Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2019

Registered Office: 100 North Sathorn Road, Silom Bangkok, 10500, Thailand

Overview

During 2013, the Bank of Thailand ("BOT") published the notifications re. Disclosure of Capital Maintenance of Commercial Banks and Disclosure of Capital Maintenance of Commercial Banks under Consolidation which are based on "Basel III: A global regulatory framework for more resilient banks and banking systems" (Revised Version: June 2011) from the Basel Committee on Banking Supervision ("BCBS"). The objectives of these notifications (commonly referred to as "Basel III") are to strengthen capital rules with the goal of promoting a more resilient banking sector. The objective of the reforms is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2019

Contents

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2019

Table of Contents

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 Enterprise Risk Management Framework for the measurement of credit risk capital and under the notification, the Bank have been using AIRB approach for the credit risk capital calculation as regulatory capital since December 2009.

The Bank is also required to calculate a capital charge to cover market risk and operational risk for which the Bank applies the Standardised Approach.

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 cover 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 practices. According to the BOT notification, the Bank is required to disclose the data and information relative to risk profile, risk management and capital funds.

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 policy, the Pillar 3 disclosure will be published on the Standard Chartered Bank (Thai) PCL - website www.sc.com/th

The BOT has also set the frequency of disclosure on semi-annual basis and annual basis. Quantitative data of Capital Structure & Adequacy and Market risk will be disclosed on a semi-annual basis. Whereas, 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 (Solo basis) as at 31 December 2019 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)

3. 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.
- Forecast demand for capital to support credit ratings and as a signaling tool to the market
- Available supply of capital and capital raising options

The Asset and Liabilities Management Committee (“ALCO”) as appointed by Executive Committee (“EXCO”) is responsible for the management of capital and liquidity and the establishment of and compliance with policies relating to balance sheet management, including management of the Bank’s liquidity and capital adequacy.

3.1 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 2019, comparing with the position of the Bank as at 30 June 2019.

Table 1: Capital Structure

Unit: Million Baht

	The Bank	
	31-Dec-19	30-Jun-19
Tier 1 Capital		
Paid up share capital	14,837	14,837
Share premium account	9,056	9,056
Legal reserve	1,358	1,358
Net profit after appropriation	34	34
Accummulated other comprehensive income	179	34
Item of reserve arising from business combination under common control, shareholders' equity which shall be regarded as CET 1	-	-
Other adjustment items which not effected capital fund	120	60
Deductions from Common Equity Tier 1	(177)	(60)
Total Common Equity Tier 1 (CET1)	**25,407**	**25,319**
Additional Tier 1 (AT1)	-	-
Total Tier 1 Capital	**25,407**	**25,319**
Tier 2 Capital		
General Provision for normal/performing loans	64	73
Surplus of provision	258	272
Total Tier 2 Capital	**322**	**345**
Total Regulatory Capital	**25,729**	**25,664**

3.2 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.

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

Table 2: Reconciliation of Regulatory Capital to Financial Statement

Unit: Million Baht

As of 31 December 2019 **Assets**	Statement of Financial Position as in published financial statements	Statement of Financial Position as per Balance Sheet	References
Assets			
Cash	141	141	
Interbank and money market items, net	38,617	38,617	
Derivative assets	16,083	16,083	
Investments, net	48,045	48,045	
Investments in subsidiaries	-	-	
Loans to customers and accrued interest receivable, net			
Loans to customers	28,076	28,076	
Accrued interest receivable	85	85	
Total loans to customers and accrued interest Receivable	28,161	28,161	
Less allowance for doubtful accounts	(423)	(423)	
Total loans to customers and accrued interest receivable, net	27,738	27,738	
Customer's liability under acceptances	264	264	
Properties for sale, net	-	-	
Premises and equipment, net	239	239	
Intangible assets, net	177	177	G
Deferred tax assets	-	-	
Accounts receivable from sales of investments and debt securities in issue	1,614	1,614	
Collateral from Credit Support Annex agreements and margin receivables from private repo transactions	8,861	8,861	
Assets of disposal group classified as held for sales	36	36	
Other assets, net	563	563	
Total assets	**142,378**	**142,378**	

Unit: Million Baht

As of 31 December 2019 Liabilities	Statement of Financial Position as in published financial statements	Statement of Financial Position as per Balance Sheet	References
Liabilities			
Deposits	61,908	61,908	
Interbank and money market items	26,249	26,249	
Liabilities payable on demand	1,185	1,185	
Liabilities to deliver security	-	-	
Derivative liabilities	18,823	18,823	
Debt issued and borrowings	-	-	
Bank’s liability under acceptances	264	264	
Provisions	319	319	
Deferred tax liabilities	109	109	
Accounts payable from purchase of investments	54	54	
Collateral from Credit Support Annex agreements and margin payables from private repo transactions	3,621	3,621	
Accrued expenses	1,551	1,551	
Liabilities of disposal group classified as held for sales	-	-	
Other liabilities	940	940	
Total liabilities	**115,023**	**115,023**	

Unit: Million Baht

As of 31 December 2019 **Equity**	Statement of Financial Position as in published financial statements	Statement of Financial Position as per Balance Sheet	References
Equity			
Share capital			
Authorised share capital	14,843	14,843	
Issued and paid-up share capital	14,837	14,837	A
Premium on share capital	9,056	9,056	B
Other reserves			
Fair value change in available -for-sale investments	186	186	E
Cash flow hedges	(7)	(7)	F
Total other reserves	179	179	
Retained earnings			
Appropriated			
Legal reserve	1,447	1,447	C[/1]
Unappropriated			
Unappropriated retained earnings	1,690	1,690	
Net profit after appropriation	155	155	D
Actuarial gain (loss) on defined benefit plans	(9)	(9)	
Total Unappropriated	1,836	1,836	
Total shareholders' equity	**27,355**	**27,355**	
Non-controlling interest	-	-	
Total equity	**27,355**	**27,355**	
Total liabilities and equity	**142,378**	**142,378**	

