Oversea-Chinese Banking Corporation Limited

Pillar 3 Disclosures
(OCBC Group – As at 30 June 2018)

Incorporated in Singapore
Company Registration Number: 193200032W

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1. INTRODUCTION

This document presents the information in accordance with Pillar 3 ("P3") disclosure requirements under Monetary Authority of Singapore ("MAS") Notice 637 on Risk Based Capital Adequacy Requirements for banks incorporated in Singapore. The P3 requirements specify reporting templates for most of the quantitative disclosures to enable market participants to better compare the capital adequacy and risk profile across banks via improved consistency in public disclosure.

For purpose of the mid-year disclosure for OCBC Group ("Group") as at 30 June 2018, explanations of the drivers behind significant differences between reporting periods for the respective sections are provided where appropriate. The disclosure on the RWA flow statements for the following are omitted as there is no exposure treated under these approaches:

- Counterparty Credit Risk ("CCR") under the Internal Models Method ("IMM")
- Market Risk exposures under the Internal Models Approach ("IMA")

2. ACCOUNTING AND REGULATORY CONSOLIDATION

The consolidation basis used for regulatory capital computation is similar to that used for financial reporting except for the following:

- Great Eastern Holdings Limited and its insurance subsidiaries are excluded from regulatory consolidation and are treated as investments in unconsolidated major stake companies that are financial institutions in accordance with MAS Notice 637 amended definition of insurance subsidiary. The regulatory adjustments applied to these investments are in accordance with MAS Notice 637 paragraphs 6.1.3(p), 6.2.3(e) and 6.3.3(e).

- As at 30 June 2018, the total equity of these insurance subsidiaries was S$7 billion and total assets were S$83 billion.

Disclosures on the Group's reconciliation of regulatory capital and regulatory capital position can be found in Section 5 of this document.

3. KEY METRICS

The table below provides an overview of the Group's prudential regulatory metrics, as stipulated by MAS Notice 637.

		(a)	(b)	(c)	(d)	(e)
		Jun-18	Mar-18	Dec-17	Sep-17	Jun-17
	Available Capital (S$ million)					
1	CET1 Capital	26,641	26,206	26,907	27,807	27,800
2	Tier 1 Capital	28,714	28,277	28,960	29,694	29,684
3	Total Capital	32,075	31,440	33,225	34,250	34,384
	Risk Weighted Assets (S$ million)					
4	Total RWA	200,786	198,817	193,082	211,372	212,527
	Risk-based Capital Ratios as a percentage of RWA (%)					
5	CET1 Ratio	13.2	13.1	13.9	13.1	13.0
6	Tier 1 Ratio	14.3	14.2	14.9	14.0	13.9
7	Total Capital Ratio	15.9	15.8	17.2	16.2	16.1
	Additional CET1 buffer requirements as a percentage of RWA (%)					
8	Capital conservation buffer requirement [1/]	1.875	1.875	1.25	1.25	1.25
9	Countercyclical buffer requirement	0.3	0.2	0.2	0.2	0.1
10	Bank G-SIB and/or D-SIB additional requirements	-	-	-	-	-
11	Total of Bank CET1 specific requirements [2/]	2.1	2.1	1.4	1.4	1.4
12	CET1 available after meeting the Reporting Bank's minimum capital requirements	5.9	5.8	7.2	6.2	6.1
	Leverage Ratio (S$ million / %)					
13	Total Leverage Ratio exposure measure	408,204	401,030	394,770	387,576	380,558
14	Leverage Ratio (%) [3/]	7.0	7.0	7.3	7.6	7.8
	Liquidity Coverage Ratio (S$ million / %) [4/]					
15	Total High Quality Liquid Assets	50,536	50,644	46,675	45,852	45,969
16	Total net cash outflow	36,956	34,368	29,638	32,137	32,103
17	Liquidity Coverage Ratio (%)	138	149	159	147	144
	Net Stable Funding Ratio (S$ million / %) [5/]					
18	Total available stable funding	227,516	218,729			
19	Total required stable funding	210,220	207,022			
20	Net Stable Funding Ratio (%)	108	106			

[1/] To be 2.5% from 1 Jan 2019

[2/] Sum of rows 8, 9 and 10

[3/] Computed by row 2 / row 13

[4/] Reported as simple averages of daily observations for the respective quarter

[5/] Information is only available starting Mar-18 position given that prior periods were not subject to public disclosure requirements

4. CAPITAL ADEQUACY

4.1 Capital Adequacy Information

Disclosures on the Group's capital adequacy ratios and the capital positions for the Group's significant banking subsidiaries as at 30 June 2018 are presented in the Capital Adequacy Ratios section of the Second Quarter 2018 Financial Results (http://www.ocbc.com/group/investors/index.html).

4.2 Geographical Distribution of Credit Exposures Used in the Countercyclical Capital Buffer

The following table provides an overview of the Group's geographical distribution of private sector credit exposures for the calculation of countercyclical buffer.

The geographical distribution is based on the country where the physical collateral resides in, residence of the guarantor, or in the absence of such mitigant, the country of obligor (i.e. the country where the majority of the obligor's operating assets is situated) in accordance with MAS Notice 637 requirements.

	(a)	(b)	(c)	(d)
	Country-Specific countercyclical buffer requirement	RWA for private sector credit exposures	Bank-specific countercyclical buffer requirement [1/]	Countercyclical buffer amount
	%	S$ million	%	S$ million
Geographical breakdown				
Hong Kong	1.875%	19,314		
Sweden	1.875%	7		
United Kingdom	0.50%	4,252		
Sub-total		23,573		
Total		**145,861**	**0.3%**	**528**

[1/] The Bank-specific countercyclical buffer is the additional capital which needs to be maintained above the Regulatory minimum and Capital Conservation buffer requirement

5. COMPOSITION OF CAPITAL

5.1 Reconciliation of Regulatory Capital

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	Balance sheet as per published financial statements	Under regulatory scope of consolidation	Cross Reference to Section 5.2
EQUITY			
Share capital	15,094	15,094	A
Other equity instruments	499	499	B
Reserves:			
Capital reserves	812		
Fair value reserves	(71)		
Revenue reserves	23,149		
Total reserves	**23,890**		
of which: Retained earnings		16,994	C1
of which: Accumulated other comprehensive income and other disclosed reserves		1,228	C2
of which: Cash flow hedge reserve		#	C3
Non-controlling interests	2,733		
of which: Transitional: Ineligible AT1 capital instruments		1,500	D1
of which: Minority interest that meets criteria for inclusion in CET1 Capital		195	D2
of which: Minority interest that meets criteria for inclusion in AT1 Capital		32	D3
of which: Minority interest that meets criteria for inclusion in Tier 2 Capital		19	D4
Valuation adjustment		#	E
Total equity	**42,216**		
LIABILITIES			
Deposits of non-bank customers	290,292		
Deposits and balances of banks	9,078		
Due to associates	273		
Trading portfolio liabilities	415		
Derivative payables	8,650		
Other liabilities	6,249		
Current tax payables	1,161		
Deferred tax liabilities	1,391		
of which: Associated with intangible assets		56	F
Debt issued	31,664		
of which: AT1 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion		42	G1
of which: Tier 2 capital instruments		2,687	G2
of which: Tier 2 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion		#	G3
Life assurance fund liabilities	73,242		
Total liabilities	**422,415**		
Total equity and liabilities	**464,631**		
ASSETS			
Cash and placements with central banks	15,363		
Singapore government treasury bills and securities	9,018		
Other government treasury bills and securities	18,841		
Placements with and loans to banks	43,159		
Loans and bills receivable	249,474		
of which: Eligible provision for inclusion in Tier 2 Capital subject to cap in respect of exposures under SA and IRBA		655	H
Debt and equity securities	25,415		
of which: Indirect investments in own Tier 2 capital instruments		#	I1
of which: Investments in unconsolidated major stake financial institutions		350	I2
of which: Investments in unconsolidated non major stake financial institutions		553	I3
of which: PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630		#	I4
Investments in insurance subsidiaries		1,953	J
Derivative and forward securities in unconsolidated non major stake financial institutions		(11)	K
Assets pledged	3,193		
Assets held for sale	41		
of which: Investments in unconsolidated major stake financial institutions		34	L
Derivative receivables	8,401		
Other assets	3,971		
Deferred tax assets	101		
of which: Deferred tax assets before netting		241	M
Associates	2,995		
of which: Investments in unconsolidated major stake financial institutions		2,848	N
Property, plant and equipment	3,339		
Investment property	907		
Goodwill and intangible assets	5,141		
of which: Goodwill		4,018	P1
of which: Intangible assets		374	P2
Life assurance fund investment assets	75,272		
Total assets	**464,631**		

