2 Counterparty Credit Risk.....	47
8.	Operational Risk	48
9.	Equity Exposure in the Non-Trading Book (Banking Book)	50
10.	Interest Rate Risk in the Non-trading Book (Banking Book)	51
11.	Acronyms.....	54

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table of Contents

Table 1: Key Prudential Metrics	7
Table 2: Capital Structure	10
Table 3: Reconciliation of Regulatory Capital to Financial Statement.....	11
Table 4: Capital Adequacy	13
Table 5: Minimum Capital Requirement by Type of Risk	14
Table 6: Minimum Capital Requirement for Credit Risk Classified by Asset Classes under AIRB .	14
Table 7: Minimum Capital Requirement for Credit Risk Classified by Asset Classes under SA	15
Table 8: Minimum Capital Requirement for Equity Exposure under AIRB	15
Table 9: Outstanding amounts of significant on-balance sheet assets and off-balance sheet items before credit risk mitigation	21
Table 10: Outstanding balance of On-balance sheet and Off-balance sheet assets before Credit Risk Mitigation Classified by Country or Geographic Area of Debtor	22
Table 11: Outstanding Balance of On-Balance Sheet and Off-Balance Sheet Items before Credit Risk Mitigation Classified by Residual Maturity	24
Table 12: Outstanding amounts of financial instruments before credit risk mitigation and provisions (General provision and specific provisions)	25
Table 13: Outstanding amounts of loans including accrued interest receivable and investments in debt securities before credit risk mitigation classified by country or geographic area of debtors and asset classifications	26
Table 13A: Provisions (General provision and Specific provision) and write-offs during the period for loans including accrued interest receivable and investments in debt securities classified by country or geographic area of debtors	28
Table 14: Outstanding amounts of loans including accrued interest receivable before credit risk mitigation classified by type of business and asset classifications.....	30
Table 15: General provisions and specific provisions and write-offs during the period for loans and accrued interest receivable classified by business of debtors.....	31
Table 16: Reconciliation of changes in available provisions (General provisions and specific provisions) for loans including accrued interest receivable	32
Table 17: Outstanding amounts of on-balance sheet assets and credit equivalent amounts of off-balance sheet items (net of specific provisions) classified by type of assets under the IRB.....	33
Table 18: Undrawn Lines after Multiplying by CCF and Exposure-weighted-average EAD for Credit Risk under the AIRB Approach Classified by Type of Asset	34
Table 19: Outstanding amounts of on-balance sheet assets and credit equivalent amounts of off-balance sheet items (net of specific provisions) classified by type of assets under the SA.....	35

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 20: Credit Risk Assessment under the AIRB Approach for Sovereign, Bank and Corporate Exposures and Equity Exposures under the PD/LGD Approach Classified by Rating Grade.....	40
Table 21: Part of Outstanding that is Secured by Collateral under the AIRB Approach Classified by Type of Asset and Collateral	41
Table 22: Outstanding of On-Balance Sheet Assets and Off-Balance Sheet Items after Credit Risk Mitigation for each Type of Assets Classified by Risk Weight under the SA Approach	42
Table 23: Part of Outstanding that is Secured by Collateral under the SA Approach Classified by Type of Asset and Collateral	44
Table 24: Actual Losses under the AIRB Approach Classified by Type of Assets	45
Table 25: Estimates of Losses Comparing to Actual Losses	45
Table 26: Estimates of PD, LGD and EAD compare with actual.....	45
Table 27: Minimum Capital Requirement for each Type of Market Risk under the SA Approach...	47
Table 28: Equity Exposure in Non-Trading Book (Banking Book).....	50
Table 29: Impact of Interest Rate Change on Net Interest Income	53

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

1. Scope of Basel III Framework

Pillar 1: Minimum Capital Requirement

The BOT has approved Standard Chartered Bank (Thai) PCL (“the Bank”) to adopt the AIRB approach which is more advanced under Enterprise Risk Management Framework for the measurement of credit risk capital. Under the notification, the Bank has been using AIRB approach for the credit risk capital calculation as regulatory capital since December 2009.

The first of the three pillars of the Basel framework provide the approach to calculation of the minimum capital requirements for credit, market and operational risk.

Pillar 2: Supervisory Review Process

Pillar 2 requires banks to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available. This risk and capital assessment is commonly referred to as an Internal Capital Adequacy Assessment Process (“ICAAP”) which covers much broader risk types than Pillar 1, which covers only credit risk, market risk, and operational risk.

The Bank has developed an ICAAP policy and framework which closely integrates the risk and capital assessment processes and ensures that adequate levels of capital are maintained to support the Bank’s current and projected demand for capital under expected and stressed conditions.

Under Pillar 2, the BOT would undertake a review of the Banks’ ICAAP. This is referred to as the Supervisory Review and Evaluation Process (“SREP”).

Pillar 3: Market Discipline

Pillar 3 aims to provide a consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk management. Pillar 3 requires all material risks to be disclosed, enabling a comprehensive view of the bank’s risk profile.

The Bank has implemented a Pillar 3 policy and procedure framework to address the requirements laid down for Pillar 3 disclosure. The information provided has been reviewed and validated by senior management and the Executive Risk Committee. In accordance with the Bank’s policy, the Pillar 3 disclosure will be published on the Standard Chartered Bank (Thai) PCL - website www.sc.com/th

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

The BOT has also set the frequency of disclosure on semi-annual and annual basis. Quantitative data of Capital Structure & Adequacy and Market risk will be disclosed on a semi-annual basis, where as, the full Pillar 3 disclosures will be made annually on both qualitative and quantitative data.

2. Scope of Application

In compliance with the requirement under Basel III Pillar 3 and sets of the BOT's disclosure requirements, the Bank has developed a set of disclosures for its position as at 31 December 2024 covering the following areas:

- Qualitative and quantitative data for Capital and the minimum capital requirement for Credit risk, Market risk and Operational risk.
- Qualitative for Risk Exposure and Assessment
 - Credit Risk
 - Market Risk
 - Operational Risk
 - Equities Exposure in the Non-trading Book (Banking Book)
 - Interest Rate Risk in the Non-trading Book (Banking Book)
- Quantitative data for Credit Risk, Market risk, Equities Exposure in Non-Trading Book (Banking Book) and Interest Rate Risk in Non-trading Book (Banking Book)

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

3. Key Prudential Metrics

The table below provides the key prudential metrics related to regulatory capital and liquidity standards.

Table 1: Key Prudential Metrics	31-Dec-24	30-Jun-24
Capital (Unit: Million Baht)		
1 Common equity tier 1 (CET1) capital	24,118	23,359
1A Fully loaded ECL CET 1	24,118	23,359
2 Tier 1 capital	24,118	23,359
2A Fully loaded ECL Tier 1	24,118	23,359
3 Total capital	24,362	23,600
3A Fully loaded ECL total capital	24,362	23,600
Risk weighted assets (Unit: Million Baht)		
4 Total risk weighted assets	73,583	71,886
Capital adequacy ratio (Unit: Percentage)		
5 Common equity tier 1 (CET1) ratio	32.78	32.49
5A Fully loaded ECL CET1 ratio	32.78	32.49
6 Tier 1 ratios	32.78	32.49
6A Fully loaded ECL Tier 1 ratio	32.78	32.49
7 Total capital ratios	33.11	32.83
7A Fully loaded ECL total capital ratio	33.11	32.83
Additional capital adequacy ratio (Unit: Percentage)		
8 Capital Conservation buffer	2.50	2.50
9 Counter cyclical buffer	-	-
10 Higher loss absorbency	-	-
11 Total additional capital adequacy ratios (item 8+ 9 + 10)	2.50	2.50
12 CET1 after maintenance of minimum capital requirement	25.78	25.49
Liquidity coverage ratio (LCR)		
13 Total high-quality liquid asset (HQLA) (Unit: Million Baht)	79,411	72,161
14 Total net cash outflows (within a 30-day period) (Unit: Million Baht)	36,690	32,659
15 LCR (Unit: Percentage)	216	223

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

The Bank apply the fully loaded Expected Credit Loss since 1 January 2020 under TFRS 9. Under this approach, the capital adequacy ratios as of 31 December 2024 were higher than the BOT's minimum capital ratios included capital buffer requirement at 7.0% for CET1, 8.5% for Tier1 and 11.0% for Total Capital Ratio.

The Bank's average LCR for Q4 of 2024 (B.E.2567) is 216%, calculated from the LCR at the end of October, November, and December. The Bank LCR remains well above the Bank of Thailand's minimum requirement of 100%. The LCR consists of 2 main components, namely.

1. Total High-Quality Liquid Asset (HQLA) include unencumbered high-quality assets with low risk and low volatility that can be easily monetized without any significant changes to their values, even in times of liquidity stress. The value of each type of HQLA is after the application of both haircuts and any applicable caps as specified by the BOT. The average HQLA of the Bank for Q4 of 2024 is THB 79,411 million, which is the average of HQLA at the end of October, November, and December. These HQLA primarily consisted of Level 1 assets, which are cash and Government bonds. On this, the Bank holds several types of high-quality liquid assets to ensure the diversification of the stock of HQLA.

2. The amount of net cash outflows (net COF) is representing expected cash outflows within the 30-day time horizon minus expected cash inflows within the 30-day time horizon under liquidity stress scenarios; however, the expected cash inflows must not exceed 75% of the expected cash outflows. The average net COF of the "Bank" for Q4 of 2024 is THB 36,690 million, which is the average of net cash outflows within the 30-day time horizon as at the end of October, November, and December. The expected cash outflows on which the Bank focuses under the severe liquidity stress scenarios are the run-off of wholesales deposits and borrowings, repayments of secured borrowings under repurchase agreements (repos), to which the run-off rates as specified by the Bank of Thailand have been assigned. On the other hand, expected cash inflows are mostly from loan repayments from high-quality customers, and maturing debt securities, to which the inflow rates as specified by the Bank of Thailand have been assigned.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

4. Capital Management

The Bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of the Bank business activities, to meet regulatory minimum capital requirements at all times and to maintain appropriate credit ratings.

The Bank's capital planning is dynamic and regularly refreshed to reflect the business forecasts as they evolve during the course of each year. The strategy-setting and planning is presented to the Board on an annual basis with regular update on the financial outlook and performance as to the capital adequacy is aligned with the business plan. The capital plan takes the following into account:

- Current regulatory capital requirements and the Bank's assessment of on-going regulatory expectation.
- Demand for capital due to business growth forecasts, loan impairment outlook and market shocks or stresses.
- Available supply of capital and capital raising options.

The Asset and Liability Management Committee ("ALCO") as appointed by Executive Committee ("EXCO") is responsible for determining the Bank's balance sheet strategy and for ensuring that, in executing the Bank's strategy, the Bank operates within Risk Appetite (RA) and regulatory requirements relating to capital, loss-absorbing capacity, liquidity, Interest Rate Risk in the Banking Book (IRRBB), Banking Book Basis Risk and Structural Foreign Exchange Risk. ALCO is also responsible for ensuring that internal and external recovery planning requirements are met.

4.1 Capital Structure

The Bank maintains capital to meet the minimum regulatory capital requirements set by the BOT. In addition, the Bank assess its capital adequacy to support current and future business activities.