Unit: Million Baht

Items	Component of regulatory capital reported by Bank	References base on Statement of Financial Position as per Balance Sheet
Common Equity Tier 1 Capital (CET1)		
Issued and paid-up share capital	14,837	A
Premium on share capital	9,056	B
Legal reserve	1,358	C[1]
Net profit after appropriation	34	D
Other reserves		
Fair value change in available -for-sale investments	186	E
Cash flow hedges	(7)	F
Other owner changes items	-	
Total CET1 capital before regulatory adjustments and deduction	25,464	
Regulatory adjustments on CET1		
Cash flow hedges	7	F
Debit Valuation Adjustment : DVA	113	
Regulatory deduction on CET1		
Intangible assets	(177)	G
Total Common Equity Tier 1 (CET1)	25,407	
Additional Tier 1 (AT1)	-	
Total Tier 1 capital	**25,407**	
Tier 2 Capital		
General Provision under SA	64	
Surplus of provision (Excess Provision)	258	
Total Tier 2 capital	**322**	
Total Regulatory capital	**25,729**	

[1/] The Bank will allocate 5% of the annual net profit of the year net with accumulated loss brought forward to the legal reserve until this fund attains an amount not less than 10% of the registered capital, as a result, the amount of Baht 89 million will be allocated from 2019 net profit and such balance will be appropriated to CET 1 Capital after the shareholder meeting approval.

3.3 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 2019 was 33.30%. CET1 Ratios was 32.88% and Tier 1 Capital Ratios was 32.88% which exceeded minimum requirements of the BOT.

Table 3: Capital Adequacy

Unit: Percent

	BOT Minimum Requirement [1/]	The Bank	
		31-Dec-19	30-Jun-19
Total capital funds to risk weighted assets	11.00	33.30	31.84
Common Equity Tier 1 capital funds to risk weighted assets	7.00	32.88	31.41
Tier 1 capital funds to risk weighted assets	8.50	32.88	31.41

[1/] Includeds capital conservation buffer as required by BOT commencing 1 January 2016.

3.4 Minimum Capital Requirement

The Bank maintains minimum capital in line with the BOT's requirement. Table 4 shows the breakdown of minimum capital requirement for Credit Risk, Market Risk and Operational risk of the Bank as at 31 December 2019.

Table 4: Minimum Capital Requirement for Credit Risk, Market Risk and Operational risk

Unit: Million Baht

Minimum Capital	The Bank	
	31-Dec-19	30-Jun-19
Credit Risk	5,399	5,635
Market Risk	1,923	1,967
Operational Risk	1,177	1,264
Total Minimum Capital Requirements	**8,499**	**8,866**

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 5), Minimum Capital Requirement for Credit Risk Classified by Asset Classes under SA (table 6) and Minimum Capital Requirement for Equity Exposure under AIRB (table 7).

Table 5: Minimum Capital Requirement for Credit Risk Classified by Asset Classes under AIRB

Unit: Million Baht

Asset Class	The Bank	
	31-Dec-19	30-Jun-19
Non-Default exposures		
Claims on sovereigns, financial institutions and Corporates	4,653	4,912
Claims on retail portfolios		
-Claims on residential mortgage	-	-
-Qualifying revolving retail exposures	-	-
-Other retail exposures	-	-
Equity exposures	2	3
Other assets	78	79
Default exposures	-	-
First-to-default credit derivatives and Securitisation	**-**	**-**
Total minimum capital requirement for credit risk – AIRB	**4,733**	**4,994**

Minimum capital requirement for credit risk under AIRB for the Bank decreased by THB 261 million, mainly due to decrease in claim on sovereigns, financial institutions and corporations.

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

Unit: Million Baht

Asset Class	The Bank	
	31-Dec-19	**30-Jun-19**
Non-Default exposures		
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	666	637
Claims on retail portfolios	-	-
Claims on residential mortgage	-	-
Other assets	-	-
Default exposures	-	4
First-to-default credit derivatives and Securitisation	**-**	-
Total minimum capital requirement for credit risk – SA	**666**	**641**

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

Table 7: Minimum Capital Requirement for Equity Exposure under AIRB

Unit: Million Baht

Item	The Bank	
	31-Dec-19	**30-Jun-19**
Equity exposure exempted from credit risk calculation by IRB	2	3
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	**2**	**3**

4. 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 principles and standards for risk management. Under ERMF, there are 10 principal risk types, including Credit risk, Capital & Liquidity risk, Traded risk, Operational risk, Country risk, Reputational risk, Compliance risk, Conduct risk, Financial Crime risk and Information & Cyber Security risk.

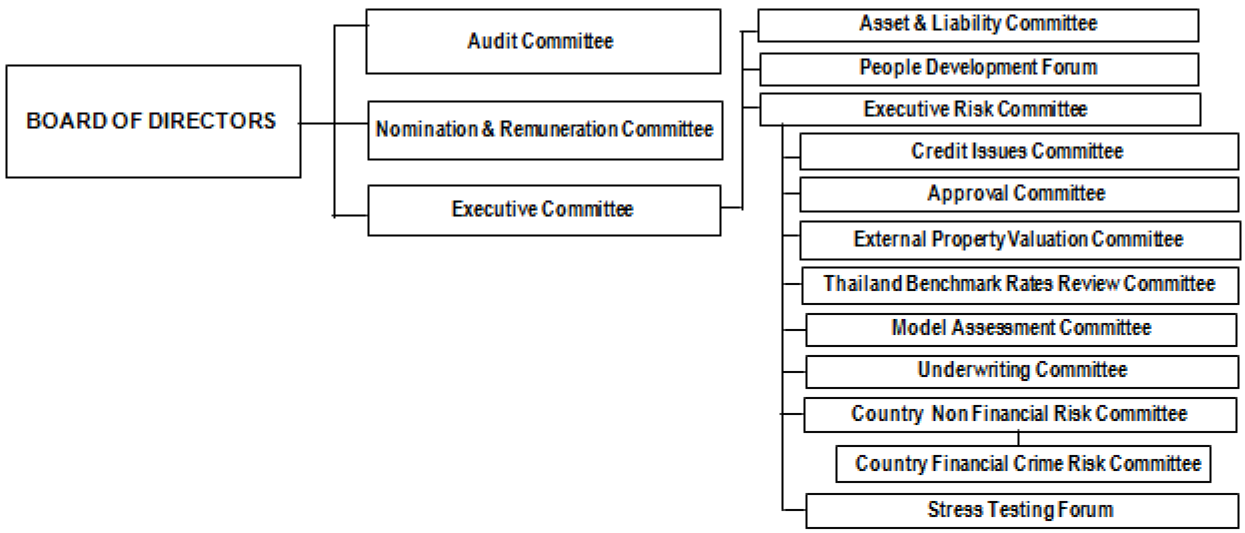
4.1 Enterprise Risk Management Framework ("ERMF")

Effective risk management is essential to 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 clients and therefore the communities in which they operate, generating returns for shareholders by taking and managing risk.