represents amounts of less than $0.5 million

5.2 Regulatory Capital Position

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		Amount	Cross Reference to Section 5.1
	Common Equity Tier 1 capital: instruments and reserves		
1	Paid-up ordinary shares and share premium (if applicable)	15,094	A
2	Retained earnings	16,994	C1
3	Accumulated other comprehensive income and other disclosed reserves	1,228	C2
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5	Minority interest that meets criteria for inclusion	195	D2
6	**Common Equity Tier 1 capital before regulatory adjustments**	**33,510**	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Valuation adjustment pursuant to Part VIII of MAS Notice 637	#	E
8	Goodwill, net of associated deferred tax liability	4,018	P1
9	Intangible assets, net of associated deferred tax liability	319	P2 - F
10	Deferred tax assets that rely on future profitability	241	M
11	Cash flow hedge reserve	#	C3
12	Shortfall of TEP relative to EL under IRBA	-	
13	Increase in equity capital resulting from securitisation transactions	-	
14	Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk	-	
15	Defined benefit pension fund assets, net of associated deferred tax liability	-	
16	Investments in own shares	-	
17	Reciprocal cross-holdings in ordinary shares of financial institutions	-	
18	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	-	
19	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries) (amount above 10% threshold)	2,291	(I2 + L + N + J) - 2,893[1]
20	Mortgage servicing rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of associated deferred tax liability)		
22	Amount exceeding the 15% threshold	-	
23	of which: investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	-	
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments	#	
26A	PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630	#	I4
26B	Capital deficits in subsidiaries and associates that are regulated financial institutions	-	
26C	Any other items which the Authority may specify	-	
27	Regulatory adjustments applied in calculation of CET1 Capital due to insufficient AT1 Capital to satisfy required deductions	-	
28	**Total regulatory adjustments to CET1 Capital**	**6,869**	
29	**Common Equity Tier 1 capital (CET1)**	**26,641**	
	Additional Tier 1 capital: instruments		
30	AT1 capital instruments and share premium (if applicable)	499	B
31	of which: classified as equity under the Accounting Standards	499	
32	of which: classified as liabilities under the Accounting Standards	-	
33	Transitional: Ineligible capital instruments (pursuant to paragraphs 6.5.3 and 6.5.4)	1,500	D1[2]
34	AT1 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	74	D3 + G1
35	of which: instruments issued by subsidiaries subject to phase out	42	G1
36	**Additional Tier 1 capital before regulatory adjustments**	**2,073**	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments of financial institutions	-	
39	Investments in AT1 capital instruments of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	-	
40	Investments in AT1 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	-	
41	National specific regulatory adjustments which the Authority may specify	-	
42	Regulatory adjustments applied in calculation of AT1 Capital due to insufficient Tier 2 Capital to satisfy required deductions	-	
43	**Total regulatory adjustments to Additional Tier 1 capital**	-	
44	**Additional Tier 1 capital (AT1)**	**2,073**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**28,714**	

5.2 Regulatory Capital Position (Continued)

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		Amount	Cross Reference to Section 5.1
	Tier 2 capital: instruments and provisions		
46	Tier 2 capital instruments and share premium (if applicable)	2,687	G2
47	Transitional: Ineligible capital instruments (pursuant to paragraphs 6.5.3 and 6.5.4)	-	
48	Tier 2 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	19	D4 + G3
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions	655	H
51	**Tier 2 capital before regulatory adjustments**	**3,361**	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	#	I1
53	Reciprocal cross-holdings in Tier 2 capital instruments of financial institutions	-	
54	Investments in Tier 2 capital instruments of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	-	
55	Investments in Tier 2 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	-	
56	National specific regulatory adjustments which the Authority may specify	-	
57	**Total regulatory adjustments to Tier 2 capital**	**#**	
58	**Tier 2 capital (T2)**	**3,360**	
59	**Total capital (TC = T1 + T2)**	**32,075**	
60	**Floor–adjusted total risk weighted assets**	**200,786**	
	Capital ratios (as a percentage of floor-adjusted risk weighted assets)		
61	**Common Equity Tier 1 CAR**	**13.2%**	
62	**Tier 1 CAR**	**14.3%**	
63	**Total CAR**	**15.9%**	
64	Bank-specific buffer requirement	8.6%	
65	of which: capital conservation buffer requirement	1.875%	
66	of which: bank specific countercyclical buffer requirement	0.3%	
67	of which: G-SIB and/or D-SIB buffer requirement (if applicable)	-	
68	Common Equity Tier 1 available after meeting the Reporting Bank's minimum capital requirements	5.9%	
	National minima		
69	Minimum CET1 CAR	6.5%	
70	Minimum Tier 1 CAR	8.0%	
71	Minimum Total CAR	10.0%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Investments in ordinary shares, AT1 capital and Tier 2 capital of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake	542	I3 + K
73	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	2,893	Refer to note[1]
74	Mortgage servicing rights (net of associated deferred tax liability)		
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liability)		
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	464	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	603	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	191	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	644	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements	1,982	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	71	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

1/ The investments in the ordinary shares of unconsolidated major stake companies that are financial institutions which are within the prescribed threshold amount in accordance with MAS Notice 637 paragraph 6.1.3 (p)(iii)

2/ Under Basel III transitional arrangements, outstanding Additional Tier 1 and Tier 2 capital instruments that do not meet the requirements are gradually phased out. Fixing the base at the nominal amount of such instruments outstanding at 1 January 2013, the recognition shall be capped at 90% in 2013, with the cap reducing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortised after 1 January 2013, the nominal amount serving as the base is not reduced

represents amounts of less than $0.5 million

5.3 Main Features of Capital Instruments

The following disclosures are made pursuant to the requirements of MAS Notice 637 Annex 11D. They are not a summary of the terms, do not purport to be complete, and should be read in conjunction with, and are qualified in their entirety by, the relevant Terms and Conditions available on the Bank's Investor Relations website (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html).

		OCBC Ordinary Shares	OCBC 3.8% Non-cumulative Non-convertible Perpetual Capital Securities
1.	Issuer	Oversea-Chinese Banking Corporation Limited	Oversea-Chinese Banking Corporation Limited
2.	Unique identifier (ISIN)	SG1S04926220	SG6YJ3000003
3.	Governing law(s) of instrument	Singapore	Singapore
	Regulatory treatment		
4.	Transitional Basel III rules	Common Equity Tier 1	Additional Tier 1
5.	Post-transitional Basel III rules	Common Equity Tier 1	Additional Tier 1
6.	Eligible at Solo / Group / Solo and Group	Solo and Group	Solo and Group
7.	Instrument type	Ordinary shares	Perpetual Capital Securities
8.	Amount recognised in regulatory capital	S$15,094 million	S$499 million
9.	Par value of instrument	NA	S$500 million
10.	Accounting classification	Shareholders' equity	Shareholders' equity
11.	Original date of issuance	NA	25 Aug 2015
12.	Perpetual or dated	Perpetual	Perpetual
13.	Original maturity date	No maturity	No maturity
14.	Issuer call subject to prior supervisory approval	No	Yes
15.	Optional call date, contingent call dates and redemption amount	NA	On or after the First Reset Date of 25 Aug 2020 (at par) Tax call (at par) Regulatory call (at par)
16.	Subsequent call dates, if applicable	NA	Optional call dates - any date after the First Reset Date
	Coupons / dividends		
17.	Fixed or floating dividend / coupon	NA	Fixed to fixed
18.	Coupon rate and any related index	NA	3.8% p.a. up to (but excluding) 25 August 2020; if not redeemed, the distribution rate will be reset every 5 years thereafter to a fixed rate equal to the then prevailing 5-year SGD SOR plus 1.51% p.a.
19.	Existence of a dividend stopper	NA	Yes
20.	Fully discretionary, partially discretionary or mandatory	NA	Fully discretionary
21.	Existence of step up or other incentive to redeem	NA	No
22.	Noncumulative or cumulative	NA	Noncumulative
23.	Convertible or non-convertible	NA	Nonconvertible
24.	If convertible, conversion trigger(s)	NA	NA
25.	If convertible, fully or partially	NA	NA
26.	If convertible, conversion rate	NA	NA
27.	If convertible, mandatory or optional conversion	NA	NA
28.	If convertible, specify instrument type convertible into	NA	NA
29.	If convertible, specify issuer of instrument it converts into	NA	NA
30.	Write-down feature	No	Yes
31.	If write-down, write-down trigger(s)	NA	The earlier of: i) the MAS notifying the Issuer in writing that it is of the opinion that a Write-off is necessary, without which the Issuer would become non-viable; and ii) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the MAS.
32.	If write-down, full or partial	NA	May be written down fully or partially
33.	If write-down, permanent or temporary	NA	Permanent
34.	If temporary write-down, description of write-up mechanism	NA	NA
35.	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Additional Tier 1 capital instruments of OCBC Bank	Upon the occurrence of any winding-up proceeding (other than pursuant to a Permitted Reorgnisation), Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of (i) Senior Creditors and (ii) holders of Tier II Capital Securities, and will rank senior to all Junior Obligations.
36.	Non-compliant transitioned features	No	No
37.	If yes, specify non-compliant features	NA	NA