The following table is a breakdown of total regulatory capital of the Bank as at 31 December 2024, comparing with the position of the Bank as at 30 June 2024.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 2: Capital Structure

Unit: Million Baht		
	31-Dec-24	30-Jun-24
Tier 1 Capital		
Issued and paid-up share capital	14,837	14,837
Premium on share capital	9,056	9,056
Statutory reserve	1,484	1,484
Retained earnings after appropriation	103	103
Other comprehensive income	(23)	(182)
Adjustment items from Common Equity Tier1 Capital	78	37
Deduction items from Common Equity Tier1 Capital*	(1,417)	(1,976)
Total Common Equity Tier 1 (CET1) Capital	24,118	23,359
Additional Tier 1 (AT1) Capital		-
Total Tier 1 Capital	24,118	23,359
Tier 2 Capital		
General Provision for performing loans under SA portfolio	-	17
Surplus of provision	244	224
Total Tier 2 Capital	244	241
Total Regulatory Capital	24,362	23,600

* Consist of intangible assets, deferred tax assets and shortfall of provision floor

4.2 Capital Sources

The Bank's Tier 1 Capital consist of Common Equity Tier 1 which are issued and paid up share capital & premium, statutory reserve, net profit after appropriation and other comprehensive income & regulatory adjustment. There is no additional tier 1 capital.

The Bank's Tier 2 Capital comprise of the general provision for normal performing loans and surplus of provision.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 3: Reconciliation of Regulatory Capital to Financial Statement

		Unit: Million Baht
As of 31 December 2024	Statements of Financial Position as in published financial statements	References
Assets		
Cash	83	
Interbank and money market items – net	42,437	
Financial assets measured at fair value through profit or loss	56,299	
Derivative assets	23,555	
Investments – net	28,227	
Loans to customers and accrued interest receivable - net	23,306	
Premises and equipment - net	187	
Right-of-use assets - net	134	
Intangible assets – net	885	E
Deferred tax assets	177	F
Other assets	12,732	
Total assets	188,022	
Liabilities and shareholders' equity		
Liabilities		
Deposits	100,324	
Interbank and money market items	16,800	
Liabilities payable on demand	917	
Financial liabilities measured at fair value through profit or loss	4,393	
Derivative liabilities	26,767	
Lease liabilities	142	
Provision liabilities	591	
Other liabilities	11,968	
Total liabilities	161,902	

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Unit: Million Baht

As of 31 December 2024	Statements of Financial Position as in published financial statements	References
Shareholders' equity		
Share capital		
Registered share capital	14,843	
Issued and paid-up share capital	14,837	A
Premium on share capital	9,056	B
Other components of equity	(29)	D ^{1/}
Retained earnings		
Appropriated		
Statutory reserve	1,484	C
Unappropriated	772	
Total shareholders' equity	26,120	
Total liabilities and shareholders' equity	188,022	

Capital related items as of 31 December 2024	Component of regulatory capital	References base on Statement of Financial Position
Common Equity Tier 1 Capital (CET1)		
Issued and paid-up share capital	14,837	A
Premium on share capital	9,056	B
Statutory reserve	1,484	C
Retained earnings after appropriation	103	
Other comprehensive income		
Fair value change in investment in debt securities	(23)	D
Total CET1 capital before regulatory adjustments and deduction	25,457	
Adjustment items from Common Equity Tier1 Capital		
Debit Valuation Adjustment	78	
Fair Value Option adjustment as per TFRS9		
Deduction items from Common Equity Tier1 Capital		
Intangible assets	(885)	E
Deferred tax assets	(177)	F
Shortfall of Provision Floor	(355)	
Total Common Equity Tier 1 (CET1)	24,118	
Additional Tier 1 (AT1)	-	
Total Tier 1 capital	24,118	

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

		Unit: Million Baht
As of 31 December 2024	Statements of Financial Position as in published financial statements	References
Tier 2 Capital		
General Provision for performing loans under SA portfolio	-	
Surplus of provision	244	
Total Tier 2 capital	244	
Total Regulatory capital	24,362	

^{1/} Included Owned Credit Adjustment (OCA)

4.3 Capital Adequacy

Under the BOT guidelines, the Bank is required to maintain a minimum ratio of total capital to risk weighted assets of 11.00%, with the minimum ratio of Common Equity Tier 1 and tier 1 capital to risk weighted assets at 7.00% and 8.50%, respectively.

Total Capital Adequacy Ratios of the Bank as at 31 December 2024 was 33.11%. CET1 Ratios was 32.78% and Tier 1 Capital Ratios was 32.78% which exceeded minimum requirements of the BOT.

Table 4: Capital Adequacy

Unit: Percent				
Ratio	BOT Minimum Requirement	BOT Minimum Requirement and conservation buffer	31-Dec-24	30-Jun-24
Total capital funds to risk weighted assets	8.50	11.00	33.11	32.83
Tier 1 capital funds to risk weighted assets	6.00	8.50	32.78	32.49
Common Equity Tier 1 capital funds to risk weighted assets	4.50	7.00	32.78	32.49

4.4 Minimum Capital Requirement by Type of Risk

The Bank maintains minimum capital in line with the BOT's requirement. Table 5 shows the breakdown of minimum capital requirement for Credit Risk, Market Risk and Operational risk of the Bank as at 31 December 2024.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 5: Minimum Capital Requirement by Type of Risk

Unit: Million Baht		
Minimum Capital	31-Dec-24	30-Jun-24
Credit Risk	3,675	3,468
Market Risk	1,662	1,799
Operational Risk	918	843
Total Minimum Capital Requirements	6,255	6,110

AIRB Adoption

The Bank uses AIRB approach to calculate credit risk for material portfolios whilst SA approach is applied to portfolios that are classified as permanently exempt from the AIRB approach as well as those portfolios that are currently under transition to the AIRB approach.

The following tables show Minimum Capital Requirement for Credit Risk Classified by Asset Classes under AIRB (table 6), Minimum Capital Requirement for Credit Risk Classified by Asset Classes under SA (table 7) and Minimum Capital Requirement for Equity Exposure under AIRB (table 8).

Table 6: Minimum Capital Requirement for Credit Risk Classified by Asset Classes under AIRB

Unit: Million Baht		
Asset Class	31-Dec-24	30-Jun-24
<i>Non-Default exposures</i>		
Claims on sovereigns, financial institutions and Corporates	2,937	3,038
Claims on retail portfolios		
-Claims on residential mortgage	-	-
-Qualifying revolving retail exposures	-	-
-Other retail exposures	-	-
Equity exposures	1	1
Other assets	104	142
<i>Default exposures</i>	416	1
<i>First-to-default credit derivatives and Securitisation</i>	-	-
Total minimum capital requirement for credit risk – AIRB	3,458	3,182

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 7: Minimum Capital Requirement for Credit Risk Classified by Asset Classes under SA

Unit: Million Baht

Asset Class	31-Dec-24	30-Jun-24
<i>Non-Default exposures</i>		
Claims on sovereigns and central banks, MDBs and PSEs treated as claims on sovereigns	-	-
Claims on financial institutions, PSEs treated as claims on financial institutions, and securities firms	-	-
Claims on corporates, PSEs treated as claims on corporate	217	286
Claims on retail portfolios	-	-
Other assets	-	-
<i>Default exposures</i>	-	-
<i>First-to-default credit derivatives and Securitisation</i>	-	-
Total minimum capital requirement for credit risk – SA	217	286

Note: PSE (non-central government public sector entities) is provincial administrations, government entities, and state enterprises

Table 8: Minimum Capital Requirement for Equity Exposure under AIRB

Unit: Million Baht

Item	31-Dec-24	30-Jun-24
Equity exposure exempted from credit risk calculation by IRB	1	1
Equity exposure subject to the IRB approach		
1. Equity holdings subject to the Market-based approach		
1.1 Simple Risk Weight Approach	-	-
1.2 Internal Model Approach (for equity exposure in non-trading book (banking book))	-	-
2. Equity holdings subject to a PD/LGD approach	-	-
Total minimum capital requirement for equity exposure – AIRB	1	1

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

5. Risk Management

The management of risk lies at the heart of the Bank’s business. All risk types, both financial and non-financial are managed and reported in accordance with the Enterprise Risk Management Framework (ERMF), which sets out the roles and responsibilities and minimum governance requirements for the management of Principal Risk Types (PRTs). Under ERMF, there are 9 PRTs including Credit Risk, Traded Risk, Treasury Risk, Operational & Technology Risk, Environmental, Social and Governance and Reputational Risk, Compliance Risk, Information and Cyber Security Risk, Financial Crime Risk, and Model Risk.

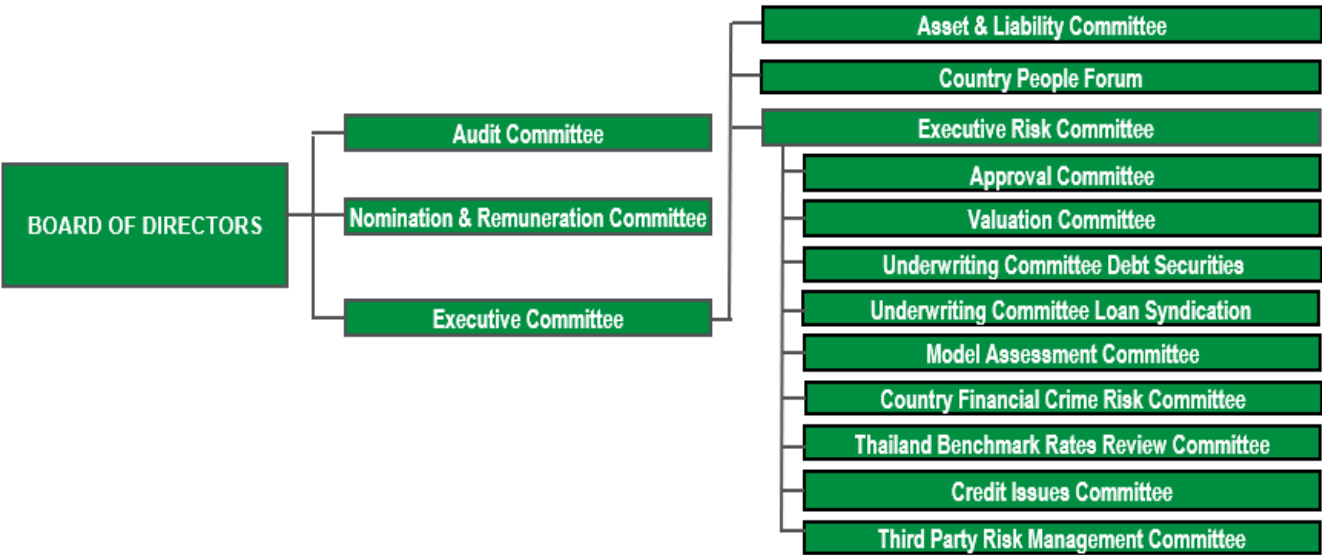
5.1 Enterprise Risk Management Framework (“ERMF”)

Effective risk management is essential in delivering consistent and sustainable performance for all of stakeholders and is therefore a central part of the financial and operational management of the Bank. The bank adds value to its clients and the communities in which they operate, generating returns for shareholders.