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:



4.2 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 EXCO is chaired by the CEO and comprises of senior executives from Global Banking, Financial Markets, Transaction Banking, Risk Management, Information Technology and Operations, 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 liquidity, capital adequacy and structural market risks.

The Executive Risk Committee ("ERC")'s main responsibilities are to provide leadership on forward looking and anticipated risk issues with the effective implementation of the Enterprise Risk Management which includes Credit Risk, Capital & Liquidity risk, Traded Risk, Operational Risk, Country risk, Reputational risk, Compliance risk, Conduct risk, Financial Crime risk and Information & Cyber Security 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.

Roles and responsibilities for risk management are defined under a Three Lines of Defence model. Each line of defence describes a specific set of responsibilities for risk management and control.

The first line of defence is defined as the businesses and functions engaged in or supporting revenue-generating activities that own and manage risks.

The second line of defence is defined as the control functions independent of the first line that provide oversight and challenge of risk management to provide confidence to the Country Chief Risk Officer, the Management Team and the Board.

The third line of defence is the independent assurance provided by the Group Internal Audit function on the effectiveness of controls that support the first line's risk management of business activities and the processes maintained by the second lines. Its role is defined and overseen by the Audit Committee of the Board.

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 regulatory expectations.

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

The roles of the Risk function are:

- To maintain the Bank's Enterprise Risk Management Framework, ensuring it remains appropriate to the Bank's activities, is effectively communicated and implemented across the Bank, and to administer related governance and reporting processes
- To uphold the overall integrity of the Bank's risk and return decisions to ensure that risks are properly assessed, that these decisions are made transparently on the basis of this proper assessment and that risks are controlled in accordance with the Bank's standard and risk appetite.
- Overseeing and challenging the management of Principal Risk Types under the Enterprise Risk Management Framework.

The independence of the Risk function is to ensure that the necessary balance in making risk and return decisions is not compromised by short-term pressures to generate revenues.

In addition, the Risk function is a centre of excellence that provides specialist capabilities of relevance to risk management processes in the broader organization.

5. Credit Risk

5.1 Credit Risk

Credit risk is the potential for loss due to the failure of a counterparty to meet its obligations to pay the Bank in accordance with agreed terms. 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.

Credit Policies

The Credit Policy sets the 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 Group-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.

Governance committee oversight

There are 2 credit committees that are relevant to credit risk management, including the Approval Committee ("AC") and the Credit Issue Committee ("CIC"). These committees comprise senior management from the Risk and Business functions.

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 matrices, 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 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 subcommittee 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, or there are concerns relating to ownership or management.

Such accounts are subjected to a dedicated process overseen by the Credit Issue Committees. Client account strategies and credit grades are re-evaluated. In addition, remedial actions, including exposure reduction, security enhancement, or exiting the account could be undertaken, and certain accounts could also be transferred into the control of Group Special Assets Management ("GSAM"), the Bank's specialist recovery unit.

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 for counterparties. 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 significantion in a client's credit quality leading to default.

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 in CIB. The numeric grades run from 1 to 14 and some of the grades are further sub-classified A, B or C. Lower numeric credit grades are indicative of a lower likelihood of default. Credit grades 1 to 12 are assigned to performing customers, while credit grades 13 and 14 are assigned to non-performing or defaulted customers.

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.

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, credit grades and top 20 concentrations. 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.

Table 8: Outstanding Balance of On-Balance Sheet and Off-Balance Sheet Assets before Credit Risk Mitigation

Unit: Million Baht

Item	The Bank	
	31-Dec-19	**31-Dec-18**
1. On Balance sheet assets		
1.1 Net loans[1/] (including interbank and money market item)	59,613	60,043
1.2 Net investment in debt securities [2/]	17,904	26,046
1.3 Deposits (including accrued interests)	7,258	20,688
2. Off Balance sheet assts [3/]		
2.1 Aval of bills, loan guarantees, and letters of credit	4,196	1,187
2.2 OTC derivatives [4/]	994,929	1,193,828
2.3 Undrawn committed line	9,290	11,257
2.4 Repo-style transaction	1,818	3,051

[1/]Including accrued interests and net of deferred revenues, allowances for doubtful accounts (specific provisions) and revaluation allowances for debt restructuring.

[2/] Excluding accrued interests and net of revaluation allowances for equity and impairment allowances for equities.

[3/]Before applying credit conversion factor (CCF)

[4/]Including equity derivatives

Table 9: Outstanding balance of On-balance sheet and Off-balance sheet assets before Credit Risk Mitigation Classified by Country or Geographic Area of Debtor

The Bank

Unit: Million Baht

31-Dec-19

Item	Thailand	Asia Pacific (exclude Thailand)	North America & Latin	Africa & Middle East	Europe	Total
On-balance sheet items						
Net loans[1/]	45,671	8,696	447	135	4,664	59,613
Net Investment in debt securities[2/]	17,904	-	-	-	-	17,904
Deposits (including accrued interests)	1,225	1,411	3	302	4,317	7,258
Total	**64,800**	**10,107**	**450**	**437**	**8,981**	**84,775**
Off-balance sheet items [3/]						
Aval of bills, guarantees, and letters of credit	3,962	174	12	21	27	4,196
OTC derivatives	505,174	218,793	128,386	-	142,576	994,929
Undrawn committed line	7,969	190	1,131	-	-	9,290
Repo-style transaction	-	-	-	-	1,818	1,818
Total	**517,105**	**219,157**	**129,529**	**21**	**144,421**	**1,010,233**

The Bank

Unit: Million Baht

31-Dec-18

Item	Thailand	Asia Pacific (exclude Thailand)	North America & Latin	Africa & Middle East	Europe	Total
On-balance sheet items						
Net loans[1/]	45,726	2,430	906	5,855	5,126	60,043
Net Investment in debt securities[2/]	26,046	-	-	-	-	26,046
Deposits (including accrued interests)	985	121	2	325	19,255	20,688
Total	**72,757**	**2,551**	**908**	**6,180**	**24,381**	**106,777**
Off-balance sheet items [3/]						
Aval of bills, guarantees, and letters of credit	516	607	2	14	48	1,187
OTC derivatives	657,240	183,379	156,899	-	196,310	1,193,828
Undrawn committed line	10,040	-	1,217	-	-	11,257
Repo-style transaction	455	-	2,394	-	202	3,051
Total	**668,251**	**183,986**	**160,512**	**14**	**196,560**	**1,209,323**

[1/] Including accrued interests and net of deferred revenues, allowances for doubtful accounts (specific provisions) and revaluation allowances for debt restructuring, interbank and money market items.