5.3 Main Features of Capital Instruments (Continued)

		OCC 5.1% Non-cumulative Non-convertible Guaranteed Preference Shares	OCBC Malaysia 6.75% Innovative Tier 1 Capital Securities
1.	Issuer	OCBC Capital Corporation (2008)	OCBC Bank (Malaysia) Berhad
2.	Unique identifier (ISIN)	KYG668911053	MYBPZ0900079
3.	Governing law(s) of instrument	Cayman Islands (In respect of the guaranteed preference shares) Singapore (In respect of the subordinated guarantee and subordinated note)	Malaysia
	Regulatory treatment		
4.	Transitional Basel III rules	Additional Tier 1	Additional Tier 1
5.	Post-transitional Basel III rules	Ineligible	Ineligible
6.	Eligible at Solo / Group / Solo and Group	Solo and Group	Group
7.	Instrument type	Guaranteed preference shares	Capital securities
8.	Amount recognised in regulatory capital	S$1,500 million	S$42 million
9.	Par value of instrument	S$1,500 million	MYR400 million
10.	Accounting classification	Non-controlling interest in consolidated subsidiary	Liabilities - amortised cost
11.	Original date of issuance	27 Aug 2008	17 Apr 2009
12.	Perpetual or dated	Perpetual	Perpetual[1]
13.	Original maturity date	No maturity	No maturity[1]
14.	Issuer call subject to prior supervisory approval	Yes	Yes
15.	Optional call date, contingent call dates and redemption amount	First call date: 20 Sep 2018 (at par) Tax call (at par) Regulatory call (at par)	First call date: 17 Apr 2019 (at par) Tax call (at par) Regulatory call (at par)
16.	Subsequent call dates, if applicable	20 Mar, 20 Jun, 20 Sep and 20 Dec of each year after the first call date	17 Apr and 17 Oct of each year after the first call date
	Coupons / dividends		
17.	Fixed or floating dividend / coupon	Fixed to floating	Fixed to floating
18.	Coupon rate and any related index	5.1% p.a. up to 20 Sep 2018, and 3M SGD SOR plus 2.5% p.a. thereafter	6.75% p.a. up to 17 Apr 2019, and 6M KLIBOR plus 3.32% p.a. thereafter
19.	Existence of a dividend stopper	Yes	Yes
20.	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21.	Existence of step up or other incentive to redeem	Yes	Yes
22.	Noncumulative or cumulative	Noncumulative	Cumulative[2]
23.	Convertible or non-convertible	Nonconvertible	Nonconvertible
24.	If convertible, conversion trigger(s)	NA	NA
25.	If convertible, fully or partially	NA	NA
26.	If convertible, conversion rate	NA	NA
27.	If convertible, mandatory or optional conversion	NA	NA
28.	If convertible, specify instrument type convertible into	NA	NA
29.	If convertible, specify issuer of instrument it converts into	NA	NA
30.	Write-down feature	No	No
31.	If write-down, write-down trigger(s)	NA	NA
32.	If write-down, full or partial	NA	NA
33.	If write-down, permanent or temporary	NA	NA
34.	If temporary write-down, description of write-up mechanism	NA	NA
35.	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Tier 2 capital instruments of OCBC Bank	Tier 2 capital instruments of OCBC Malaysia
36.	Non-compliant transitioned features	Yes	Yes
37.	If yes, specify non-compliant features	Has no loss absorbency at the point of non-viability Has a step-up	Has no loss absorbency when CET1 CAR falls to 7% or below, and at the point of non-viability Has a step-up

[1] Redemption of the capital securities after 30 years from the issue date, if still outstanding then, is subject to regulatory approval being obtained and may only be made from the proceeds of a fresh issuance of preference shares

[2] Payment of any deferred coupon amount is subject to regulatory approval being obtained and may only be made from the proceeds of a fresh issuance of preference shares. In addition, payment of any deferred coupon amount in excess of the specified limit is subject to regulatory approval

5.3 Main Features of Capital Instruments (Continued)

		OCBC 4.25% Subordinated Notes due 2024	OCBC 4.00% Subordinated Notes due 2024 Callable in 2019
1.	Issuer	Oversea-Chinese Banking Corporation Limited	Oversea-Chinese Banking Corporation Limited
2.	Unique identifier (ISIN)	US69033DAC11 (Reg S)	US69033DAB38 (Reg S)
3.	Governing law(s) of instrument	US69033CAC38 (144A) England (Save for the subordination provisions) Singapore (In respect of the subordination provisions)	US69033CAB54 (144A) England (Save for the subordination provisions) Singapore (In respect of the subordination provisions)
	Regulatory treatment		
4.	Transitional Basel III rules	Tier 2	Tier 2
5.	Post-transitional Basel III rules	Tier 2	Tier 2
6.	Eligible at Solo / Group / Solo and Group	Solo and Group	Solo and Group
7.	Instrument type	Subordinated debt	Subordinated debt
8.	Amount recognised in regulatory capital	S$1,339 million	S$1,348 million
9.	Par value of instrument	US$1,000 million	US$1,000 million
10.	Accounting classification	Liabilities - amortised cost	Liabilities - amortised cost
11.	Original date of issuance	19 Jun 2014	15 Apr 2014
12.	Perpetual or dated	Dated	Dated
13.	Original maturity date	19 Jun 2024	15 Oct 2024
14.	Issuer call subject to prior supervisory approval	Yes	Yes
15.	Optional call date, contingent call dates and redemption amount	Tax call (at par) Regulatory call (at par)	First call date: 15 Oct 2019 (at par) Tax call (at par) Regulatory call (at par)
16.	Subsequent call dates, if applicable	NA	NA
	Coupons / dividends		
17.	Fixed or floating dividend / coupon	Fixed	Fixed to fixed
18.	Coupon rate and any related index	4.25% p.a.	4.00% p.a. up to 15 Oct 2019, and reset to 5-yr US Dollar Swap Rate plus 2.203% p.a. thereafter
19.	Existence of a dividend stopper	NA	NA
20.	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21.	Existence of step up or other incentive to redeem	No	No
22.	Noncumulative or cumulative	NA	NA
23.	Convertible or non-convertible	Nonconvertible	Nonconvertible
24.	If convertible, conversion trigger(s)	NA	NA
25.	If convertible, fully or partially	NA	NA
26.	If convertible, conversion rate	NA	NA
27.	If convertible, mandatory or optional conversion	NA	NA
28.	If convertible, specify instrument type convertible into	NA	NA
29.	If convertible, specify issuer of instrument it converts into	NA	NA
30.	Write-down feature	Yes	Yes
31.	If write-down, write-down trigger(s)	Contractual approach The earlier of (i) MAS determining that a write-down is necessary; and (ii) a decision by MAS to make a public sector injection of capital, or equivalent support, without which the issuer would become non-viable in both (i) and (ii)	Contractual approach The earlier of (i) MAS determining that a write-down is necessary; and (ii) a decision by MAS to make a public sector injection of capital, or equivalent support, without which the issuer would become non-viable in both (i) and (ii)
32.	If write-down, full or partial	May be written down fully or partially	May be written down fully or partially
33.	If write-down, permanent or temporary	Permanent	Permanent
34.	If temporary write-down, description of write-up mechanism	NA	NA
35.	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Unsubordinated and unsecured obligations of OCBC Bank	Unsubordinated and unsecured obligations of OCBC Bank
36.	Non-compliant transitioned features	No	No
37.	If yes, specify non-compliant features	NA	NA

6. LEVERAGE RATIO

6.1 Leverage Ratio

	30-Jun-18	31-Mar-18	31-Dec-17	30-Sep-17
Capital and Total exposures (S$'m)				
Tier 1 capital	**28,714**	28,277	28,960	29,694
Total exposures	**408,204**	401,030	394,770	387,576
Leverage Ratio (%)				
Leverage ratio	**7.0**	7.0	7.3	7.6

Leverage ratio as at 30 June 2018 remained at 7.0%, well above the 3% minimum regulatory requirement.