Through our Enterprise Risk Management Framework, the Bank manages enterprise-wide risks, with the objective of maximising risk-adjusted returns while remaining in compliance with SCBT Risk Appetite Statement.

The Bank has obtained its Board approval to apply SCB Group Enterprise Risk Management Framework for local implementation.

The following diagram illustrates the high-level risk committee structure:



Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

5.2 Risk Governance

Ultimate responsibility for setting the Bank's risk appetite statement and for the effective management of risk rests with the Board. The Board delegates the authority for the management of risks to several committees.

The **Executive Committee** ("EXCO") is responsible for driving business agenda bringing across alignment between function to achieve financial performance target and to ensure day-to-day management, operations and control of the Bank in conformity with policies and strategies approved by the Board of Directors. The Country Management Team is currently chaired by the President and Chief Executive Officer and Head, Banking and Coverage and comprises of senior executives from Financial Markets, Transaction Banking, Risk Management, Technology & Innovation, Finance, Human Resources, Legal and Compliance.

The **Asset & Liability Committee** ("ALCO") ensures that the balance sheet of the Bank are managed in accordance with the policies of Standard Chartered Bank Group adopted by the Bank and any other applicable regulatory requirements relating to management of capital adequacy, liquidity, leverage, interest rate risk in the banking book, structural market risks and meets internal and external recovery planning requirements.

The **Executive Risk Committee** ("ERC")'s main responsibilities are to oversee the effective implementation of the Enterprise Risk Management Framework (ERMF) and Risk Type Framework (RTFs) including Credit Risk, Traded Risk, Operational & Technology Risk, Environmental, Social and Governance and Reputational Risks, Compliance Risk, Information and Cyber Security Risk, Financial Crime Risk, and Model Risk. The Committee also supervises and directs the management of all risks within the Bank to be in accordance with standards of the Standard Chartered Group and policies as approved by SCBT's Board of Directors.

The Bank applies a three Lines of Defence ("LOD") model to the day-to-day activities for effective risk management, governance and control environment. Typically:

- The businesses and functions engaged in or supporting revenue generating activities that own and manage the risks constitute the First Line of Defence.
- The control functions independent of the First Line of Defence that provide oversight and challenge of risk management to offer confidence to the CRO, Senior/Executive Management and the Board, act as Second Line of Defence.
- Internal Audit acts as the Third Line of Defence providing independent assurance on the effectiveness of controls supporting the activities of the First and Second Line of Defence.

5.3 The Risk Function

The Risk function is responsible for the sustainability of the Bank's business through good management of risk and ensuring that business is conducted in line with the regulatory expectations.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

The Country Chief Risk Officer (“CCRO”) directly manages a Risk function that is separated and independent from the origination, trading, and sales functions of the businesses. The CCRO also chairs the ERC and is a member of EXCO.

The Risk function is responsible for:

- Proposing the Risk Appetite (“RA”) for approval by the Board
- Maintaining the Bank’s Enterprise Risk Management Framework, ensuring it remains relevant and appropriate to the Bank’s activities, and is effectively communicated, and implemented across the Bank..
- Ensuring that risks are properly assessed, risk and return decisions are transparent and risks are controlled in accordance with the Bank’s standards and RA
- Overseeing and challenging the management of Principal Risk Types under the Enterprise Risk Management Framework.
- Independence of the Risk function by ensuring that the necessary balance in making risk and return decisions is not compromised by short-term pressures to generate revenues.

The Risk function supports the Bank’s strategy by building a sustainable Enterprise Risk Management Framework that places regulatory and compliance standards, together with culture of appropriate conduct, at the forefront of the Bank’s agenda.

6. Credit Risk

Credit risk is the potential for loss due to the failure of a counterparty to meet its obligations to pay the Bank. The Bank manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors.

The Credit Risk function is the second line control function responsible for independent challenge, monitoring and oversight of the Credit risk management practices of the business and functions engaged in or supporting revenue-generating activities, which constitute the first line of defence. In addition, to ensure that credit risks are properly assessed and are transparent, credit decisions are controlled in accordance with the Risk Appetite, credit policies and standards, which are approved by SCBT Board or delegated risk committees.

6.1 Credit Policies

The Credit Policy sets principles that must be followed for the end-to-end credit process including credit initiation, credit grading, credit assessment, structuring of product, credit risk mitigation, monitoring and control and documentation. In addition, there are other Bank-wide policies as those relating to Risk Appetite, Model Risk, stress testing and impairment provisioning. Appropriate allocation and sound diversification of lending portfolios among suitable industries are also key objectives of the Bank.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

6.2 Governance committee oversight

The Executive Risk Committee (“ERC”) oversees and appointed sub-committees for the management of Credit Risk. There are 2 credit committees that are relevant to credit risk management, including the Approval Committee (“AC”) and the Credit Issues Committee (“CIC”). These committees comprise senior management from the Risk and Business functions.

6.3 Decision-making authorities and delegation

Credit authority is delegated by the Executive Risk Committee to Senior Credit Officer who is empowered to further delegate credit authorities to individual credit officers by applying delegated credit authority metrics, which determine the maximum limits based on risk-adjusted scales by customer type or portfolio. The individual delegating the Credit Risk authorities perform oversight by reviewing a sample of the limit applications approved by the delegated credit officers on a monthly basis. Credit authority is delegated to the AC to approve credit limit with Thailand booking.

6.4 Credit Monitoring

The Bank regularly monitor credit exposures, portfolio performance, and external trends that may impact risk management outcomes. Internal risk management reports are presented to ERC, containing information on key political and economic trends across major portfolios and countries, portfolio delinquency and loan impairment performance.

AC is a sub-committee of ERC. AC meets regularly to assess the impact of external events and trends on the credit risk portfolio and to define and implement the response in terms of appropriate changes to portfolio shape, portfolio and underwriting standards, risk policy and procedures.

Clients and portfolios are subjected to additional review when they display signs of actual or potential weakness, for example, where there is a decline in the client’s position within the industry, financial deterioration, a breach of covenants, or non-performance of an obligation within the stipulated period. Such accounts are subjected to a dedicated process overseen by the Credit Issues Committees. Client account strategies and credit grades are re-evaluated. In addition, remedial actions, including placing accounts on early alert for exposure reduction, security enhancement, or exiting the account could be undertaken, and certain accounts could also be transferred into the control of Stressed Assets Group (“SAG”), and Stressed Asset Risk (“SAR”), the Bank’s specialist recovery units for CIB Client Coverage that operates independently from our main business.

6.5 Credit Rating and Measurement

All credit proposals are subject to a robust Credit Risk assessment. It includes a comprehensive evaluation of the client’s credit quality, including willingness, ability, and capacity to repay. The primary lending consideration is based on the client’s credit quality and the repayment capacity from operating cashflows. The risk assessment gives due consideration to the client’s liquidity and leverage position. Where applicable, the assessment includes a detailed analysis of the Credit Risk mitigation arrangements to determine the level of reliance on such arrangements as the secondary source of repayment in the event of a significant deterioration in a client’s credit quality leading to default.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Risk measurement plays a central role, along with judgment and experience, in informing risk taking and portfolio management decisions. Since 1 January 2010, the Bank has used the Advanced Internal Ratings-based (AIRB) approach to calculate Credit Risk capital requirements.

A standard alphanumeric credit risk grade ("CG") system is used for CIB whereby credit grades 1 to 12 are assigned to performing customers, and credit grades 13 and 14 are assigned to non-performing or defaulted customers.

Advanced Internal Ratings-Based (AIRB) models cover a substantial majority of the Bank's exposures and are used in assessing risks at a customer and portfolio level, setting strategy and optimising the Bank's risk-return decisions.

Material IRB risk measurement models are approved by the Model Assessment Committee ("MAC") which obtained delegation from ERC. Prior to review and approval, all IRB models are validated in detail by a model validation team of Standard Chartered Bank Group which is separated from the teams that develop and maintain the models. Models undergo annual periodic review. Reviews are also triggered if the performance of a model deteriorates materially against predetermined thresholds during the ongoing model performance monitoring process which takes place between the annual validations.

6.6 Credit Concentration Risk

Credit concentration risk may arise from a single large exposure to a counterparty or a group of connected counterparties, or from multiple exposures across the portfolio that are closely correlated. Large exposure concentration risk is managed through concentration limits set for a counterparty or a group of connected counterparties based on control and economic dependence criteria. Risk Appetite metrics are set at portfolio level and monitored to control concentrations, where appropriate, by industry, tenor, and top clients. Single name credit concentration thresholds are set by client group. Credit concentrations are monitored by AC and reported to ERC every two months. Credit Risk Appetite threshold and escalation triggers are reviewed at least annually by ERC and SCBT Board.

6.7 Credit Impairment

Expected credit losses (ECL) are determined for all financial assets that are classified as amortised cost or fair value through other comprehensive income. ECL is computed as unbiased, probability-weighted expectation of cash shortfalls determined by evaluating a range of possible economic outcomes, the time value of money, and forward-looking information such as critical global or country-specific macroeconomic variables.

At the time of origination or purchase of a non-credit impaired financial asset (stage 1), ECL represent cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. ECL continue to be determined on this basis until there is a significant increase in the Credit Risk of the asset (stage 2), in which case an ECL is recognised for default events that may occur over the lifetime of the asset. If there is observed objective evidence of credit impairment or default (stage 3), ECL continue to be measured on a lifetime basis.

For CIB Client Coverage, a loan is considered credit impaired where analysis and review indicate that full payment of either interest or principal, including the timeliness of such payment, is

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

questionable, or as soon as payment of interest or principal is 90 days overdue. These credit-impaired accounts are managed by our specialist recovery units (SAG/SAR). Where appropriate, non-material credit-impaired accounts are co-managed with the business under the supervision of SAG/SAR.

Table 9: Outstanding amounts of significant on-balance sheet assets and off-balance sheet items before credit risk mitigation

Unit: Million Baht		
Item	31-Dec-24	31-Dec-23
1. On-Balance sheet assets	167,673	157,669
1.1 Loans and accrued interest receivable (net) ^{1/}	57,154	71,715
1.2 Net investments in debt securities ^{2/}	78,375	56,314
1.3 Deposits and accrued interest receivable (net) ^{3/}	8,589	9,567
1.4 Derivatives	23,555	20,073
2. Off-Balance sheet items^{4/}	1,633,177	1,218,703
2.1 Aval of bills, loan guarantees, and letters of credit	1,738	1,577
2.2 Other guarantees	26,846	17,128
2.3 OTC derivatives ^{5/}	1,597,203	1,190,137
2.4 Undrawn committed line	7,390	8,548
2.5 Repo-style transaction	-	1,313

^{1/} Including accrued interest income, net of deferred interest income, gains, or losses due to changes in the conditions, and reserves for expected credit losses; including loans and accrued interest receivable of interbank and money market items.

^{2/} Including investments in receivables but excluding accrued interest receivable and net of reserves for adjustments of security values and reserves for expected credit losses.