[2/] Excluding accrued interests and net of revaluation allowances for equity and impairment allowances for equities.

[3/] Before applying credit conversion factor (CCF)

Table 10: Outstanding Balance of On-Balance Sheet and Off-Balance Sheet Assets before Credit Risk Mitigation Classified by Residual Maturity

The Bank

Unit: Million Baht

Item	31-Dec-19			31-Dec-18		
	Maturity ≤ 1 year	Maturity > 1 year	Total	Maturity ≤ 1 year	Maturity > 1 year	Total
1. On Balance sheet assets	**60,818**	**23,957**	**84,775**	**78,197**	**28,580**	**106,777**
1.1 Net loans[1/] (including interbank and money market item)	53,560	6,053	59,613	50,862	9,181	60,043
1.2 Net investment in debt securities[2/]	-	17,904	17,904	6,972	19,074	26,046
1.3 Deposits (including accrued interests)	7,258	-	7,258	20,363	325	20,688
2. Off Balance sheet assts[3/]	**521,225**	**489,008**	**1,010,233**	**628,228**	**581,095**	**1,209,323**
2.1 Aval of bills, loan guarantees, and letters of credit	4,149	47	4,196	1,187	-	1,187
2.2 OTC derivatives[4/]	508,873	486,056	994,929	618,773	575,055	1,193,828
2.3 Undrawn committed line	6,385	2,905	9,290	5,217	6,040	11,257
2.4 Repo-style transaction	1,818	-	1,818	3,051	-	3,051

[1/] Including accrued interests and net of deferred revenues, allowances for doubtful accounts (specific provisions) and revaluation allowances for debt restructuring.

[2/] Excluding accrued interests and net of revaluation allowances for equity and impairment allowances for equities.

[3/] Before applying credit conversion factor (CCF)

[4/] Including equity derivatives

Outstanding Balance of On-Balance Sheet and Off-Balance Sheet Assets before Credit Risk Mitigation are classified by residual maturity. Approximately 53 percent of the Bank's total outstanding balance is the short term, having residual maturity of one year or less.

Table 11: Loans and Accrued Interests and Investments in Debt Securities before Credit Risk Mitigation Classified by Country or Geographic Area of Debtor and by Asset Classification Specified by the Bank of Thailand

The Bank

Unit: Million Baht

31-Dec-19

Country or geographic area of debtor	Loans and accrued interests 1/						Investment in debt securities Doubtful loss
	Normal	Special mentioned	Sub standard	Doubtful	Doubtful loss	Total	
1. Thailand	45,663	8	-	-	-	**45,671**	11
2. Asia Pacific (exclude Thailand)	8,697	-	-	-	-	**8,697**	-
3. North America & Latin	447	-	-	-	-	**447**	-
4. Africa & Middle East	135	-	-	-	-	**135**	-
5. Europe	4,663	-	-	-	-	**4,663**	-
Total	**59,605**	**8**	**-**	**-**	**-**	**59,613**	**11**

The outstanding of Loans and accrued interest and investment in Debt securities is broken down by the booking location of the exposure. Majority of the Bank's exposure are domestic loans (77 percent of total exposure).

Standard Chartered Bank (Thai) PCL

Pillar 3 Disclosures

31 December 2019

The Bank

Unit: Million Baht

31-Dec-18

Country or geographic area of debtor	Loans and accrued interests 1/						Investment in debt securities
	Normal	Special mentioned	Sub standard	Doubtful	Doubtful loss	Total	Doubtful loss
1. Thailand	45,587	6	-	-	2,246	**47,839**	332
2. Asia Pacific (exclude Thailand)	2,430	-	-	-	-	**2,430**	-
3. North America & Latin	906	-	-	-	-	**906**	-
4. Africa & Middle East	5,855	-	-	-	-	**5,855**	-
5. Europe	5,126	-	-	-	-	**5,126**	-
Total	**59,904**	**6**	**-**	**-**	**2,246**	**62,156**	**332**

[1/] Including loans and accrued interest receivables of interbank and money market item

Table 12: Provisions (Divided into General Provisions and Specific Provision) and Charge-offs for Loans and Accrued Interests and Investments in Debt Securities Classified by Country or Geographic Area

The Bank

Unit: Million Baht
31-Dec-19

Country or geographic area of debtor	Loans and accrued interests [1/]			Investment in debt securities Doubtful loss
	General provision	Specific provision	Charge-off between period	
1. Thailand		-	1,917	11
2. Asia Pacific (exclude Thailand)		-	-	-
3. North America & Latin		-	-	-
4. Africa & Middle East		-	-	-
5. Europe		-	-	-
Total	**530**	**-**	**1,917**	**11**

The Bank

Unit: Million Baht
31-Dec-18

Country or geographic area of debtor	Loans and accrued interests [1/]			Investment in debt securities Doubtful loss
	General provision	Specific provision	Charge-off between period	
1. Thailand		2,113	-	332
2. Asia Pacific (exclude Thailand)		-	-	-
3. North America & Latin		-	-	-
4. Africa & Middle East		-	-	-
5. Europe		-	-	-
Total	**788**	**2,113**	**-**	**332**

[1/] Including loans and accrued interest receivables of interbank and money market item

The Bank's provision as of December 2019 THB 530 million decreased by THB 2,371 million from THB 2,901 million as of December 2018 mainly due to settlement of NPLs. The Bank also has the allowance for investment in debt instruments at amount of THB 11 million.

The following tables present the amount of loans and accrued interest and provision classified by business together with movement of the Bank's provision.