6.2 Leverage Ratio Summary Comparison Table

	Item	**Amount (S$'m)**
1	Total consolidated assets as per published financial statements	464,631
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(81,659)
3	Adjustment for fiduciary assets recognised on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of exposure measure	-
4	Adjustment for derivative transactions	3,452
5	Adjustment for SFTs	7
6	Adjustment for off-balance sheet items	28,642
7	Other adjustments	(6,869)
8	**Exposure measure**	**408,204**

6.3 Leverage Ratio Common Disclosure Table

	Item	Amount (S$'m)	
		Jun-18	**Mar-18**
	Exposure measures of on-balance sheet items		
1	On-balance sheet items (excluding derivative transactions and SFTs, but including on-balance sheet collateral for derivative transactions or SFTs)	370,682	365,648
2	Asset amounts deducted in determining Tier 1 capital	(6,869)	(6,819)
3	**Total exposures measures of on-balance sheet items** (excluding derivative transactions and SFTs)	**363,813**	**358,829**
	Derivative exposure measures		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	4,845	4,601
5	Potential future exposure associated with all derivative transactions	6,496	5,979
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets in accordance with the Accounting Standards	-	-
7	Deductions of receivables for the cash portion of variation margins provided in derivative transactions	(11)	(17)
8	CCP leg of trade exposures excluded	-	-
9	Adjusted effective notional amount of written credit derivatives	523	563
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	**Total derivative exposure measures**	**11,853**	**11,126**
	SFT exposure measures		
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	3,889	4,353
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	7	10
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	**Total SFT exposure measures**	**3,896**	**4,363**
	Exposure measures of off-balance sheet items		
17	Off-balance sheet items at notional amount	126,405	118,881
18	Adjustments for calculation of exposure measures of off-balance sheet items	(97,763)	(92,169)
19	**Total exposure measures of off-balance sheet items**	**28,642**	**26,712**
	Capital and Total exposures		
20	**Tier 1 capital**	**28,714**	**28,277**
21	**Total exposures**	**408,204**	**401,030**
	Leverage Ratio		
22	**Leverage ratio**	**7.0%**	**7.0%**

SFT: Securities Financing Transactions
CCP: Central Counterparty

7. CREDIT QUALITY

7.1 Overview of Credit Quality of Assets

The table below provides an overview of the credit quality of the on and off-balance sheet assets of the Group.

A borrower is recognised to be in default when the borrower is unlikely to repay in full its credit obligations to the Group, or the borrower is past due for more than 90 days on its credit obligations to the Group.

		(a)	(b)	(c)	(d)
		Gross carrying amount of [1/]			
	S$ million	Defaulted exposures	Non-defaulted exposures	Impairment allowances	Net Values [2/] (a + b - c)
1	Loans and bills receivable	3,471	248,893	(2,013)	250,351
2	Debt securities	25	22,600	(11)	22,614
3	Off-balance sheet exposures	18	11,816	(304)	11,530
4	**Total**	**3,514**	**283,309**	**(2,328)**	**284,495**

[1/] Refers to the accounting value of the assets before any impairment allowances but after write-offs
[2/] Refers to total gross carrying amount less impairment allowances

7.2 Changes in Stock of Defaulted Loans and Bills Receivable, and Debt Securities

The table below identifies the changes in defaulted loans and bills receivable as well as debt securities from the previous semi-annual reporting period, including the flows between non-defaulted and defaulted categories and reductions due to write-offs.

Defaulted loans and bills receivable, and debt securities remained relatively unchanged in the first half of 2018.

	S$ million	(a) Amount outstanding
1	**Defaulted loans and bills receivable, and debt securities as at 31 December 2017**	3,450
2	Loans and bills receivable, and debt securities that have defaulted in the first half of 2018	646
3	Return to non-defaulted status	(192)
4	Amounts written-off	(110)
5	Other changes [1/]	(298)
6	**Defaulted loans and bills receivable, and debt securities as at 30 June 2018 (1 + 2 - 3 - 4 ± 5)**	**3,496**

[1/] Other changes comprise foreign exchange, increase in existing defaulted loans and bills receivable, and recoveries

8. OVERVIEW OF RISK WEIGHTED ASSETS

The table below provides an overview of the Group's total RWA, broken down by the approaches with which the RWA are computed, as stipulated by MAS Notice 637.

		(a)	(b)	(c)
		RWA		Minimal Capital Requirements [1/]
	S$ million	Jun-18	Mar-18	Jun-18
1	Credit Risk (excluding Counterparty Credit Risk)	156,977	151,410	15,698
2	Of which: Standardised Approach for Credit and Equity exposures	45,517	41,993	4,552
3	Of which: IRB Approach for Credit and Equity exposures [2/]	111,460	109,417	11,146
4	Credit Risk: Counterparty Credit Risk	4,530	4,945	453
5	Of which: Current Exposure Method [3/]	4,530	4,945	453
6	Of which: Internal Models Method	-	-	-
7	Equity exposures under Simple Risk Weight Method	-	1,242	-
8	Equity investments in funds - Look Through Approach	-	-	-
9	Equity investments in funds - Mandate-Based Approach	-	-	-
10	Equity investments in funds - Fall Back Approach	2,535	2,998	253
10a	Equity investments in funds - Partial Use of an Approach	-	-	-
11	Unsettled Transactions	27	#	3
12	Securitisation exposures in banking book	-	-	-
13	Of which: Ratings-Based and Internal Assessment Methods	-	-	-
14	Of which: Supervisory Formula	-	-	-
15	Of which: Standardised Approach	-	-	-
16	Market Risk	15,597	17,375	1,560
17	Of which: Standardised Approach	15,597	17,375	1,560
18	Of which: Internal Models Approach	-	-	-
19	Operational Risk	13,887	13,723	1,389
20	Of which: Basic Indicator Approach	2,765	2,718	277
21	Of which: Standardised Approach	11,122	11,005	1,112
22	Of which: Advanced Measurement Approach	-	-	-
23	Credit RWA pursuant to paragraph 6.1.3(p)(iii) [4/]	7,233	7,124	723
24	Floor Adjustment	-	-	-
25	**Total**	**200,786**	**198,817**	**20,079**

[1/] Minimum capital requirements are calculated at 10% of RWA

[2/] Refers to Equity exposures under the Probability of Default ("PD")/Loss Given Default ("LGD") Method

[3/] CCR RWA includes RWA attributed to Credit Valuation Adjustments ("CVA") and Central Counterparties ("CCP")

[4/] Refers to Credit RWA attributed to investments in the ordinary shares of unconsolidated major stake companies that are financial institutions, within the prescribed threshold amount in accordance with MAS Notice 637 paragraph 6.1.3 (p)(iii)

represents amounts of less than $0.5 million

The increase in RWA between March 2018 and June 2018 was largely attributed to higher Credit Risk RWA partially offset by Market Risk RWA:

- Credit RWA was higher primarily due to increases in corporate loans, as well as FX effect (mainly appreciation of USD against SGD)
- Market Risk RWA decreased mainly due to lower Interest Rate and Foreign Exchange risk

9. RWA FLOW STATEMENT FOR CREDIT RISK EXPOSURES

This table provides an overview of the quarter-on-quarter movement of Credit Risk RWA attributed to the key drivers from rows 2 to 8.

The increase in RWA during the second quarter of 2018 was largely attributed to asset growth, particularly higher corporate loans, as well as foreign exchange movements (mainly appreciation of USD against SGD).