^{3/} Including accrued interest income, net of reserves for expected credit losses

^{4/} Before multiplying by credit conversion factors

^{5/} Including equity-related derivatives

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 10: Outstanding balance of On-balance sheet and Off-balance sheet assets before Credit Risk Mitigation Classified by Country or Geographic Area of Debtor

Unit: Million Baht
31-Dec-24

Country or geographic area of debtor	On-balance sheet assets				
	Total	Loans and accrued interest receivable (net) 1/	Net Investment in debt securities 2/	Deposits and accrued interest receivable (net) 3/	Derivatives
1. Thailand	118,897	41,998	65,494	1,098	10,307
2. Asia Pacific (exclude Thailand)	31,968	8,592	7,788	6,391	9,197
3. North America and Latin America	5,827	-	5,093	134	600
4. Africa and Middle East	3,996	3,995	-	1	-
5. Europe	6,985	2,569	-	965	3,451
Total	167,673	57,154	78,375	8,589	23,555

Country or geographic area of debtor	Off-balance sheet items ^{4/}					
	Total	Aval of bills, guarantees, and letter of credits	Other guarantees	OTC derivatives ^{5/}	Undrawn committed lines	Repo-style transaction
1. Thailand	1,163,853	1,524	14,717	1,141,041	6,571	-
2. Asia Pacific (exclude Thailand)	324,414	160	8,181	316,063	10	-
3. North America and Latin America	4,276	21	2,138	1,332	785	-
4. Africa and Middle East	124	7	117	-	-	-
5. Europe	140,510	26	1,693	138,767	24	-
Total	1,633,177	1,738	26,846	1,597,203	7,390	-

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Unit: Million Baht
31-Dec-23

Country or geographic area of debtor	On-balance sheet assets				
	Total	Loans and accrued interest receivable (net) 1/	Net Investment in debt securities 2/	Deposits and accrued interest receivable (net) 3/	Derivatives
1. Thailand	112,743	64,040	39,720	419	8,564
2. Asia Pacific (exclude Thailand)	31,665	6,738	12,793	3,781	8,353
3. North America and Latin America	4,242	2	3,801	3	436
4. Africa and Middle East	914	914	-	-	-
5. Europe	8,105	21	-	5,364	2,720
Total	157,669	71,715	56,314	9,567	20,073

Country or geographic area of debtor	Off-balance sheet items4/					
	Total	Aval of bills, guarantees, and letter of credits	Other guarantees	OTC derivatives5/	Undrawn committed lines	Repo-style transaction
1. Thailand	880,932	1,139	11,415	859,850	7,215	1,313
2. Asia Pacific (exclude Thailand)	249,126	384	2,580	244,949	1,213	-
3. North America and Latin America	10,222	21	1,649	8,452	100	-
4. Africa and Middle East	58	7	51	-	0	-
5. Europe	78,365	26	1,433	76,886	20	-
Total	1,218,703	1,577	17,128	1,190,137	8,548	1,313

1/ Including accrued interest income, net of deferred interest income, gains, or losses due to changes in the conditions, and reserves for expected credit losses; including loans and accrued interest receivable of interbank and money market items.

2/ Including investments in receivables but excluding accrued interest receivable and net of reserves for adjustments of security values and reserves for expected credit losses.

3/ Including accrued interest income, net of reserves for expected credit losses.

4/ Before multiplying by credit conversion factors

5/ Including equity-related derivatives

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 11: Outstanding Balance of On-Balance Sheet and Off-Balance Sheet Items before Credit Risk Mitigation Classified by Residual Maturity

Unit: Million Baht

Item	31-Dec-24			31-Dec-23		
	Maturity ≤ 1 year	Maturity > 1 year	Total	Maturity ≤ 1 year	Maturity > 1 year	Total
1. On-Balance sheet assets	80,970	86,703	167,673	90,275	67,394	157,669
1.1 Loans and accrued interest receivable (net) ^{1/}	51,817	5,337	57,154	63,953	7,762	71,715
1.2 Net investments in debt securities ^{2/}	8,802	69,573	78,375	8,912	47,402	56,314
1.3 Deposits and accrued interest receivable (net) ^{3/}	8,589	-	8,589	9,567	-	9,567
1.4 Derivatives	11,762	11,793	23,555	7,843	12,230	20,073
2. Off-Balance sheet items^{4/}	1,010,574	622,603	1,633,177	664,334	554,369	1,218,703
2.1 Aval of bills, guarantees, and letters of credit	1,325	413	1,738	1,298	279	1,577
2.2 Other guarantees	16,619	10,227	26,846	7,373	9,755	17,128
2.3 OTC derivatives ^{5/}	989,446	607,757	1,597,203	649,044	541,093	1,190,137
2.4 Undrawn committed lines	3,185	4,205	7,390	5,306	3,242	8,548
2.5 Repo-style transaction	-	-	-	1,313	-	1,313

^{1/} Including accrued interest income, net of deferred interest income, gains or losses due to changes in the conditions, and reserves for expected credit losses; including loans and accrued interest receivable of interbank and money market items.

^{2/} Including investments in receivables but excluding accrued interest receivable and net of reserves for adjustments of security values and reserves for expected credit losses.

^{3/} Including accrued interest income, net of reserves for expected credit losses

^{4/} Before multiplying by credit conversion factors

^{5/} Including equity-related derivatives

Outstanding balance of On-Balance Sheet and Off-Balance Sheet Assets before Credit Risk Mitigation are classified by residual maturity. Approximately 61 and 55 percent of the Bank's total outstanding balance as of 31 Dec 2024 and 2023, respectively, having residual maturity of one year or less.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 12: Outstanding amounts of financial instruments before credit risk mitigation and provisions (General provision and specific provisions)

Unit: Million Baht
31-Dec-24

Item	Outstanding amount		Amount of provisions ^{1/}	Provisions ^{1/} for exposures under the SA		Provisions ^{1/} for exposures under the IRB	Net amount ^{2/}
	Defaulted exposures	Non-defaulted exposures		General provisions	Specific provisions		
1. Loans and accrued interest receivable ^{3/}	448	57,397	691	-	1	690	57,154
2. Investments in debt securities ^{4/}	-	28,221	6	-	-	6	28,215
3. Deposits and accrued interest receivable ^{5/}	-	8,590	1	-	-	1	8,589
4. Committed lines and financial guarantees ^{6/}	1,035	34,939	229	-	-	229	35,745
Total	1,483	129,147	927	-	1	926	129,703

Unit: Million Baht
31-Dec-23

Item	Outstanding amount		Amount of provisions ^{1/}	Provisions ^{1/} for exposures under the SA		Provisions ^{1/} for exposures under the IRB	Net amount ^{2/}
	Defaulted exposures	Non-defaulted exposures		General provisions	Specific provisions		
1. Loans and accrued interest receivable ^{3/}	-	71,969	254	200	2	52	71,715
2. Investments in debt securities ^{4/}	-	25,669	7	-	-	7	25,662
3. Deposits and accrued interest receivable ^{5/}	-	9,567	-	-	-	-	9,567
4. Committed lines and financial guarantees ^{6/}	428	26,825	127	-	-	127	27,126
Total	428	134,031	389	200	2	186	134,070

^{1/} means reserves for expected credit losses according to TFRS 9. For financial instruments designated at fair value through other comprehensive income, the amount of provisions may not be disclosed according to the Thai Financial Reporting Standard No.7 - Disclosure Requirements for Financial Instruments (TFRS 7), and the outstanding amounts of those instruments will be the

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

amounts net of provisions.

^{2/} Net amount = Outstanding amount - Provisions

^{3/} Including accrued interest income, net of deferred income and gains or losses due to changes in the conditions and including loans and accrued interest receivable of interbank and money market items.

^{4/} Excluding accrued interest receivable, net of reserves for adjustments of security values, and excluding investments in receivable, investments in debt securities measured at fair value through profit and loss.

^{5/} Including accrued interest income

^{6/} Before multiplying by credit conversion factors

Table 13: Outstanding amounts of loans including accrued interest receivable and investments in debt securities before credit risk mitigation classified by country or geographic area of debtors and asset classifications

Unit: Million Baht
31-Dec-24

Country or geographic area of debtors	Loans including accrued interest receivable ^{1/}				
	With an insignificant increase in credit risk	With a significant change in credit risk	Credit-impaired	Purchased and originated credit-impaired	Total
1. Thailand	40,938	1,274	448	-	42,660
2. Asia Pacific (exclude Thailand)	8,073	548	-	-	8,621
3. North America and Latin America	-	-	-	-	-
4. Africa and Middle East	3,995	-	-	-	3,995
5. Europe	2,569	-	-	-	2,569
Total	55,575	1,822	448	-	57,845

Country or geographic area of debtors	Investments in debt securities ^{2/}				
	With an insignificant increase in credit risk	With a significant change in credit risk	Credit-impaired	Purchased and originated credit-impaired	Total
1. Thailand	17,417	-	-	-	17,417
2. Asia Pacific (exclude Thailand)	5,711	-	-	-	5,711
3. North America and Latin America	5,093	-	-	-	5,093
4. Africa and Middle East	-	-	-	-	-
5. Europe	-	-	-	-	-
Total	28,221	-	-	-	28,221

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Unit: Million Baht
31-Dec-23

Country or geographic area of debtors	Loans including accrued interest receivable ^{1/}				Total
	With an insignificant increase in credit risk	With a significant change in credit risk	Credit-impaired	Purchased and originated credit-impaired	
1. Thailand	63,867	385	-	-	64,252
2. Asia Pacific (exclude Thailand)	6,209	572	-	-	6,781
3. North America and Latin America	2	-	-	-	2
4. Africa and Middle East	913	-	-	-	913
5. Europe	21	-	-	-	21
Total	71,012	957	-	-	71,969

Country or geographic area of debtors	Investments in debt securities ^{2/}				Total
	With an insignificant increase in credit risk	With a significant change in credit risk	Credit-impaired	Purchased and originated credit-impaired	
1. Thailand	9,797	-	-	-	9,797
2. Asia Pacific (exclude Thailand)	12,070	-	-	-	12,070
3. North America and Latin America	3,802	-	-	-	3,802
4. Africa and Middle East	-	-	-	-	-
5. Europe	-	-	-	-	-
Total	25,669	-	-	-	25,669

1/ Including accrued interest income, net of deferred income and gains or losses due to changes in the conditions, and including loans and accrued interest receivable of interbank and money market items

2/ Excluding accrued interest receivable, net of reserves for adjustments of security values, and excluding investments in receivables, investments in debt securities measured at fair value through profit and loss

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 13A: Provisions (General provision and Specific provision) and write-offs during the period for loans including accrued interest receivable and investments in debt securities classified by country or geographic area of debtors

Unit: Million Baht
31-Dec-24

Loans including accrued interest receivable 1/				
Country or geographic area of debtor	Provisions 3/ for exposures under the SA		Provisions 3/ for exposures under the IRB	Write-offs during the period
	General provisions 4/	Specific provisions		
1. Thailand		1	660	-
2. Asia Pacific (exclude Thailand)		-	30	-
3. North America and Latin America		-	-	-
4. Africa and Middle East		-	-	-
5. Europe		-	-	-
Total	-	1	690	-
Investments in debt securities 2/				
Country or geographic area of debtor	Provisions 3/ for exposures under the SA		Provisions 3/ for exposures under the IRB	Write-offs during the period
	General provisions 4/	Specific provisions		
1. Thailand		-	5	-
2. Asia Pacific (exclude Thailand)		-	1	-
3. North America and Latin America		-	-	-
4. Africa and Middle East		-	-	-
5. Europe		-	-	-
Total	-	-	6	-