Table 13: Loans and Accrued Interests before Credit Risk Mitigation Classified by Type of Business and by Asset Classification Specified by the Bank of Thailand

The Bank

Unit: Million Baht

31-Dec-19

Type of business	Normal	Special mentioned	Sub standard	Doubtful	Doubtful loss	Total
Agriculture and Quarry	76	-	-	-	-	**76**
Manufacturing and Commerce	21,630	8	-	-	-	**21,638**
Commercial real estate and Construction	675	-	-	-	-	**675**
Public utility and Service	6,479	-	-	-	-	**6,479**
Residential real estate	-	-	-	-	-	**-**
Others	30,745	-	-	-	-	**30,745**
Total	**59,605**	**8**	**-**	**-**	**-**	**59,613**

The Bank

Unit: Million Baht

31-Dec-18

Type of business	Normal	Special mentioned	Sub standard	Doubtful	Doubtful loss	Total
Agriculture and Quarry	175	-	-	-	-	**175**
Manufacturing and Commerce	22,837	6	-	-	2,246	**25,089**
Commercial real estate and Construction	1,532	-	-	-	-	**1,532**
Public utility and Service	6,507	-	-	-	-	**6,507**
Residential real estate	-	-	-	-	-	**-**
Others	28,853	-	-	-	-	**28,853**
Total	**59,904**	**6**	**-**	**-**	**2,246**	**62,156**

Table 14: Provisions (Divided into General Provisions and Specific Provision) and Charge-offs for Loans and Accrued Interests Classified by Type of Business

The Bank

Unit: Million Baht

Type of business	31-Dec-19			31-Dec-18		
	General provision	Specific provision	Charge-off between period	General provision	Specific provision	Charge-off between period
Agriculture and Quarry		-	-		-	-
Manufacturing and Commerce		-	1,917		2,113	-
Commercial real estate and Construction		-	-		-	-
Public utility and Service		-	-		-	-
Residential real estate		-	-		-	-
Others		-	-		-	-
Total	**530**	**-**	**1,917**	**788**	**2,113**	**-**

The Bank's provision as of December 2019 THB 530 million decreased by THB 2,371 million from THB 2,901 million as of December 2018 mainly due to settlement of NPLs.

Table 15: Movement in Provisions for Loans including Accrued Interests*

The Bank

Unit: Million Baht

Item	31-Dec-19			31-Dec-18		
	General provision	Specific provision	Total	General provision	Specific provision	Total
Provisions at the beginning of the period	788	2,113	2,901	1,338	2,473	3,811
Charge-offs during the period	-	(1,917)	(1,917)	-	-	-
Increases of provisions during the period	(258)	(196)	(454)	(550)	(360)	(910)
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of business)	-	-	-	-	-	-
Provisions at the end of period	**530**	**-**	**530**	**788**	**2,113**	**2,901**

* Including loans and accrued interests of interbank and money market item

5.2 Internal Ratings Based Approach to Credit Risk

The Bank uses the AIRB approach to manage credit risk for the 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 Dec 2019, the IRB models cover 87.62 percent of the Bank's credit risk RWA (2018: 94.58 percent).

PD is the likelihood that an obligor will default on an obligation within 12 months. The Bank utilsing 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 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 of residual maturity, PD, LGD, and EAD. The development, use and governance of models under the IRB approach is covered in more detail in section 5.5 Internal Ratings Based models.

Table 16: Outstanding of On-Balance Sheet Assets and Off-Balance Sheet Items* for Credit Risk under the AIRB Approach Classified by Type of Asset

The Bank

Unit: Million Baht

Type of asset	31-Dec-19			31-Dec-18		
	On-balance sheet asset	Off-balance sheet asset**	Total	On-balance sheet asset	Off-balance sheet asset**	Total
1. Non-defaulted assets						
1.1 Claims on sovereigns, banks, and corporate	83,759	53,834	137,593	103,464	51,322	154,786
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	18	-	18	18	-	18
1.4 Other assets	18,989	-	18,989	15,046	-	15,046
2. Defaulted assets	-	-	-	112	145	257
3. First-to-default credit derivatives and Securitisation	-	-	-	-	-	-
Total	**102,766**	**53,834**	**156,600**	**118,640**	**51,467**	**170,107**

* After credit conversion factor and specific provision

** Including Repo and Reverse Repo transactions

Table 17: Undrawn Lines after Multiplying by CCF and Exposure-weighted-average EAD for Credit Risk under the AIRB Approach Classified by Type of Asset

The Bank

Unit: Million Baht

Type of asset	31-Dec-19		31-Dec-18	
	Undrawn lines multiplied by CCF	Exposure-weighted average EAD	Undrawn lines multiplied by CCF	Exposure-weighted average EAD
Sovereigns, bank and corporate exposures *	1,595	46.57%	829	19.57%
Equity exposures under the PD/LGD method	-	-	-	-
Total	**1,595**	**46.57%**	**829**	**19.57%**

* Including purchased receivables

5.3 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 following major assets are applied for Standardised Approach:

1. Receivable Services
2. Income-Producing Real Estate (“IPRE”)

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.

Table 18: Outstanding of On-Balance Sheet Assets and Off-Balance Sheet Items* for Credit Risk under the SA Approach Classified by Type of Asset

The Bank

Unit: Million Baht

Type of asset	31-Dec-19			31-Dec-18		
	On-balance sheet asset	**Off-balance sheet asset****	**Total**	**On-balance sheet asset**	**Off-balance sheet asset****	**Total**
1. ***Non-defaulted assets***						
1.1 Claims on sovereigns and central banks [1/]	-	741	741	-	472	472
1.2 Claims on banks and securities companies [2/]	-	-	-	-	-	-
1.3 Claims on corporate [3/]	10,006	58	10,064	7,822	87	7,909
1.4 Claims on retail portfolios	-	-	-	-	-	-
1.5 Residential mortgage exposures	-	-	-	-	-	-
1.6 Other assets	-	-	-	-	-	-
2. ***Defaulted assets*** [4/]	-	4	4	22	4	26
3. ***First-to-default credit derivatives and Securitisation***	-	-	-	-	-	-
Total	**10,006**	**803**	**10,809**	**7,844**	**563**	**8,407**

* After applying credit conversion factor and specific provision

** 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.

5.4 Credit Risk Mitigation

The Bank also set out standards for the eligibility, enforceability and effectinveness of Credit Risk mitigation arrangements. Potentital 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. Risk mitigants are also carefully assessed for their market value, legal enforceability, correlation and counterparty risk of the protection provider. The presence of credit risk mitigation is, however, not a substitute for the ability to pay, which is the primary consideration for any lending decisions

Collateral must be valued prior to drawdown and regularly thereafter as required to reflect current market conditions, the probability of recovery and the period of time to realise the collateral in the event of liquidation. The Bank also seeks to diversify its collateral holdings across asset classes and markets.