	S$ million	**(a)** RWA
1	**RWA as at 31 March 2018** [1/]	**109,417**
2	Asset Size [2/]	2,992
3	Asset Quality [3/]	(2,510)
4	Model Updates [4/]	147
5	Methodology and Policy [5/]	-
6	Acquisitions and Disposals [6/]	-
7	Foreign exchange movements [7/]	1,414
8	Other [8/]	-
9	**RWA as at 30 June 2018** [1/] **(1 + 2 + 3 + 4 + 5 + 6 + 7 + 8)**	**111,460**

[1/] Refers to RWA of Credit Risk exposures under IRB Approach and Equity exposures under PD/LGD method (excluding Counterparty Credit Risk)

[2/] Refers to organic changes in book size and composition (origination of new businesses and maturing loans), excluding acquisitions and disposal of entities

[3/] Refers to changes in the assessed quality of the bank's assets due to changes in borrower risk, such as rating grade migration or similar effects

[4/] Refers to changes due to model implementation, changes in model scope, or any model enhancements

[5/] Refers to changes driven by methodological changes such as regulatory policy changes

[6/] Refers to changes in book size due to acquisition and disposal of entities or portfolios

[7/] Refers to changes driven by market movements such as foreign exchange movements

[8/] Refers to changes that cannot be attributed to any other category

10. CREDIT EXPOSURES UNDER STANDARDISED AND IRB APPROACH

10.1 Credit Exposures under Standardised Approach and CRM effects

The following table illustrates the effects of credit risk mitigation ("CRM") on the calculation of capital requirements for credit and equity exposures under the Standardised approach.

In the first half of 2018, RWA increased largely due to higher commercial real estate and corporate exposures in subsidiaries, as well as the migration of equity exposures from the Simple Risk Weight method under the IRB approach to Standardised approach.

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures before CCF and CRM [1/]		**Exposures post-CCF and post-CRM [2/]**			
	S$ million	On-Balance Sheet	Off-Balance Sheet	On-Balance Sheet	Off-Balance Sheet	RWA	RWA Density [3/]
	Asset Class						
1	Cash Items	935	-	935	-	8	1%
2	Sovereign	3,500	681	3,500	20	518	15%
3	PSE	165	85	617	-	176	29%
4	MDB	35	128	37	#	-	0%
5	Bank	5,218	148	5,277	35	2,682	50%
6	Corporate	13,004	7,273	12,304	1,633	13,160	94%
7	Regulatory Retail	6,369	1,556	6,195	44	4,679	75%
8	Residential Mortgage	14,473	35	14,174	6	5,061	36%
9	Commercial Real Estate	11,261	1,832	11,205	211	11,416	100%
10	Equity exposures	450	-	450	-	721	160%
11	Past Due exposures	190	-	190	-	241	127%
12	Higher risk exposures	-	-	-	-	-	NA
13	Others [4/]	6,956	1,174	6,701	153	6,855	100%
14	**Total**	**62,556**	**12,912**	**61,585**	**2,102**	**45,517**	**71%**

[1/] This refers to the regulatory exposure amount (net of impairment allowances and write offs where applicable) before the Credit Conversion Factor ("CCF") for off-balance sheet exposures and the recognised Credit Risk Mitigation ("CRM") are applied

[2/] This is the net credit equivalent amount, after taking into account the effects of CCFs and CRM

[3/] Total RWA divided by the exposures post-CCF and post-CRM

[4/] Includes other exposures not included in the above asset classes, such as fixed assets

Represents amounts of less than $0.5 million

10.2 Credit Exposures under Standardised Approach by Risk Weight

The following table provides a breakdown of credit risk exposures treated under the Standardised approach by asset class and risk weight. The risk weight assigned corresponds to the level of risk attributed to each exposure.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		Risk Weight									
	S$ million	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total EAD [1/]
	Asset Class										
1	Cash Items	895	-	40	-	-	-	-	-	-	935
2	Sovereign	2,484	-	-	-	1,036	-	-	-	-	3,520
3	PSE	-	-	551	-	-	-	66	-	-	617
4	MDB	37	-	-	-	-	-	-	-	-	37
5	Bank	-	-	577	-	4,336	-	399	-	-	5,312
6	Corporate	-	-	112	-	1,373	-	12,452	-	-	13,937
7	Regulatory Retail	-	-	-	-	-	6,239	-	-	-	6,239
8	Residential Mortgage	-	-	-	13,973	-	147	60	-	-	14,180
9	Commercial Real Estate	-	-	-	-	-	-	11,416	-	-	11,416
10	Equity exposures	-	-	-	-	-	-	-	-	450	450
11	Past Due exposures	-	-	-	-	-	-	87	103	-	190
12	Higher risk exposures	-	-	-	-	-	-	-	-	-	-
13	Others [2/]	-	-	-	-	-	-	6,854	-	-	6,854
14	**Total**	**3,416**	**-**	**1,280**	**13,973**	**6,745**	**6,386**	**31,334**	**103**	**450**	**63,687**

[1/] Total EAD refers to both on and off-balance sheet amounts that are used for computing capital requirements, net of impairment allowances and write-offs and after application of CRM and CCF

[2/] Includes other exposures not included in the above asset classes, such as fixed assets

10.3 Credit Exposures under Foundation Internal Ratings-Based Approach (F-IRBA)

The following table provides the main parameters used in the treatment of exposures for the calculation of capital requirements under the F-IRBA.

In the first half of 2018, RWA increased for Corporate IPRE and Corporate asset class largely due to loan growth and foreign exchange movement (appreciation of USD against SGD).

	(a) On-Balance Sheet [1/]	(b) Off-Balance Sheet [2/]	(c) Average CCF (%)	(d) EAD [3/] (S$ million)	(e) Average PD [4/] (%)	(f) Number of Obligors [5/]	(g) Average LGD [4/] (%)	(h) Average Maturity [6/] (In years)	(i) RWA (S$ million)	(j) RWA Density [7/] (%)	(k) Expected Losses (S$ million)	(l) TEP [8/] (S$ million)
Sovereign	(S$ million)											
PD Range												
0.00 to < 0.15	33,604	139	100%	33,777	0.01%	26	45%	1.5	698	2%	1	
0.15 to < 0.25	-	-	-	-	-	-	-	-	-	NA	-	
0.25 to < 0.50	-	-	-	-	-	-	-	-	-	NA	-	
0.50 to < 0.75	-	-	-	-	-	-	-	-	-	NA	-	
0.75 to < 2.50	1	-	0%	1	1.90%	1	45%	1.0	1	100%	#	
2.50 to < 10.00	62	-	0%	62	6.42%	1	45%	1.0	97	155%	2	
10.00 to < 100.00	-	#	-	-	-	1	-	-	-	NA	-	
100.00 (Default)	-	-	-	-	-	-	-	-	-	NA	-	
Sub-total	**33,667**	**139**	**100%**	**33,840**	**0.02%**	**29**	**45%**	**1.5**	**796**	**2%**	**3**	**8**
Bank												
PD Range												
0.00 to < 0.15	41,662	2,341	5%	42,489	0.05%	244	45%	1.0	6,096	14%	9	
0.15 to < 0.25	-	-	-	-	-	-	-	-	-	NA	-	
0.25 to < 0.50	2,427	65	10%	4,728	0.37%	21	45%	0.8	2,758	58%	8	
0.50 to < 0.75	3,967	102	2%	3,970	0.54%	20	45%	0.7	2,770	70%	10	
0.75 to < 2.50	819	22	32%	826	1.88%	26	45%	0.8	989	120%	7	
2.50 to < 10.00	195	23	26%	201	4.60%	24	45%	0.2	264	131%	4	
10.00 to < 100.00	12	#	19%	12	11.10%	39	9%	1.0	5	44%	#	
100.00 (Default)	#	-	0%	#	100.00%	1	45%	1.0	-	0%	#	
Sub-total	**49,082**	**2,553**	**5%**	**52,226**	**0.16%**	**375**	**45%**	**0.9**	**12,882**	**25%**	**38**	**124**
Corporate												
PD Range												
0.00 to < 0.15	37,608	33,706	18%	43,701	0.10%	905	44%	2.2	12,036	28%	18	
0.15 to < 0.25	-	3	0%	-	0.00%	2	0%	-	-	NA	-	
0.25 to < 0.50	14,206	16,655	21%	17,665	0.37%	555	44%	2.1	10,196	58%	29	
0.50 to < 0.75	5,854	7,872	18%	7,242	0.54%	519	43%	1.7	4,577	63%	17	
0.75 to < 2.50	13,104	14,499	13%	12,861	1.50%	832	43%	1.8	12,437	97%	83	
2.50 to < 10.00	3,309	1,950	18%	3,180	5.21%	266	43%	2.2	4,768	150%	72	
10.00 to < 100.00	990	2,285	6%	1,027	13.86%	307	39%	3.6	2,149	209%	57	
100.00 (Default)	1,788	14	53%	1,796	100.00%	146	44%	2.8	-	0%	794	
Sub-total	**76,859**	**76,984**	**17%**	**87,472**	**2.79%**	**3,532**	**44%**	**2.1**	**46,163**	**53%**	**1,070**	**1,388**