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Unit: Million Baht
31-Dec-23

Country or geographic area of debtor	Loans including accrued interest receivable ^{1/}			
	Provisions ^{3/} for exposures under the SA		Provisions ^{3/} for exposures under the IRB	Write-offs during the period
	General provisions ^{4/}	Specific provisions		
1. Thailand		2	9	-
2. Asia Pacific (exclude Thailand)		-	43	-
3. North America and Latin America		-	-	-
4. Africa and Middle East		-	-	-
5. Europe		-	-	-
Total	200	2	52	-

Country or geographic area of debtor	Investments in debt securities ^{2/}			
	Provisions ^{3/} for exposures under the SA		Provisions ^{3/} for exposures under the IRB	Write-offs during the period
	General provisions ^{4/}	Specific provisions		
1. Thailand		-	3	-
2. Asia Pacific (exclude Thailand)		-	2	-
3. North America and Latin America		-	2	-
4. Africa and Middle East		-	-	-
5. Europe		-	-	-
Total	-	-	7	-

1/ Including the amounts of provisions and write-offs during the period for loans including accrued interest receivable of interbank and money market items

2/ Excluding investments in receivables

3/ Reserves for expected credit losses

4/ Total amount will be disclosed

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 14: Outstanding amounts of loans including accrued interest receivable before credit risk mitigation classified by type of business and asset classifications

Unit: Million Baht

31-Dec-24

Type of business	With an insignificant increase in credit risk	With a significant change in credit risk	Credit-impaired	Purchased and originated credit-impaired	Total
1. Agriculture and mining	-	-	-	-	-
2. Manufacturing and Commerce	25,387	306	448	-	26,141
3. Real estate business and construction	37	47	-	-	84
4. Public utility and Service	3,446	1,394	-	-	4,840
5. Others	26,705	75	-	-	26,780
Total	55,575	1,822	448	-	57,845

Unit: Million Baht

31-Dec-23

Type of business	With an insignificant increase in credit risk	With a significant change in credit risk	Credit-impaired	Purchased and originated credit-impaired	Total
1. Agriculture and mining	377	-	-	-	377
2. Manufacturing and Commerce	25,934	194	-	-	26,128
3. Real estate business and construction	430	41	-	-	471
4. Public utility and Service	4,201	572	-	-	4,773
5. Others	40,070	150	-	-	40,220
Total	71,012	957	-	-	71,969

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 15: General provisions and specific provisions and write-offs during the period for loans and accrued interest receivable classified by business of debtors

Unit: Million Baht

31-Dec-24

Type of business	Provisions 1/ for exposures under the SA		Provisions 1/ for exposures under the IRB	Write-offs during the period
	General provisions 2/	Specific provisions		
1. Agriculture and mining		-	-	-
2. Manufacturing and commerce		-	452	-
3. Real estate business and construction		-	1	-
4. Public utility and Service		1	236	-
5. Others		-	1	-
Total	-	1	690	-

Unit: Million Baht

31-Dec-23

Type of business	Provisions 1/ for exposures under the SA		Provisions 1/ for exposures under the IRB	Write-offs during the period
	General provisions 2/	Specific provisions		
1. Agriculture and mining		-	-	-
2. Manufacturing and commerce		-	4	-
3. Real estate business and construction		-	-	-
4. Public utility and Service		2	47	-
5. Others		-	1	-
Total	200	2	52	-

1/ Reserves for expected credit losses

2/ Total amount of the provisions will be disclosed

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 16: Reconciliation of changes in available provisions (General provisions and specific provisions) for loans including accrued interest receivable

Unit: Million Baht

31-Dec-24

Item	Provisions 1/ for exposures under the SA		Provisions 1/ for exposures under the IRB	Total
	General provisions	Specific provisions		
Provisions at the beginning of the period	200	2	52	254
Increases or decreases in provisions during the period 2/	(200)	(1)	638	437
Write-offs during the period		-	-	-
Provisions at the end of the period	-	1	690	691

Unit: Million Baht

31-Dec-23

Item	Provisions 1/ for exposures under the SA		Provisions 1/ for exposures under the IRB	Total
	General provisions	Specific provisions		
Provisions at the beginning of the period	200	5	82	287
Increases or decreases in provisions during the period 2/	-	(3)	(30)	(33)
Write-offs during the period		-	-	-
Provisions at the end of the period	200	2	52	254

1/ Reserves for expected credit losses

2/ Excluding expected credit losses of financial instruments designated at fair value through other comprehensive income

The Bank's provision as of 31 December 2024 is THB 691 million (2023: THB 254 million) increased by THB 437 million mainly for the Expected Credit Loss (ECL) for loan downgrading.

6.8 Internal Ratings Based Approach to Credit Risk

The Bank uses the AIRB approach to measure credit risk for majority of its portfolios. This allows the Bank to use its own internal estimates of Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") to determine an asset risk-weighting. As at end of 31 Dec 2024, the IRB models cover 94 per cent of the Bank's credit risk RWA (2023: 93 per cent).

PD is the likelihood that an obligor will default on an obligation within 12 months. The Bank utilising the IRB approach must assign an internal PD to all borrowers. EAD is the expected amount of exposure to a particular facility at the point of default. It is modelled based on historical experience to determine the amount that is expected to be further drawn down from the undrawn portion in a committed facility. LGD is the percentage of EAD that a lender expects to lose in the event of obligor

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

default. EAD and LGD are measured based on expectation in economic downturn periods if these are more conservative than the long-run average.

All assets under the IRB approach have sophisticated PD, LGD and EAD models developed to support the credit decision making process. RWA under the AIRB approach is determined by regulatory specified formulae dependent on the Bank's estimates PD, LGD, EAD, and residual maturity. The development, usage and governance of models under the IRB approach is covered in more detail in section 6.11 Internal Ratings Based models.

Table 17: Outstanding amounts of on-balance sheet assets and credit equivalent amounts of off-balance sheet items (net of specific provisions) classified by type of assets under the IRB

Unit: Million Baht

Type of asset	31-Dec-24			31-Dec-23		
	On-balance sheet asset	Off-balance sheet items*	Total	On-balance sheet asset	Off-balance sheet items*	Total
1. Non-defaulted assets						
1.1 Claims on sovereigns, banks, and corporate	94,900	86,091	180,991	110,932	66,862	176,794
1.2 Claims on retail portfolios						
1.2.1 Residential mortgage exposures	-	-	-	-	-	-
1.2.2 Qualifying revolving retail exposures	-	-	-	-	-	-
1.2.3 Other claims on retail portfolios	-	-	-	-	-	-
1.3 Equity exposures	15	-	15	15	-	15
1.4 Other assets	28,818	-	28,818	24,110	-	24,110
2. Defaulted assets	710	852	1,562	-	458	458
3. First-to-default credit derivatives and Securitisation	-	-	-	-	-	-
Total	124,443	86,943	211,386	135,057	66,320	201,377

* Including Repo and Reverse Repo transactions

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 18: Undrawn Lines after Multiplying by CCF and Exposure-weighted-average EAD for Credit Risk under the AIRB Approach Classified by Type of Asset

Unit: Million Baht

Type of asset	31-Dec-24		31-Dec-23	
	Undrawn lines multiplied by CCF	Exposure-weighted average EAD	Undrawn lines multiplied by CCF	Exposure-weighted average EAD
Sovereigns, bank and corporate exposures	11,511	24.05%	11,510	22.39%
Equity exposures under the PD/LGD method	-	-	-	-
Total	11,511	24.05%	11,510	22.39%

6.9 Standardised Approach to Credit Risk

The Standardised Approach is applied to portfolios that are exempted from the IRB approach, and those portfolios for which an IRB approach has yet to be developed, for instance due to insufficient data availability. The portfolio that is applied for Standardised Approach currently is Receivable Services.

The Standardised Approach measures credit risk pursuant to fixed risk weights and is the least sophisticated of the capital requirement calculation methodologies under Basel III. The risk weight applied under the Standardised Approach is given by the BOT and is based on the asset class to which the exposure is assigned.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 19: Outstanding amounts of on-balance sheet assets and credit equivalent amounts of off-balance sheet items (net of specific provisions) classified by type of assets under the SA

Unit: Million Baht

Type of asset	31-Dec-24			31-Dec-23		
	On-balance sheet asset	Off-balance sheet items*	Total	On-balance sheet asset	Off-balance sheet items*	Total
1. Performing claims						
1.1 Claims on sovereigns and central banks ^{1/}	-	291	291	-	350	350
1.2 Claims on banks and securities companies ^{2/}	-	-	-	-	-	-
1.3 Claims on corporate ^{3/}	4,889	408	5,297	4,517	545	5,062
1.4 Claims on retail portfolios	-	-	-	-	-	-
1.5 Residential mortgage exposures	-	-	-	-	-	-
1.6 Other assets	-	-	-	-	-	-
2. Non-performing claims^{4/}	-	-	-	-	-	-
3. First-to-default credit derivatives and Securitisation	-	-	-	-	-	-
Total	4,889	699	5,588	4,517	895	5,412

* Including Repo and Reverse Repo transactions

^{1/} Including Claims on Multilateral development banks (MDBs), Provincial administrations, government entities and state enterprises (PSEs) using the same risk weight as Claims on Sovereigns and Central Bank

^{2/} Including Claims on Provincial administrations, government entities and state enterprises (PSEs) using the same risk weight as Claims on Financial Institutions

^{3/} Including Claims on Provincial administrations, government entities and state enterprises (PSEs) using the same risk weight as Claims on Corporate

^{4/} Risk-weight (%) for unsecured portion is based on its provision reserved.

6.10 Credit Risk Mitigation

The Bank also set out standards for the eligibility, enforceability and effectiveness of Credit Risk mitigation arrangements. Potential credit losses from a given account, client or portfolio are mitigated using a range of tools i.e. collateral, netting agreements, credit insurance, credit derivatives and guarantees. The reliance that can be placed on this mitigation is carefully assessed in light of issues such as legal certainty and enforceability, market valuation, correlation and credit risk of the guarantor. The presence of credit risk mitigation is however not a substitute for the ability to pay, which is the primary consideration for any credit decisions.

Collateral is held to mitigate credit risk exposure and risk mitigation policies determine the eligibility of collateral types. Potential concentration risk from the use of financial collaterals, guarantee and credit derivatives is managed through the credit monitoring process.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

6.11 Internal Rating Based Models

Model Governance

The AIRB models used by the Bank calculate a conservative Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), as borne out by the model performance data contained in this section. The product of this is a conservative view of Regulatory Expected Loss (EL), which is considered necessary for the prudent calculation of regulatory capital.

Models are centrally managed by Standard Chartered Bank Group. All IRB models are developed by Enterprise Risk Analytics (ERA). Both new and existing models, as well as changes to the existing models, are subject to independent validation by Group Model Validation (GMV) and are reviewed and approved by Group Credit Model Assessment Committee (CMAC) and Group Model Risk Committee (MRC) based on materiality. ERA and GMV are separate departments within Group Risk. The Model Risk Policy and Governance team (MRPG) was established to provide ongoing assessment and independent oversight of model risk management.