Where guarantees, credit insurance, standby letters of credit or credit derivatives are used as Credit Risk mitigation, the creditworthiness of the protection provider is assessed and monitored using the same credit approval process applied to the obligor.

5.5 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, 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 and Stress Testing Oversight Team (MRO) was established in 2018 to provide 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 prepared 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 model validation process involves a qualitative and quantitative assessment of the model, data, systems and governance. This would typically include an assessment of the:

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

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

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 deftauls 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, Banks, Large Corporates) or the good-bad approach (Mid Corporates). Central governments and contral 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 specialized lending.

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

Loss Given Default

CIB LGD model takes into account risk drivers such as portfolio segment, product, credit grade of the obligor and collateral attached to the exposures. LGD models assess the unsecured recoveries and the forced sale value of collateral together with the economic costs in securing these recoveries, and the timing with which such cash flows occur. All such cash flows are then measured at net present value using a suitable discount rate to derive a recovery rate. LGD is therefore the EAD less these estimated recoveries.

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

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

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. CIB EAD model has adopted the momentum approach to estimate the CCF, with the type of facility and the level of utilsation being key drivers of CCF.

Corporate and Institutional Banking Model Results

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.

Probability of Default

Estimated of PD are computed as of 1 January 2019 and are compared with default observations through 31 December 2019.

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 27). For central government or central bank, institutions, there were no defaults during 2019. There was 1 default within the corporate asset class during 2019

Loss Given Default

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 2019 defaults, making it not meaningful to compare realised versus predicted outcomes in a manner similar to that for PD and EAD.

To address this, for corporate and institutions we have adopted a different approach based on a four-year rolling period of predicted and realised LGD. This includes 2016 to 2019 defaults that have completed their workout process as at the end of 2019. This approach compares the four-year rolling predicted LGD, providing the predicted outcome of these resolved defaults one year prior to default, against the realised LGD for the same set of defaults. These two figures are fully comparable, providing thereby a meaningful assessment of LGD model performance.

However under this approach, there was no defaults that are defaulted and resolved during 2016 - 2019, as such all LGD numbers during this period are not available for comparison. For central government or central Bank and institution, no values are provided reflecting the fact that there have been no defaults in the past four years.

Exposure at Default

EAD takes into consideration the potential drawdown of a commitment as an obligor defaults by estimating the Credit Conversion Factor (CCF) of undrawn commitments. For assets which defaulted in 2019, the comparison of realised versus predicted EAD is summarised in table 27.

5.6 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.

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.

Credit Grade	Standard & Poors Mapping	
	Corp / Non BFIs	Banks
1A	AAA	AAA, AA+
1B	AA+	AA, AA-
2A	AA	A+
2B	AA-	A
3A	AA-	A, A-
3B	A+	A-, BBB+
4A	A, A-	BBB+
4B	A-, BBB+	BBB
5A	BBB	BBB, BBB-
5B	BBB-	BBB-, BB+
6A	BB+	BB+
6B		BB
7A	BB	BB, BB-
7B		BB-
8A	BB-	BB-,B+
8B		B+
9A	B+	B
9B		B, B-
10A	B	B-
10B		B-, CCC
11A - C	B-	CCC
12A - C	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 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, LGD and EAD 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 return;
- Limit Setting – In CIB, single name concentration limits are determined by PD, LGD and EAD. The limits operate on a sliding scale to ensure that the Bank does not have over concentration of low credit quality assets;

  Provisioning – Portfolio Impairment Provisions ("PIP") are raised at the portfolio level and are set with reference to expected loss which is based on PD, LGD and EAD amongst other quantitative and qualitative factors; and
- Risk Appetite – PD, LGD and EAD models provide some of the key inputs into the risk-based methodologies used in the assessment of business and market variables which in turn are key components in the approach taken in setting Risk Appetite.

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.

Table 19: 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*

The Bank

Type of asset		31-Dec-19			31-Dec-18		
		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)	98,267	-	**98,267**	118,293	-	**118,293**
	⃠ PD 2/ (%)	0.07%	-	-	0.07%	-	-
	⃠ RW 3/ (%)	19.58%	-	-	19.47%	-	-
	⃠ LGD 4/ (%)	37.85%	-	-	38.95%	-	-
Grade 5 - 8	EAD 1/ (Million Baht)	40,274	-	**40,274**	34,465	-	**34,465**
	⃠ PD 2/ (%)	0.52%	-	-	0.66%	-	-
	⃠ RW 3/ (%)	48.40%	-	-	54.63%	-	-
	⃠ LGD 4/ (%)	37.44%	-	-	40.32%	-	-
Grade 9 -12	EAD 1/ (Million Baht)	3,162	-	**3,162**	7,014	-	**7,014**
	⃠ PD 2/ (%)	10.00%	-	-	3.49%	-	-
	⃠ RW 3/ (%)	112.57%	-	-	126.37%	-	-
	⃠ LGD 4/ (%)	30.80%	-	-	44.27%	-	-
Grade 13 - 14 (Default)	EAD 1/ (Million Baht)	-	-	**-**	2,372	-	**2,372**
	⃠ PD 2/ (%)	0.00%	-	-	100.00%	-	-
	⃠ RW 3/ (%)	0.00%	-	-	15.36%	-	-
	⃠ LGD 4/ (%)	0.00%	-	-	58.07%	-	-

* 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)

Table 20: Part of Outstanding that is Secured by Collateral** under the AIRB Approach Classified by Type of Asset and Collateral

The Bank

Unit: Million Baht

Type of asset	31-Dec-19			31-Dec-18		
	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	15,738	788	5,389	13,047	770	6,871
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***	-	-	-	91	121	-
Total	**15,738**	**788**	**5,389**	**13,138**	**891**	**6,871**

** 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 2019

Table 21: 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

The Bank

Unit: Million Baht

31-Dec-19

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/]	741	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Claims on financial institutions and securities companies [2/]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Claims on corporate [3/]	-	-	-	6,054	-	-	-	-	-	-	-	-	-	-	-
4. Claims on retail portfolios	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Claims on residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk Weight (%)			50	100	150					75					
Default exposures [4/]	-	-	-	4	-	-	-	-	-	0*	-	-	-	-	-
Deducted Items	Nil														