10.3 Credit Exposures under Foundation Internal Ratings-Based Approach (F-IRBA) (Continued)

Corporate (IPRE)	(a) On-Balance Sheet [1/] (S$ million)	(b) Off-Balance Sheet [2/] (S$ million)	(c) Average CCF (%)	(d) EAD [3/] (S$ million)	(e) Average PD [4/] (%)	(f) Number of Obligors [5/]	(g) Average LGD [4/] (%)	(h) Average Maturity [6/] (In years)	(i) RWA (S$ million)	(j) RWA Density [7/] (%)	(k) Expected Losses (S$ million)	(l) TEP [8/] (S$ million)
PD Range												
0.00 to < 0.15	1,796	74	72%	1,848	0.14%	10	45%	2.9	760	41%	1	
0.15 to < 0.25	-	-	-	-	-	-	-	-	-	NA	-	
0.25 to < 0.50	3,823	743	64%	4,297	0.37%	37	45%	2.2	2,596	60%	7	
0.50 to < 0.75	7,240	1,202	54%	7,888	0.54%	85	45%	3.1	6,564	83%	19	
0.75 to < 2.50	10,903	2,883	58%	12,521	1.37%	249	45%	2.4	13,283	106%	77	
2.50 to < 10.00	2,483	1,179	49%	3,058	3.84%	139	45%	2.6	4,451	146%	52	
10.00 to < 100.00	52	32	42%	66	11.16%	17	45%	3.6	148	226%	3	
100.00 (Default)	5	#	50%	5	100.00%	2	45%	3.2	-	0%	2	
Sub-total	**26,302**	**6,113**	**56%**	**29,683**	**1.22%**	**539**	**45%**	**2.6**	**27,802**	**94%**	**161**	**267**
Corporate Small Business												
PD Range												
0.00 to < 0.15	393	661	14%	485	0.13%	444	41%	2.7	156	32%	#	
0.15 to < 0.25	467	139	15%	487	0.16%	772	38%	4.3	196	40%	#	
0.25 to < 0.50	790	544	8%	832	0.37%	298	41%	3.5	520	63%	1	
0.50 to < 0.75	831	911	11%	929	0.54%	565	39%	2.1	488	52%	2	
0.75 to < 2.50	2,216	2,001	12%	2,324	1.45%	6,303	39%	2.3	1,856	80%	13	
2.50 to < 10.00	1,688	1,087	11%	1,795	4.55%	641	36%	2.2	1,792	100%	29	
10.00 to < 100.00	426	157	7%	438	13.43%	397	34%	2.7	607	139%	21	
100.00 (Default)	1,305	3	66%	1,306	100.00%	153	44%	2.6	-	0%	577	
Sub-total	**8,116**	**5,503**	**11%**	**8,596**	**17.33%**	**9,573**	**39%**	**2.6**	**5,615**	**65%**	**643**	**681**
Total (all portfolios)	**194,026**	**91,292**	**19%**	**211,817**	**2.07%**	**14,048**	**44%**	**1.8**	**93,258**	**44%**	**1,915**	**2,468**

[1/] On-balance sheet refers to the amount of the on-balance sheet exposure gross of impairment allowances (before taking into account the effect of CRM)
[2/] Off-balance sheet refers to the exposure value without taking into account valuation adjustments and impairment allowances, CCFs and the effect of CRM
[3/] EAD refers to the amount relevant for the capital requirements calculation, after taking into account the effect of CCFs and CRM
[4/] Refers to the PD and LGD associated with each obligor grade, weighted by EAD
[5/] Number of obligors refers to the number of counterparties
[6/] Refers to the effective maturity of the exposures to the obligor in years, weighted by EAD
[7/] Total RWA divided by the exposures post-CCF and post-CRM
[8/] Refers to the total eligible provisions attributed to the respective portfolios
Represents amounts of less than $0.5 million

10.4 Credit Exposures under Advanced Internal Ratings-Based Approach (A-IRBA)

The following table provides the main parameters used in the treatment of exposures for the calculation of capital requirements under the A-IRBA.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	On-Balance Sheet [1/]	Off-Balance Sheet [2/]	Average CCF (%)	EAD [3/] (S$ million)	Average PD [4/] (%)	Number of Obligors [5/]	Average LGD [4/] (%)	Average Maturity [6/] (In years)	RWA (S$ million)	RWA Density [7/] (%)	Expected Losses (S$ million)	TEP [8/] (S$ million)
Residential Mortgage	(S$ million)											
PD Range												
0.00 to < 0.15	2,642	675	69%	3,104	0.09%	11,576	10%		71	2%	#	
0.15 to < 0.25	13,389	918	77%	14,100	0.15%	36,822	10%		497	4%	2	
0.25 to < 0.50	12,592	822	70%	13,167	0.25%	44,543	10%		684	5%	3	
0.50 to < 0.75	14,064	644	73%	14,535	0.50%	48,588	10%		1,250	9%	8	
0.75 to < 2.50	6,935	406	77%	7,248	1.02%	35,112	11%		1,032	14%	8	
2.50 to < 10.00	3,691	120	81%	3,788	3.67%	12,065	11%		1,129	30%	15	
10.00 to < 100.00	1,179	17	81%	1,193	22.40%	7,244	11%		739	62%	30	
100.00 (Default)	423	7	0%	423	100.00%	2,554	15%		326	77%	61	
Sub-total	**54,915**	**3,609**	**73%**	**57,558**	**1.79%**	**198,504**	**10%**		**5,728**	**10%**	**127**	**117**
Qualifying Revolving Retail												
PD Range												
0.00 to < 0.15	660	5,736	44%	3,208	0.06%	549,624	80%		105	3%	2	
0.15 to < 0.25	26	1,000	54%	561	0.17%	105,332	84%		47	8%	1	
0.25 to < 0.50	244	974	43%	666	0.29%	123,789	79%		81	12%	2	
0.50 to < 0.75	272	731	45%	598	0.60%	87,910	78%		126	21%	3	
0.75 to < 2.50	277	542	59%	595	1.46%	82,592	83%		264	44%	7	
2.50 to < 10.00	300	233	66%	455	5.03%	60,297	83%		479	105%	19	
10.00 to < 100.00	133	69	77%	186	22.58%	24,007	84%		403	217%	35	
100.00 (Default)	22	-	0%	22	100.00%	3,519	81%		-	0%	21	
Sub-total	**1,934**	**9,285**	**47%**	**6,291**	**1.65%**	**1,037,070**	**81%**		**1,505**	**24%**	**90**	**36**
Retail Small Business												
PD Range												
0.00 to < 0.15	281	284	58%	445	0.10%	2,631	26%		30	7%	#	
0.15 to < 0.25	1,309	504	47%	1,545	0.17%	6,001	33%		198	13%	1	
0.25 to < 0.50	304	32	55%	321	0.35%	1,103	33%		66	20%	#	
0.50 to < 0.75	602	42	63%	629	0.50%	3,131	37%		177	28%	1	
0.75 to < 2.50	940	86	59%	991	1.14%	7,518	42%		471	48%	5	
2.50 to < 10.00	558	31	75%	582	4.38%	6,333	42%		375	65%	11	
10.00 to < 100.00	348	12	76%	357	28.44%	3,028	43%		324	91%	42	
100.00 (Default)	140	6	0%	140	100.00%	1,575	56%		260	185%	60	
Sub-total	**4,482**	**997**	**53%**	**5,010**	**5.71%**	**31,320**	**37%**		**1,901**	**38%**	**120**	**78**