The Bank leverage models developed by Standard Chartered Bank Group by having the Model Assessment Committee (MAC) as appointed by ERC to review and approve any risk models for use in-country to ensure full compliance with local regulatory requirements. The performance of existing IRB models, including actual against predicted metrics, which are monitored regularly by ERA are reported to local MAC on a quarterly basis while the annual model validation reports conducted by GMV are reported to MAC on an annual basis. The ERC is updated on the status and performance of IRB models via MAC meeting minutes. An annual self-assessment of IRB models' regulatory compliance is carried out as part of the Senior Management Function attestation.

Probability of Default

PDs are estimated based on one of 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 no 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.

CIB portfolio is rated based on the shadow bond approach (Sovereigns, Large Corporates) or the good-bad approach (Banks, Mid Corporates). Central governments and central banks are rated using the Sovereign model. Non-bank financial institutions are rated using one of six constrained expert judgement models depending on their line of business. Corporate clients are differentiated by their annual sales turnover and rated using one of the corporate models unless they are commodity traders (for which a separate model has been developed) or are classified under Specialised Lending and Supply Chain Finance.

Within CIB, each client is assigned a credit grade, regardless of whether the client is under standardized or IRB capital estimate method, and exposures to each client or client group are aggregated consistently with the regulatory Large Exposure requirements.

CIB PD models are calibrated following a through-the-cycle rating philosophy based on historical data that includes a full economic cycle.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Corporate and Institutional Banking Internal Rating 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 SCB 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.

Estimated PD are computed as of 1 January 2024 and are compared with default observations through 31 December 2024.

The historical default experience for institutions, central government or central bank is minimal, so the predicted PD for these asset classes reflects a particularly low number of defaults (in table 26). For central government or central bank and institutions, there were no defaults during 2024. However, there were 2 defaults within the corporate asset class during 2024

Loss Given Default

CIB LGD model is a component-based model reflecting the bank's recovery and workout process, which takes into account risk drivers such as portfolio segment, jurisdiction, product, and collateral attached to the exposures. The model is calibrated based on downturn experience, if that is more conservative than the long run experience. Regulatory floors are applied to unsecured and fully secured facilities (except if secured by cash).

The calculation of realised versus predicted LGD is affected by the fact that it may takes a number of years for the workout process to complete. As such, an observed recovery value cannot be assigned to the majority of the 2024 defaults, making it not meaningful to compare realised versus predicted outcomes in a manner similar to that for PD and EAD.

For CIB, SCBT has adopted an approach based on a four-year rolling period of predicted and realised LGD, which for the current reporting year includes 2021 to 2024 defaults that have completed their workout process as at the end of 2024. 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.

Under this approach, realised LGD values for corporates are lower than the predicted LGD. This is explained by the regulatory guidance to calibrate LGD models to downturn conditions. There were no defaults in the previous four years for central government and central Bank.

EAD model

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. EAD model for sovereign and CIB is determined by product but on a global basis and has adopted the momentum approach to estimate the CCF, with the type of facility and the level of utilisation being key drivers of CCF. The model is calibrated on the Bank's internal downturn experience and CCF is floored at 0 percent.

The comparison of realised versus predicted EAD is summarised in the ratio of EAD of assets that

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

defaulted in 2024 to the outstanding amount at time of default in table 26.

6.12 Risk Grade Profile

Exposures by Internal Credit Grading

For CIB IRB portfolios, a standard alphanumeric credit risk-grading system is used. The grading is based on Standard Chartered Bank Group and the Bank's internal estimate of probability of default over a one-year horizon, with customers or portfolios assessed against a range of quantitative and qualitative factors from credit risk models.

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 Grade 1 to 12 are assigned to performing customers and credit grades 13 and 14 are assigned to non-performing or defaulted customers. The internal credit grades 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. As an indicative guide for reference the mapping below presents Standard Chartered Bank Group and the Bank's credit grades in relation to that of Standard and Poor's credit ratings.

SCB internal ratings	PD range (%)	Standard & Poor's external rating equivalent for corporates	Standard & Poor's external rating equivalent for banks	Standard & Poor's external rating equivalent for sovereigns
1A	0.000 - 0.015	AAA/AA+	AAA/AA+	AAA
1B	0.016 - 0.025	AA	AA/AA-	AA+
2A	0.026 - 0.035	AA-	A+	AA/AA-
2B	0.036 - 0.045	A+	A	A+
3A	0.046 - 0.060	A/A-	A-	A
3B	0.061 - 0.083	BBB+	BBB+/BBB	A-
4A	0.084 - 0.110	BBB+/BBB	BBB/BBB-	BBB+/BBB
4B	0.111 - 0.170	BBB	BBB-	BBB/BBB-
5A	0.171 - 0.300	BBB-	BB+	BBB-
5B	0.301 - 0.425	BBB-/BB+	BB+/BB	BB+
6A	0.426 - 0.585	BB	BB	BB+/BB
6B	0.586 - 0.770	BB/BB-	BB/BB-	BB
7A	0.771 - 1.020	BB-	BB-	BB/BB-
7B	1.021 - 1.350	BB-/B+	B+	BB-
8A	1.351 - 1.750	B+	B+/B	BB-/B+
8B	1.751 - 2.350	B+	B	B+
9A	2.351 - 3.050	B	B	B
9B	3.051 - 4.000	B/B-	B/B-	B
10A	4.001 - 5.300	B-	B-	B/B-
10B	5.301 - 7.000	B-	B-/CCC+ to C	B-
11A	7.001 - 9.200	B-	CCC+ to C	B-
11B	9.201 - 12.000	B-/CCC+	CCC+ to C	B-
11C	12.001 - 15.750	CCC+	CCC+ to C	B-/CCC+
12A	15.751 - 21.000	CCC+	CCC+ to C	CCC+
12B	21.001 - 28.500	CCC+/CCC to C	CCC+ to C	CCC+
12C	28.501 - 99.999	CCC to C	CCC+ to C	CCC to C

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

SCB internal ratings	PD range (%)	Standard & Poor's external rating equivalent for corporates	Standard & Poor's external rating equivalent for banks	Standard & Poor's external rating equivalent for sovereigns
13	100	N/A	N/A	N/A
14	100	N/A	N/A	N/A
Unrated		N/A	N/A	N/A

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

The Bank makes use of internal risk estimates of PD, LGD, Expected Loss (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 a combination of PD, EL and tenor of the obligor with reference to the nominal exposure;
- Pricing – In CIB, a pre-deal pricing calculator is used which takes into consideration PD, LGD and EAD in the calculation of expected loss and risk-weighted assets and for the proposed transactions to ensure appropriate returns;
- Limit Setting – In CIB, single name concentration limits are determined by PD and EAD. The limits operate on a sliding scale to ensure that the Bank does not have over concentration of low credit quality assets;

The following table sets out analysis of EAD, PD and LGD within the AIRB portfolios by internal credit grading. EAD has been calculated after taking into account the impact of credit risk mitigation. Where exposure is guaranteed or covered by credit derivatives, exposure is shown against the asset class of the guarantor or derivative counterparty.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 20: Credit Risk Assessment under the AIRB Approach for Sovereign, Bank and Corporate Exposures and Equity Exposures under the PD/LGD Approach Classified by Rating Grade*

Type of asset		31-Dec-24			31-Dec-23		
		Sovereign, bank and corporate exposures*	Equity exposures under PD/LGD approach	Total	Sovereign, bank and corporate exposures*	Equity exposures under PD/LGD approach	Total
Grade 1 - 4	EAD ^{1/} (Million Baht)	121,118	-	112,118	104,819	-	104,819
	⊙ PD ^{2/} (%)	0.06%	-	-	0.07%	-	-
	⊙ RW ^{3/} (%)	12.20%	-	-	11.17%	-	-
	⊙ LGD ^{4/} (%)	30.97%	-	-	30.35%	-	-
Grade 5 - 8	EAD ^{1/} (Million Baht)	61,239	-	61,239	72,726	-	72,726
	⊙ PD ^{2/} (%)	0.51%	-	-	0.39%	-	-
	⊙ RW ^{3/} (%)	30.30%	-	-	26.57%	-	-
	⊙ LGD ^{4/} (%)	25.52%	-	-	24.81%	-	-
Grade 9 -12	EAD ^{1/} (Million Baht)	1,409	-	1,409	1,977	-	1,977
	⊙ PD ^{2/} (%)	4.35%	-	-	12.32%	-	-
	⊙ RW ^{3/} (%)	86.83%	-	-	88.09%	-	-
	⊙ LGD ^{4/} (%)	24.55%	-	-	20.99%	-	-
Grade 13 - 14 (Default)	EAD ^{1/} (Million Baht)	2,425	-	2,425	558	-	558
	⊙ PD ^{2/} (%)	100.00%	-	-	100.00%	-	-
	⊙ RW ^{3/} (%)	202.09%	-	-	22.51%	-	-
	⊙ LGD ^{4/} (%)	38.36%	-	-	10.73%	-	-

* A number of grades is an example. FIs shall disclose the number of grades as appropriate in order for users to recognise the difference of credit risk levels.

** Including purchased receivables

^{1/} Outstanding of on-balance sheet assets and off-balance sheet items after multiplying by CCF and after CRM

^{2/} ⊙ PD is the EAD-weighted average PD for each rating grade (For purchased receivables, FIs shall report only PD of default risk)

^{3/} ⊙ RW is the EAD-weighted average risk weights for each rating grade

^{4/} ⊙ LGD is the EAD-weighted average LGD for each rating grade (only for FIs that use the AIRB approach)

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 21: Part of Outstanding that is Secured by Collateral under the AIRB Approach Classified by Type of Asset and Collateral**

Unit: Million Baht

Type of asset	31-Dec-24			31-Dec-23		
	Eligible financial collateral ^{1/}	Other collateral ^{2/}	Guarantee and credit derivatives	Eligible financial collateral ^{1/}	Other collateral ^{2/}	Guarantee and credit derivatives
1. Non-defaulted assets						
1.1 Claims on sovereigns, banks, and corporate	21,597	147	7,568	35,725	1,260	6,552
1.2 Claims on retail portfolios						
1.2.1 Residential mortgage exposures	-	-	-	-	-	-
1.2.2 Qualifying revolving retail exposures	-	-	-	-	-	-
1.2.3 Other claims on retail portfolios	-	-	-	-	-	-
1.3 Equity exposures	-	-	-	-	-	-
1.4 Other assets	-	-	-	-	-	-
2. Defaulted assets	1,508	-	-	1,052	-	-
Total	23,105	147	7,568	36,777	1,260	6,552

** Values after netting of on-balance sheets and off-balance sheets

^{1/} Eligible financial collateral that the Bank of Thailand allows to use for risk mitigation

^{2/} Other collaterals that the Bank of Thailand allows to use for risk mitigation

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 22: Outstanding of On-Balance Sheet Assets and Off-Balance Sheet Items* after Credit Risk Mitigation for each Type of Assets Classified by Risk Weight under the SA Approach