The Bank

Unit: Million Baht

31-Dec-18

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/]	472	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Claims on financial institutions and securities companies [2/]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Claims on corporate [3/]	-	-	-	2,931	-	-	-	-	-	-	-	-	-	-	-
4. Claims on retail portfolios	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Claims on residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk Weight (%)			50	100	150					75					
Default exposures [4/]	-	-	-	4	22	-	-	-	-	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

Table 22: Part of Outstanding that is Secured by Collateral* under the SA Approach Classified by Type of Asset and Collateral

The Bank

Unit: Million Baht

Type of asset	31-Dec-19		31-Dec-18	
	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]	-	4,009	1	5,069
1.4 Claims on retail portfolios	-	-	-	-
1.5 Residential mortgage exposures	-	-	-	-
1.6 Other assets	-	-	-	-
2. ***Defaulted assets***	-	-	-	-
Total	**-**	**4,009**	**1**	**5,069**

* 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 26 and 27 below show actual loss and regulatory expected loss as at 31 December 2019 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 less than the expected loss due to repayment of default customers in 2019. It should be noted that the Expected Loss shown in table 27 was computed as of 31 December 2018 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.

Table 23: Actual Losses under the AIRB Approach Classified by Type of Assets

The Bank

Unit: Million Baht

Type of asset	Actual losses		Change
	31-Dec-19	31-Dec-18	
Claim on sovereign, banks and corporate	5	2,124	(2,119)
Equity exposures	-	-	-
Retail exposures	-	-	-
Total	**5**	**2,124**	**(2,119)**

Table 24: Estimates of Losses Comparing to Actual Losses*

The Bank

Unit: Million Baht

Type of asset	31-Dec-18	31-Dec-19	31-Dec-17	31-Dec-18
	Expected loss	**Actual loss**	**Expected loss**	**Actual loss**
Claim on sovereign, banks and corporate	2,391	5	2,530	2,124
Equity exposures	-	-	-	-
Retail exposures	-	-	-	-
Total	**2,391**	**5**	**2,530**	**2,124**

The Actual Loss of corporate exposures as of December 2019 THB 5 million was decreased from December 2018 amount of THB 2,119 million due to settlement of NPLs in December 2019.

Table 25: Estimates of PD, LGD and EAD compare with actual

The Bank

31-Dec-19

Asset Class	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	0.67%	0.14%	N/A	N/A	N/A	0.7
Equity exposures	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-
Total					N/A	0.7

31-Dec-18

Asset Class	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	0.74%	0.00%	N/A	N/A	N/A	N/A
Equity exposures	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-
Total					N/A	N/A

5.7 Problem Credit Management and Provisioning

Corporate and Institutional Banking

Loans are classified as impaired and considered non-performing where analysis and review indicates that full payment of either interest or principal is questionable, or as soon as payment of interest or principal is 90 days overdue. Impaired accounts are managed by a specialist recovery unit, GSAM, which is independent from the Bank's main businesses. Where any amount is considered irrecoverable, an individual impairment provision ("IIP") is raised. This provision is the difference between the loan carrying amount and the present value of estimated future cash flows.

The individual circumstances of each customer are taken into account when GSAM estimates future cash flow. All available sources, such as cash flow arising from operations, selling assets or subsidiaries, realising collateral or payments under guarantees, are considered. In any decision relating to the raising of provisions, we attempt to balance economic conditions, local knowledge and experience, and the results of independent asset reviews.

Where it is considered that there is no realistic prospect of recovering a portion of an exposure against which an impairment provision has been raised, that amount will be written off.

The PIP methodology provides for accounts for which an individual impairment provision has not been raised, either individually or collectively. PIP is raised on a portfolio basis and is set using expected loss rates, based on past experiences supplemented by an assessment of specific factors affecting the relevant portfolio. These include an assessment of the impact of economic conditions, regulatory changes and portfolio characteristics such as delinquency trends and early alert trends. The methodology applies a larger provision against accounts that are delinquent but not yet considered impaired. This is in accordance with regulatory requirements.

6. Traded Risk

Traded risk is defined as the potential for loss resulting from activities undertaken by the Bank in financial markets.

6.1 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 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 – ALCO, Executive Risk Commitees 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:

- 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 26: Minimum Capital Requirement for each Type of Market Risk under the SA Approach

Unit: Million Baht

Type of Risk	The Bank	
	31-Dec-19	**30-Jun-19**
Interest Rate Risk	1,775	1,814
Equity Position Risk	-	-
Foreign Exchange Rate Risk	148	153
Commodity Risk	-	-
Total Minimum Capital Requirements	**1,923**	**1,967**

The Bank is required to have THB 1,923 million total capitals against Market Risk. Comparing with June 2019, the decrease of THB 44 million is mainly due to Interest Rate Risk.

6.2 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 contract defaults prior to maturity date of the contract and thatthe 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 be cash or highly liquid securities.

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 contract increases in favour of the Bank, the driver of this MTM change also reduces the ability of the counterpartyto 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.

7. Operational Risk

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

Risk Appetite Statement

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

Roles and responsibilities

The Operational Risk Type Framework (ORTF) defines and collectively groups operational risks which have not been classified as principal risks into non-Principal Risk Types (non-PRTs) and sets standards for the identification, control, monitoring and treatment of risks. These standards are applicable across all PRTs and non-PRTs. The non-PRTs relate to execution capability, governance, reporting and obligations, legal enforceability, and operational resilience (including client service, third party vendor services, change management, safety and security and system availability).

The management of operational risk is a challenge due to its broad scope as operational 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 ORTF reinforces clear accountability for managing risk throughout the Bank and delegates second line of defence responsibilities to identified subject matter experts. For each non-PRT, the 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.

Mitigation

The ORTF sets out the Bank's overall approach to the management of Operational Risk in line with the Bank's Operational Risk Appetite. This is supported by Control Assessment Standards (CAS) which define roles and responsibilities for the identification, control and monitoring of risks (applicable to all non-PRTs and PRTs).

The CAS are used to determine the design strength and reliability of each process, and require:

- The recording of processes run by client segments, products, and functions into a process universe
- The identification of potential breakdowns to these processes and the related risks of such breakdowns
- An assessment of the impact of the identified risks based on a consistent scale
- The design and monitoring of controls to mitigate prioritised risks
- Assessments of residual risk and timely actions for elevated risks

Risks that exceed the Bank's Operational Risk Appetite require treatment plans to address underlying causes.