10.4 Credit Exposures under Advanced Internal Ratings-Based Approach (A-IRBA) (Continued)

Other Retail	(a) On-Balance Sheet [1/] (S$ million)	(b) Off-Balance Sheet [2/] (S$ million)	(c) Average CCF (%)	(d) EAD [3/] (S$ million)	(e) Average PD [4/] (%)	(f) Number of Obligors [5/]	(g) Average LGD [4/] (%)	(h) Average Maturity [6/] (In years)	(i) RWA (S$ million)	(j) RWA Density [7/] (%)	(k) Expected Losses (S$ million)	(l) TEP [8/] (S$ million)
PD Range												
0.00 to < 0.15	378	474	97%	834	0.05%	3,310	9%		12	1%	#	
0.15 to < 0.25	2,968	291	76%	3,190	0.18%	27,655	11%		134	4%	1	
0.25 to < 0.50	285	49	31%	301	0.31%	4,301	15%		26	9%	#	
0.50 to < 0.75	3,367	311	97%	3,669	0.50%	6,693	9%		256	7%	2	
0.75 to < 2.50	7,160	1,131	99%	8,279	1.49%	9,344	9%		954	12%	12	
2.50 to < 10.00	4,359	949	99%	5,304	5.00%	4,746	12%		973	18%	30	
10.00 to < 100.00	9,365	914	100%	10,280	13.66%	6,738	11%		2,325	23%	163	
100.00 (Default)	38	1	0%	38	100.00%	250	28%		53	137%	13	
Sub-total	**27,920**	**4,120**	**96%**	**31,895**	**5.82%**	**63,037**	**11%**		**4,733**	**15%**	**221**	**58**
Corporate												
PD Range												
0.00 to < 0.15	74	207	97%	273	0.05%	483	7%	1.0	5	2%	#	
0.15 to < 0.25	437	113	100%	550	0.20%	784	7%	1.0	27	5%	#	
0.25 to < 0.50	-	-	-	-	-	-	-	-	-	NA	-	
0.50 to < 0.75	618	114	100%	732	0.50%	569	7%	1.0	65	9%	#	
0.75 to < 2.50	1,389	332	100%	1,722	1.56%	841	10%	1.0	336	20%	3	
2.50 to < 10.00	952	247	100%	1,200	5.00%	501	8%	1.0	305	25%	5	
10.00 to < 100.00	2,264	489	100%	2,752	12.73%	1,084	14%	1.0	1,667	61%	48	
100.00 (Default)	-	-	-	-	-	-	-	-	-	NA	-	
Sub-total	**5,734**	**1,502**	**100%**	**7,229**	**6.12%**	**4,262**	**10%**	**1.0**	**2,405**	**33%**	**56**	**23**
Total (all portfolios)	**94,985**	**19,513**	**67%**	**107,983**	**3.44%**	**1,334,193**	**16%**		**16,272**	**15%**	**614**	**312**

[1/] On-balance sheet refers to the amount of the on-balance sheet exposure gross of impairment allowances (before taking into account the effect of CRM)
[2/] Off-balance sheet refers to the exposure value without taking into account valuation adjustments and impairment allowances, CCFs and the effect of CRM
[3/] EAD refers to the amount relevant for the capital requirements calculation, after taking into account the effects of CCFs and CRM
[4/] Refers to the PD and LGD associated with each obligor grade, weighted by EAD
[5/] Number of obligors refers to the number of accounts, except for Retail Small Business which refers to the number of counterparties
[6/] Refers to the effective maturity of the exposures to the obligor in years and is not applicable for portfolios under the IRB treatment of Retail asset classes (A-IRB)
[7/] Total RWA divided by the exposures post-CCF and post-CRM
[8/] Refers to the total eligible provisions attributed to the respective portfolios
Represents amounts of less than $0.5 million

10.5 Overview of Credit Risk Mitigation Techniques

The table below provides an overview of the Group's usage of Credit Risk Mitigation ("CRM") techniques for on-balance sheet exposures to Loans & Bills Receivable and Debt Securities, categorised by status followed by form of instrument.

	S$ million	(a) Exposures unsecured	(b) Exposures secured [1/]	(c) Exposures secured by Collateral	(d) Exposures secured by Financial Guarantees	(e) Exposures secured by Credit Derivatives [2/]
1	Loans and Bills Receivable	134,947	115,404	105,484	3,523	-
2	Debt Securities	22,597	17	-	17	-
3	**Total**	**157,544**	**115,421**	**105,484**	**3,540**	**-**
4	Of which: Defaulted	1,381	888	717	-	-

[1/] Refers to carrying amount of exposures (net of impairment allowances) which have at least one credit risk mitigation mechanism, collateral or financial guarantees associated with them

[2/] Not applicable since the Group does not recognise credit derivatives as a form of CRM instrument for exposures

10.6 Effect on RWA of Credit Derivatives used as CRM

The Group does not recognise credit derivatives as a credit risk mitigant for exposures under F-IRBA or A-IRBA.

11. SPECIALISED LENDING UNDER SUPERVISORY SLOTTING CRITERIA

Exposures treated under the Supervisory Slotting Criteria include loans to customers for Project Financing ("PF"), Object Financing ("OF") and Commodity Financing ("CF"). Income Producing Real Estate ("IPRE") exposures are reported under F-IRBA.

Specialised Lending Portfolio
(S$ million)

Regulatory Categories	Remaining Maturities	On-Balance Sheet [1/]	Off-Balance Sheet [2/]	Risk Weight (%)	EAD [3/] PF	OF	CF	Total	RWA	Expected Losses
Strong	Less than 2.5 years	-	-	50%	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	70%	-	-	-	-	-	-
Good	Less than 2.5 years	-	-	70%	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	90%	-	-	-	-	-	-
Satisfactory		864	1,934	115%	1,129	148	175	1,453	1,772	41
Weak		60	2	250%	-	-	60	60	159	5
Default		94	-	-	30	96	12	137	-	68
Total		**1,018**	**1,936**		**1,159**	**244**	**247**	**1,650**	**1,931**	**114**

[1/] On-balance sheet refers to the amount of the on-balance sheet exposure net of impairment allowances and write-offs (after taking into account the effect of CRM)

[2/] Off-balance sheet refers to the exposure value without taking into account the effects of CCFs and CRM

[3/] EAD refers to the amount relevant for capital requirements calculated by taking into account the effects of CCFs and CRM

12. COUNTERPARTY CREDIT RISK

12.1 Counterparty Credit Risk Exposures by Approach

Counterparty credit risk ("CCR") is the risk of a counterparty defaulting before the final settlement of the transaction, which generally represents uncertain exposures that can vary over time with the movement of underlying market factors such as those in over-the-counter ("OTC") derivatives.

The Group currently treats CCR under the Current Exposure Method ("CEM"), with regulatory prescribed add-on that represents the potential future exposure in addition to the net replacement cost of the OTC derivatives.

The table below provides an overview of the CCR for OTC derivatives and Securities Financing Transactions ("SFTs").

		(a)	(b)	(c)	(d)	(e)	(f)
	Counterparty Credit Risk Exposure by Approach (S$ million)	Replacement Cost	Potential Future Exposure	Effective EPE	Alpha factor (α)	EAD [1/]	RWA
1	CEM (For derivatives)	5,303	7,240			7,335	2,212
2	CCR Internal models method (For derivatives and SFTs)			-		-	-
3	FC(SA) for SFTs					-	-
4	FC(CA) for SFTs					6,154	218
5	VaR for SFTs					-	-
6	**Total**						**2,430**

[1/] EAD refers to the amount relevant for capital requirements calculation, after taking into account the effects of CRM

12.2 CVA Risk Capital Charge

The Credit Valuation Adjustment ("CVA") is made to the mark-to-market valuation of OTC derivatives as calculated under the Standardised approach for the Group.