Unit: Million Baht
31-Dec-24

Type of Asset	Rated outstanding					Unrated outstanding										
Risk Weight (%)	0	20	50	100	150	0	20	35	50	75	100	150	625	937.5	100/8.5%	
Non-Default exposures																
1. Claims on sovereigns and central bank ^{1/}	291	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Claims on financial institutions and securities companies ^{2/}	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Claims on corporate ^{3/}	-	-	-	691	-	-	-	-	-	-	1,862	-	-	-	-	
4. Claims on retail portfolios	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5. Claims on residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6. Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Risk Weight (%)			50	100	150					75	100					
Default exposures ^{4/}	-	-	-	-	-	-	-	-	-	0*	-	-	-	-	-	
Deducted Items																
Nil																

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Unit: Million Baht
31-Dec-23

Type of Asset	Rated outstanding					Unrated outstanding										
Risk Weight (%)	0	20	50	100	150	0	20	35	50	75	100	150	625	937.5	100/8.5%	
Non-Default exposures																
1. Claims on sovereigns and central bank ^{1/}	350	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Claims on financial institutions and securities companies ^{2/}	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Claims on corporate ^{3/}	-	-	-	1,235	-	-	-	-	-	-	1,192	-	-	-	-	
4. Claims on retail portfolios	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5. Claims on residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6. Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Risk Weight (%)			50	100	150					75	100					
Default exposures ^{4/}	-	-	-	-	-	-	-	-	-	0*	-	-	-	-	-	
Deducted Items																
Nil																

* After applying credit conversion factor

^{1/} Including Claims on Multilateral development banks (MDBs), Provincial administrations, government entities and state enterprises (PSEs) using the same risk weight as Claims on Sovereigns and Central Bank^{2/} Including Claims on Provincial administrations, government entities and state enterprises (PSEs) using the same risk weight as Claims on Financial Institutions^{3/} Including Claims on Provincial administrations, government entities and state enterprises (PSEs) using the same risk weight as Claims on Corporate^{4/} RW(%) of part of Outstanding that is not secured by CRM

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Table 23: Part of Outstanding that is Secured by Collateral* under the SA Approach Classified by Type of Asset and Collateral

Unit: Million Baht

Type of asset	31-Dec-24		31-Dec-23	
	Eligible financial collateral ^{1/}	Guarantee and credit derivatives	Eligible financial collateral ^{1/}	Guarantee and credit derivatives
1. Non-defaulted assets				
1.1 Claims on sovereigns and central banks ^{2/}	-	-	-	-
1.2 Claims on banks and securities companies ^{3/}	-	-	-	-
1.3 Claims on corporate ^{4/}	38	2,707	-	2,635
1.4 Claims on retail portfolios	-	-	-	-
1.5 Residential mortgage exposures	-	-	-	-
1.6 Other assets	-	-	-	-
2. Defaulted assets	-	-	-	-
Total	38	2,707	-	2,635

* Values after netting of on-balance sheets and off-balance sheets

^{1/} Eligible financial collateral that the Bank of Thailand allows to use for risk mitigation

^{2/} Including Claims on Multilateral development banks (MDBs), Provincial administrations, government entities and state enterprises (PSEs) using the same risk weight as Claims on Sovereigns and Central Bank

^{3/} Including Claims on Provincial administrations, government entities and state enterprises (PSEs) using the same risk weight as Claims on Financial Institutions

^{4/} Including Claims on Provincial administrations, government entities and state enterprises (PSEs) using the same risk weight as Claims on Corporate

Regulatory Expected Loss versus Individual Impairment Charges

The table 24 and 25 below show actual loss and regulatory expected loss as at 31 December 2024 for the AIRB exposure classes. Regulatory expected loss is based on a through-the-cycle methodology using risk parameters and observations over a period of time. It is a conservative and appropriately prudent calculation underpinning regulatory capital requirements, but:

- does not take account of any benefit from management actions to reduce exposures to riskier customers, clients or segments as conditions deteriorate.
- does not take account of any diversification benefit; and
- is calculated in accordance with rules which enforce a certain level of conservatism.

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. The actual loss is higher than the expected loss due to loans downgrading in 2024. It should be noted that the Expected Loss shown in table 25 was computed as of 31 December 2023 as per regulatory requirement. The actual loss is the provision balances on the balance sheet that are recognized where there is objective evidence of a loss or per regulatory requirement.

Standard Chartered Bank (Thai) PCL
Pillar 3 Disclosures
31 December 2024

Table 24: Actual Losses under the AIRB Approach Classified by Type of Assets

Unit: Million Baht			
Type of asset	Actual losses		Change
	31-Dec-24	31-Dec-23	
Claim on sovereign, banks and corporate	926	186	740
Equity exposures	-	-	-
Retail exposures	-	-	-
Total	926	186	740

Table 25: Estimates of Losses Comparing to Actual Losses

Unit: Million Baht				
Type of asset	31-Dec-23	31-Dec-24	31-Dec-22	31-Dec-23
	Expected loss	Actual loss	Expected loss	Actual loss
Claim on sovereign, banks and corporate	244	926	241	186
Equity exposures	-	-	-	-
Retail exposures	-	-	-	-
Total	244	926	241	186

The Actual Loss of corporate exposures as of December 2024 of THB 926 million was increased from December 2023 amount of THB 740 million primarily due to loans downgrading and transfer general provision to be specific customer.

Table 26: Estimates of PD, LGD and EAD compare with actual

Asset Class	31-Dec-24					
	Predicted PD% (EAD Weighted)	Actual PD% (EAD Weighted)	Predicted LGD% (EAD Weighted)	Actual LGD %	Predicted EAD (Million Baht)	Actual EAD (Million Baht)
Claim on sovereign, banks and corporate	0.63%	0.44%	N/A**	N/A**	768	865
Equity exposures	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-
Total	0.63%	0.44%	N/A**	N/A**	768	865

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Asset Class	31-Dec-23					
	Predicted PD% (EAD Weighted)	Actual PD% (EAD Weighted)	Predicted LGD% (EAD Weighted)	Actual LGD %	Predicted EAD (Million Baht)	Actual EAD (Million Baht)
Claim on sovereign, banks and corporate	0.70%	0.16%	51.33%	9.86%	306	180
Equity exposures	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-
Total	0.70%	0.16%	51.33%	9.86%	306	180

** There are no defaulted clients that got resolved in last 4 years, and hence no numbers for predicted/actual LGD.

7. Traded Risk

The Traded Risk Type Framework (TRTF) brings together all risk sub-types exhibiting risk features common to Traded Risk. These risk sub-types include Market Risk and Counterparty Credit Risk. Traded Risk Management (TRM) is the core risk management function supporting market-facing businesses, specifically Financial Markets and Treasury.

7.1 Market risk

Market risk is the potential for loss of earnings or economic value due to adverse changes in financial market prices or rates. The Bank's exposure to market risk arises predominantly from providing clients access to financial markets, facilitation of which entails the Bank's taking moderate market risk positions. Market risk also arises in the non-trading book ("banking book") from the requirement to hold a large liquidity assets buffer of higher quality liquid debt securities. The objective of the Bank's market risk policies and processes is to achieve the optimal balance of risk and return while meeting customers' requirements.

The Bank undertakes transactions in the money market, foreign exchange markets and capital markets giving rise to market risk exposures. Other financial instruments undertaken include debt and other securities and certain financial derivative instruments. Derivative instruments are contracts whose characteristics and value are derived from underlying financial instruments, interest rates, exchange rates, or indices. They include futures, forwards, swaps, and options transactions in the foreign exchange and interest rate markets. Derivative contracts entered into by the Bank are primarily over-the-counter derivatives.

The Bank has established market risk management framework that covers limit setting, monitoring and reporting and control procedures, which are reviewed regularly by the relevant committees, Executive Risk Committees and the Board. Market risk limits are proposed by the business within the terms of agreed policy. Risk officers and relevant committees review and approve the limits within delegated authorities and monitor exposures against these limits. Risks are monitored against limits on a daily basis.

The primary categories of market risk for the Bank are:

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

- Interest Rate Risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options;
- Currency Exchange Rate Risk: arising from changes in exchange rates and implied volatilities on foreign exchange options; and
- Commodity Price Risk: arising from changes in commodity prices and commodity option implied volatilities; covering energy, precious metals, base metals and agricultural. For this category of market risk, the Bank is fully hedged through a back-to-back position.

The BOT specifies minimum capital requirements against market risk in the trading book. Interest rate risk in the non-trading book (“banking book”) is covered separately under the Pillar 2 framework. The minimum regulatory market risk capital requirements for the trading book are presented below.

Table 27: Minimum Capital Requirement for each Type of Market Risk under the SA Approach

Unit: Million Baht

Type of Risk	31-Dec-24	30-Jun-24
Interest Rate Risk	1,513	1,522
Equity Position Risk	-	-
Foreign Exchange Rate Risk	149	277
Commodity Risk	-	-
Total Minimum Capital Requirements	1,662	1,799

The Bank is required to have THB 1,662 million total capitals against Market Risk. Comparing with June 2024, the decrease of THB 137 million mainly due to lower of FX exposures category.

7.2 Counterparty Credit Risk

Counterparty credit risk (“CCR”) is the risk that the Bank’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 Bank 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. CCR is managed within the overall credit risk appetite for CIB.

The Bank seeks 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 is specified in the legal document and is typically cash or highly liquid securities.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

The Bank further reduces its credit exposures to counterparties by entering into contractual netting agreements which result in a single amount owed by or to the counterparty through netting the sum of the positive (amounts owed by the counterparty) and negative (amounts owed by the Bank) mark-to-market (“MTM”) values of these transactions.

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

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 Bank, the driver of this MTM change also reduces the ability of the counterparty to meet its payment, margin call or collateral posting requirements. The Bank employs various policies and procedures to ensure that wrong way risk exposures are recognised upfront and monitored.

Exposure value calculation

Exposure values for regulatory capital requirement purposes on over-the-counter traded products are calculated according to the CCR current exposure method. This is calculated as the sum of the current replacement cost and the potential future credit exposure.

The current replacement cost is the USD equivalent amount owed by the counterparty to the Bank 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 according to tenor and underlying assets class of each trade. In the past, the exposures values were based on peak 97.5th percentile of the exposure distribution (PFE@97.5%). From 18 Oct 2020, the measurement has changed to be based on PFE@75% which is described as the Derivatives Loan Equivalent measure (‘DLE’). The majority of SCB’s counterparty portfolio have a peak of 75th percentile of exposure distribution which is reasonably close to the loan equivalent exposures. This measure allows for easier comparison of the risk arising from loans and derivatives. It also enables for the aggregation of counterparty across the trading and banking book.

8. Operational and Technology Risk

The Bank defines Operational and Technology risk as the potential for loss from inadequate or failed internal processes, technology events, human error, or from the impact of external events (including legal risks).

The Bank includes Third Party Risk as a sub risk under Operational and Technology Risk. The Bank defines Third Party Risk as the potential for loss or adverse impact due to the failure to manage the onboarding, lifecycle and exit strategy of a third party. The Bank has set out Third Party Risk Management Policy with minimum controls’ requirements for the identification, mitigation and management of risks arising from the use of Third Parties.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Risk Appetite Statement

The Bank aims to control operational and technology risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to its or the Group's franchise.