Governance committee oversight

The Board oversees the effective management of Operational Risk. At the executive level, the Executive Risk Committee delegates authority primarily to the Country Non-Financial Risk Committee (CNFRC) to monitor the Bank's Operational Risk Appetite and to oversee the Bank's Operational Risk profile. The CNFRC has the authority to challenge, constrain and, if required, stop business activities where risks are not aligned with the Bank's Operational Risk Appetite. Business and function Operational Risk committees and forums also provide enterprise oversight of their respective processes and related operational risks.

Monitoring

To deliver services to clients and to participate in the financial services sector, the Bank runs processes which are exposed to operational risks. The Bank prioritises and manages risks which are significant to clients and to the financial services sectors. 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 Risk profile. The completeness of the Operational 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 Risk Appetite through metrics reported for selected risks. These metrics are monitored, and escalation thresholds are devised based on the materiality and significance of the risk. These Operational Risk Appetite metrics are consolidated on a regular basis and reported at the Executive Risk Committee and the Country Non-Financial Risk Committee. This provides senior management with the relevant information to inform their risk decisions.

Stress testing

As part of our operational risk management approach, we conduct stress testing under the Internal Capital Adequcy Assessment Process (ICAAP). The exercises included judgemental overlays for the potential risk of low-frequency, high-severity events occurring during stress conditions. The macroeconomic scenarios are considered in the stress testing. These scenarios included information and cyber security, political unrest, mis-selling, regulatory non compliance, fraud and etc.

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

The holdings of non-trading book (banking book) equities are considered immaterial. At 31 December 2019, the Banks equity exposure in the non-trading book (banking book) are shown in below table.

Table 27: Equity Exposure in Non-Trading Book (Banking Book)

The Bank

Unit: Million Baht

Equity exposure	31-Dec-19	31-Dec-18
1. Outstanding of shares		
1.1 Outstanding of listed shares (onshore and offshore stock exchange)		
- Cost (Net Book Value)	-	-
- Market price	-	-
1.2. Outstanding of other shares (onshore and offshore)	17	18
2. Gains (losses) of sale of equities in the reporting period	3	-
3. Net revaluation surplus (deficit) from valuation AFS equity	-	-
4. Minimum capital requirements for equity exposures classified by the calculation methods		
- SA	-	-
- IRB	-	-
5. Equity values for commercial bank using the IRB approach which the BOT allow to use the SA approach	-	-

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

Interest rate risk from the non-trading book (banking book) portfolios is transferred to Financial Markets where it is managed by Treasury Markets ("T-M") desk under the supervision of Asset and Liability Committees ("ALCO"). T-M will transact deals in the market within approved financial instruments in order to manage the net interest rate risk, subject to approved VaR and other risk limits. VaR and stress tests are therefore applied to non-trading book (banking book) exposures in the same way as for the trading book including listed 'available-for-sale' securities.

From Fund Transfer Pricing ("FTP") process, there is the assumption for loan repayments incorporated. Businesses will not bear any interest rate risk since all interest rate risks will be centralised at T-M and T-M has to turn interest rate risk to be revenue opportunity via active T-M strategies. T-M has to manage and monitor interest rate risk on daily basis.

Basis risk, or the risk arising from hedging exposure to one interest rate and the banking exposure to a rate which is re-priced under different conditions, is also analysed.

Interest rate risk can arise from the investment of rate-sensitive assets, as well as some tenor mismatches between debt issuance and placements. This risk is measured as the impact on net interest income ("NII") of an unexpected and instantaneous adverse parallel shift in rates and is monitored over a rolling one year time horizon.

The impact of Interest Rate Change on Net Interest Income as at 31 December 2019 is shown in below table.

Table 28: Impact of Interest Rate Change on Net Interest Income

Unit: Million Baht

Currency	Impact of a 1% interest rate change on Net Interest Income	
	The Bank	
	31 Dec 19	31 Dec 18
THB	49	(66)
USD	1	182
EURO	-	-
OTHER	38	1
Total Impact on Net Interest Income	**88**	**117**

Impact of Interest Rate Change of 1% on Net Interest Income has decreased compared to 2018 mainly driven by lower Inter Group placement which are usually short tenor (less than 7 days), together with a decrease in investment in securities which have the average tenor of 6-12 months due to the volatility of the market.

10. Acronyms

AC	Approval Committee
AIRB	Advanced Internal Ratings Based
ALCO	Asset and Liability Management Committee
AFS	Available for Sale
BCBS	Basel Committee on Banking Supervision
BORF	Business Operational Risk Forum
BOT	The Bank of Thailand
CCB	Capital Conservation Buffer
CCF	Credit Conversion Factor
CCR	Counterparty Credit Risk
CEO	Chief Executive Officer
CFCRC	Country Financial Crime Risk Committee
CNFRC	Country Non Financial Risk Committee
CG	Credit Risk Grade
CIB & CB	Corporate and Institutional Banking and Commercial Banking
CIB & CB AC	Corporate and Institutional Banking and Commercial Banking Approval Committee
CORC	Country Operational Risk Committee
CRM	Credit Risk Mitigation
CRO	Country Chief Risk Officer
CSA	Credit Support Annex
DGF	Data Governance Forum
EAD	Exposure at Default
ECAI	External Credit Assessment Institutions
EL	Expected Loss
EXCO	Executive Committee
ERC	Executive Risk Committee
ERMF	Enterprise Risk Management Framework
FORF	Function Operational Risk Forum
FTP	Fund Transfer Pricing
GSAM	Group Special Asset Management
HVSB	High Value Small Business

ICAAP	Internal Capital Adequacy Assessment Process
IIP	Individual Impairment Provision
IPRE	Income –Producing Real Estate
IRB	Internal Ratings Based
LGD	Loss Given Default
MAC	Model Assessment Committee
MDBs	Multilateral Development Banks
ME	Medium Enterprise
MTM	Mark to Market
NII	Net Interest Income
OF	Outsourcing Forum
PD	Probability of Default
PIP	Portfolio Impairment Provision
PSEs	Non-central government Public Sector Entities
RW	Risk Weight
RWA	Risk Weighted Assets
SA	Standardised Approach
SCB Group	Standard Chartered Bank Group
SCBT	Standard Chartered Bank (Thai) PCL
SREP	Supervisory Review and Evaluation Process
SME	Small and Medium Enterprise
T-M	Treasury Markets
the Code	Code of Conduct