Roles and responsibilities

The management of Operational and Technology risk is a challenge due to its broad scope as operational and technology risks arise from all activities carried out within the Bank. To address this challenge, we map risks across the Bank at a process level with controls installed to mitigate these risks.

The Operational and Technology Risk Type Framework (O&T RTF) reinforces clear accountability for managing risk throughout the Bank and delegates second line of defence responsibilities to identified subject matter experts. For each risk subtype under the O&T RTF, the subject matter expert sets policies for the organisation to comply with, and provides guidance, oversight, and challenge over the activities of the Bank. They ensure that key risk decisions are only taken by individuals with the requisite skills, judgement, and perspective to ensure that the Bank's risk-return objectives are met.

Risk and Control Self-Assessment (RCSA)

Non-financial risks are managed through RCSA which are used to determine the design strength and reliability of the Bank's processes. The RCSA provides a complete, accurate and forward-looking profile of the material risks the Bank is exposed to. Risk identification and assessment are dynamic and continuous; based on appropriate internal and external data inputs which may include: external and internal events, risk appetite metrics and risk indicator data, outputs of control assessment, emerging risks and relevant regulations as well as the process universe.

Identified material risks have key controls to maintain these risks within acceptable levels. Design of key controls are reassessed especially where things have changed.

A regular and robust process is in place for monitoring the effectiveness of key controls (through Key Control Indicators and Control Sample Testing), and exposure to material risks.

The RCSA aids identification of Elevated Residual Risks, followed by remediation actions.

Governance committee oversight

The Board oversees the effective management of Operational and Technology risk. At the executive level, the Executive Risk Committee (ERC) monitors the Bank's Operational and Technology risk appetite and oversee the Bank's Operational and Technology risk profile. The ERC has the authority to challenge, constrain and, if required, stop business activities where risks are not aligned with the Bank's Operational and Technology risk Appetite. Business and function risk forums also provide oversight of their respective processes and related Operational and Technology risks.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Monitoring

To deliver services to clients and to participate in the financial services sector, the Bank runs processes which are exposed to Operational and Technology risks. The Bank prioritises and manages risks which are significant to clients and to the financial services sectors. The control indicators are regularly monitored to determine the residual risk the Bank is exposed to. The residual risk assessments and reporting of events form the Bank's Operational and Technology Risk profile. The completeness of the Operational and Technology risk profile ensures appropriate prioritisation and timeliness of risk decisions, including risk acceptances with treatment plans for risks that exceed acceptable thresholds.

The Board is informed on adherence to Operational and Technology Risk Appetite through metrics reported. These metrics are monitored, and escalation thresholds are devised based on the materiality and significance of the risk. These Operational and Technology Risk Appetite metrics are consolidated on a regular basis and reported at the Executive Risk Committee. This provides senior management with the relevant information to inform their risk decisions.

Stress Testing

As part of our operational and technology risk management approach, we conduct stress testing under the Internal Capital Adequacy Assessment Process (ICAAP). This exercise determines operational and technology risk loss under the stress scenario to ensure that the Bank has adequate operational risk capital under stress.

9. Equity Exposure in the Non-Trading Book (Banking Book)

The holdings of non-trading book (banking book) equities are considered immaterial. As of 31 December 2024, the Banks equity exposure in non-trading book (banking book) are as below:

Table 28: Equity Exposure in Non-Trading Book (Banking Book)

Unit: Million Baht		
Equity exposure	31-Dec-24	31-Dec-23
1. Equity exposures		
1.1 Equity securities listed and publicly traded on a stock exchange (domestic and foreign securities)		
1.2. Other equity securities (domestic and foreign securities)	15	15
2. Gains (losses) from sales of equity securities during the period	-	-
3. Revaluation surplus (deficit) of investments in equity securities designated at fair value through other comprehensive income	(8)	(7)
4. Minimum capital requirements for equity exposures classified by the calculation methods		
- SA	1	1
- IRB	-	-
5. Equity exposures for the IRB reporting bank permitted by the Bank of Thailand to use the SA	-	-

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

10. Interest Rate Risk in the Non-trading Book (Banking Book)

The Bank defines Interest Rate Risk in the Banking Book ('IRRBB') as the potential for loss of future earnings or economic value following adverse movements in interest rates, which arises from a mismatch in the re-pricing profile of assets, liabilities, and off-balance sheet items in the banking book.

Risk Control and Governance

Treasury is responsible for monitoring IRRBB through the Treasury Risk Type Framework, policies and standards, subject to independent oversight and challenge from Risk and Internal Audit. The Board delegates the management of IRRBB to the Country Asset & Liability Committee (ALCO), which provides oversight of the Bank's IRRBB as per the Risk Type Framework.

IRRBB models and methodologies are defined by the Treasury function, independently validated and approved by the Risk function. IRRBB modelling assumptions are reviewed by ALCOs in line with the Bank's IRRBB Standards.

The Bank uses Funds Transfer Pricing (FTP) to transfer re-pricing risk from the business to Treasury, including that arising from structural positions such as the investment of equity and non-maturity deposit balances. For non-maturity deposits (NMDs), the assumed duration is dependent on the portion that can be considered stable and the degree to which these balances are considered price sensitive.

Other re-pricing risks transferred to Treasury are managed on an integrated basis with a securities portfolio maintained for liquidity and investment management purposes. Re-pricing risk arising within Treasury is managed using a combination of on-balance sheet short and long tenor securities. These interest rate risk positions are reported to ALCO on monthly/quarterly basis.

Key Risk Measures

The Bank uses two key metrics for measuring IRRBB: Net Interest Income ('NII') Sensitivity, an income measure which quantifies the potential change in projected net interest income over a one-year horizon from defined movements in interest rates; and Economic Value of Equity ('EVE'), a value measure which estimates the potential change in the present value of the Bank's Banking Book assets and liabilities from defined movements in interest rates. Both NII Sensitivity and EVE are monitored frequently in compliance with local regulatory requirements.

NII Sensitivity and EVE indicative stress tests are calculated under various interest rate scenarios, including parallel and non-parallel shifts and a range of internally designed scenarios. These are performed monthly to identify structural risks to Net Interest Income or the Economic Value of the Banking Book under adverse but plausible interest rate scenarios. Additionally, stress testing of IRRBB is covered as part of ICAAP. Stress testing of price risk on Fair Value instruments in the Banking Book is conducted by Traded Risk Management under the Traded Risk Framework.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

Key modelling and parametric assumptions

The Bank uses its Stable balance and Economic Life Models to determine the stable balance portion and economic life components of non-maturity deposits. The Bank uses statistical models to determine these stable balances at appropriate cohort granularity (example currency, product type, business segment etc.).

Pass-through rates for NMD deposits (defined as the portion of a market interest rate change that is expected to be passed to a customer) are reviewed and challenged by Treasury Chief Risk Office (TCRO) and approved by country ALCOs.

The non price sensitive stable portion of NMD deposits are assigned a longer behavioral repricing profile that is in line with market practice and approved by ALCOs in line with the Bank's IRRBB and Structural Hedging Standards.

A term deposit redemption rate is also applied across relevant product cohorts to reflect the potential early uplift of such products.

Net Interest Income Sensitivity

For regulatory NII sensitivities, the interest rate shocks are parallel 100bps applied for all currencies and across all yield curves.

The assessment assumes that the size and mix of the balance sheet remain constant and that there are no specific management actions in response to the changes in rates. No assumptions are made in relation to the impact on credit spreads in a changing rate environment. Significant modelling and behavioural assumptions are made regarding scenario simplification, market competition, pass-through rates, asset and liability repricing tenors and price flooring.

Economic Value of Equity Sensitivity

The regulatory EVE sensitivities have been calculated under the six standardised interest rate shock scenarios for measuring EVE.

For EVE, commercial margins and other spread components have been included in the modelled cashflows. The sensitivity represents a hypothetical impact to capital assuming a complete balance sheet run-off, assuming no new business. Balances are adjusted for assumed behavioural profiles, primarily non-maturity deposits, which reflect quantitative and qualitative assessments of the expected stability, rate sensitivity and run off of client balances under varying interest rate conditions.

Standard Chartered Bank (Thai) PCL
Pillar 3 Disclosures
31 December 2024

The impact of Interest Rate Change on Net Interest Income as at 31 December 2024 is shown in below table.

Table 29: Impact of Interest Rate Change on Net Interest Income

Unit: Million Baht

Currency	Impact of a 1% interest rate change on Net Interest Income	
	31 Dec 24	31 Dec 23
THB	(35)	201
USD	(275)	(228)
OTHER	(11)	22
Total Impact on Net Interest Income	(320)	(5)
% of anticipated net interest income for the next one year	(8.13)	(0.19)

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2024

11. Acronyms

AC	Approval Committee
AIRB	Advanced Internal Ratings Based
ALCO	Asset and Liability Management Committee
BOT	The Bank of Thailand
CCF	Credit Conversion Factor
CIB	Corporate & Investment Banking
CCR	Counterparty Credit Risk
CEO	Chief Executive Officer
CMAC	Credit Model Assessment Committee
CNFRG	Country Non-Financial Risk Committee
CG	Credit Risk Grade
CIC	Credit Issue Committee
COF	Cash Outflows
CRM	Credit Risk Mitigation
CCRO	Country Chief Risk Officer
CSA	Credit Support Annex
DLE	Derivatives Loan Equivalent
EAD	Exposure at Default
ECAI	External Credit Assessment Institutions
ECL	Expected Credit Loss
EL	Expected Loss
ERA	Enterprise Risk Analytics
ERC	Executive Risk Committee
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social and Governance and Reputational Risk, Compliance Risk
EVE	Economic Value of Equity
EXCO	Executive Committee
FTP	Fund Transfer Pricing
GMV	Group Model Validation
HQLA	High-Quality Liquid Asset
ICAAP	Internal Capital Adequacy Assessment Process
IPRE	Income – Producing Real Estate
IRB	Internal Ratings Based
IRRBB	Interest Rate Risk in the Banking Book
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MAC	Model Assessment Committee
MDBs	Multilateral Development Banks
MRC	Model Risk Committee
MRPG	Model Risk Policy and Governance
MTM	Mark to Market
NII	Net Interest Income
O&T RTF	Operational and Technology Risk Type Framework
PD	Probability of Default
PFE	Potential Future Exposure
PRTs	Principal Risk Types
PSEs	Non-central government Public Sector Entities
RCSA	Risk and Control Self-Assessment
RTF	Risk Type Framework
RW	Risk Weight

Standard Chartered Bank (Thai) PCL
Pillar 3 Disclosures
31 December 2024

RWA	Risk Weighted Assets
SA	Standardised Approach
SAG	Stressed Assets Group
SAR	Stressed Asset Risk
SCB Group	Standard Chartered Bank Group
SCBT	Standard Chartered Bank (Thai) PCL
SREP	Supervisory Review and Evaluation Process
TFRS7	Thai Financial Reporting Standard no.7
TFRS9	Thai Financial Reporting Standard no.9
TM	Treasury Markets
TRM	Traded Risk Management
TRTF	Traded Risk Type Framework