		(a)	(b)
	S$ million	EAD [1/]	RWA
	Credit Valuation Adjustments (CVA) Risk Capital Requirements		
	Total portfolios subject to Advanced CVA capital requirement	-	-
1	(i) VaR component (including the three-times multiplier)	-	-
2	(ii) Stressed VaR component (including the three-times multiplier)	-	-
3	All portfolios subject to Standardised CVA capital requirement	6,647	1,763
4	**Total portfolios subject to the CVA risk capital requirement**	**6,647**	**1,763**

[1/] EAD refers to the amount relevant for capital requirements calculation, after taking into account the effects of CRM

12.3 Counterparty Credit Risk Exposures under Standardised Approach by Risk Weight

The table below represents the risk weights used in the calculation of capital for the Group's portfolio, which are subjected to the CCR requirements under the Standardised Approach by asset classes.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Risk Weight								Total EAD [1/]
S$ million	0%	10%	20%	50%	75%	100%	150%	Others	
Asset Class									
Sovereign	-	-	-	-	-	-	-	-	-
PSE	-	-	-	-	-	-	-	-	-
MDB	-	-	-	-	-	-	-	-	-
Bank	-	-	86	17	-	#	-	-	103
Corporate	-	-	-	-	-	65	-	-	65
Regulatory Retail	-	-	-	-	-	-	-	-	-
Others [2/]	-	-	-	-	-	53	-	-	53
Total	**-**	**-**	**86**	**17**	**-**	**118**	**-**	**-**	**221**

[1/] EAD refers to the amount relevant for capital requirement calculation, after taking into account the effects of CRM
[2/] Includes other exposures not included in the above asset classes
Represents amounts of less than $0.5 million

12.4 Counterparty Credit Risk Exposures under Foundation Internal Ratings-Based Approach (F-IRBA)

The table below represents the parameters used in the calculation of capital for the Group's portfolio, which are subjected to the CCR requirements under the F-IRBA by asset classes.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Sovereign	EAD [1/] (S$ million)	Average PD [2/] (%)	Number of Obligors [3/]	Average LGD [2/] (%)	Average Maturity [4/] (In years)	RWA (S$ million)	RWA Density [5/] (%)
PD Range							
0.00 to < 0.15	2,494	0.00%	6	31%	0.1	1	0%
0.15 to < 0.25	-	-	-	-	-	-	NA
0.25 to < 0.50	-	-	-	-	-	-	NA
0.50 to < 0.75	-	-	-	-	-	-	NA
0.75 to < 2.50	-	-	-	-	-	-	NA
2.50 to < 10.00	-	-	-	-	-	-	NA
10.00 to < 100.00	-	-	-	-	-	-	NA
100.00 (Default)	-	-	-	-	-	-	NA
Sub-total	**2,494**	**0.00%**	**6**	**31%**	**0.1**	**1**	**0%**
Bank							
PD Range							
0.00 to < 0.15	5,395	0.05%	126	29%	0.7	477	9%
0.15 to < 0.25	-	-	-	-	-	-	NA
0.25 to < 0.50	96	0.37%	7	45%	0.7	54	57%
0.50 to < 0.75	825	0.54%	9	12%	0.2	150	18%
0.75 to < 2.50	58	1.11%	4	18%	0.1	16	28%
2.50 to < 10.00	#	3.20%	2	45%	0.1	#	107%
10.00 to < 100.00	#	11.10%	3	45%	0.0	#	212%
100.00 (Default)	-	-	-	-	-	-	NA
Sub-total	**6,374**	**0.13%**	**151**	**27%**	**0.6**	**697**	**11%**
Corporate							
PD Range							
0.00 to < 0.15	1,391	0.07%	190	34%	1.8	292	21%
0.15 to < 0.25	-	-	-	-	-	-	NA
0.25 to < 0.50	916	0.37%	97	15%	0.6	182	20%
0.50 to < 0.75	89	0.54%	56	45%	0.3	44	49%
0.75 to < 2.50	202	1.69%	98	45%	2.9	243	120%
2.50 to < 10.00	39	6.24%	21	45%	4.6	77	198%
10.00 to < 100.00	1	11.10%	28	45%	3.1	1	224%
100.00 (Default)	-	-	-	-	-	-	NA
Sub-total	**2,638**	**0.41%**	**490**	**29%**	**1.4**	**839**	**32%**

12.4 Counterparty Credit Risk Exposures under Foundation Internal Ratings-Based Approach (F-IRBA) (Continued)

Corporate (IPRE)	(a) EAD [1/] (S$ million)	(b) Average PD [2/] (%)	(c) Number of Obligors [3/]	(d) Average LGD [2/] (%)	(e) Average Maturity [4/] (In years)	(f) RWA (S$ million)	(g) RWA Density [5/] (%)
PD Range							
0.00 to < 0.15	11	0.14%	5	45%	2.9	4	42%
0.15 to < 0.25	-	-	-	-	-	-	NA
0.25 to < 0.50	9	0.37%	11	45%	1.8	5	61%
0.50 to < 0.75	14	0.54%	19	45%	3.2	12	85%
0.75 to < 2.50	17	1.27%	29	45%	2.8	20	110%
2.50 to < 10.00	-	4.73%	4	45%	1.7	1	145%
10.00 to < 100.00	-	-	-	-	-	-	NA
100.00 (Default)	-	-	-	-	-	-	NA
Sub-total	**51**	**0.71%**	**68**	**45%**	**2.8**	**42**	**81%**
Corporate Small Business							
PD Range							
0.00 to < 0.15	1	0.14%	29	45%	0.9	#	21%
0.15 to < 0.25	#	0.15%	3	45%	0.3	#	16%
0.25 to < 0.50	5	0.37%	32	45%	2.7	3	59%
0.50 to < 0.75	230	0.54%	34	29%	0.0	62	27%
0.75 to < 2.50	3	1.35%	65	45%	2.4	2	90%
2.50 to < 10.00	1	4.26%	28	45%	0.7	1	108%
10.00 to < 100.00	#	11.10%	7	45%	0.2	#	155%
100.00 (Default)	5	100.00%	2	45%	1.0	-	0%
Sub-total	**245**	**2.73%**	**200**	**30%**	**0.1**	**68**	**28%**
Total (all portfolios)	**11,802**	**0.22%**	**915**	**28%**	**0.7**	**1,647**	**14%**

[1/] EAD refers to the amount relevant for capital requirements calculation, after taking into account the effects of CRM
[2/] Refers to the PD and LGD associated with each obligor grade, weighted by EAD
[3/] Number of obligors refers to the number of counterparties
[4/] Refers to the effective maturity of the exposures to the obligor in years, weighted by EAD
[5/] Total RWA divided by the exposures post-CRM
Represents amounts of less than $0.5 million

12.5 Counterparty Credit Risk Exposures under Advanced Internal Ratings-Based Approach (A-IRBA)

The table below represents the parameters used in the calculation of capital for the Group's portfolio, which are subjected to the CCR requirements under the A-IRBA by asset classes.

CCR exposures reported under Corporate asset class are largely attributable to the Margin Lending portfolio booked in Bank of Singapore. There was no CCR exposure within the other prescribed asset classes (Sovereign, Banks and Corporate Small Business) under A-IRBA as at 30 June 2018.

Corporate	**(a)** EAD [1/] (S$ million)	**(b)** Average PD [2/] (%)	**(c)** Number of Obligors [3/]	**(d)** Average LGD [2/] (%)	**(e)** Average Maturity [4/] (In years)	**(f)** RWA (S$ million)	**(g)** RWA Density [5/] (%)
PD Range							
0.00 to < 0.15	5	0.05%	112	7%	1.6	#	2%
0.15 to < 0.25	18	0.20%	255	7%	1.2	1	5%
0.25 to < 0.50	-	-	-	-	-	-	NA
0.50 to < 0.75	17	0.50%	210	7%	0.7	1	8%
0.75 to < 2.50	46	1.80%	521	26%	1.0	25	56%
2.50 to < 10.00	14	5.00%	226	7%	0.7	3	22%
10.00 to < 100.00	58	16.17%	711	17%	1.6	53	88%
100.00 (Default)	-	-	-	-	-	-	NA
Sub-total	**158**	**7.07%**	**2,035**	**16%**	**1.2**	**83**	**52%**
Total (all portfolios)	**158**	**7.07%**	**2,035**	**16%**	**1.2**	**83**	**52%**

[1/] EAD refers to the amount relevant for capital requirements calculation, after taking into account the effects of CRM
[2/] Refers to the PD and LGD associated with each obligor grade, weighted by EAD
[3/] Number of obligors refers to the number of accounts
[4/] Refers to the maturity of the exposures to the obligor in years, weighted by EAD
[5/] Total RWA divided by the exposures post-CRM
Represents amounts of less than $0.5 million

12.6 Composition of Collateral for Counterparty Credit Risk Exposures

The table below represents all the types of collateral posted or received by the Group to support or reduce its CCR exposures related to derivatives or securities financing transactions (SFTs), including transactions cleared through Central Counterparties ("CCP").

		(a)	(b)	(c)	(d)	(e)	(f)
		Collateral used in derivative transactions				Collateral used in SFTs [1/]	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
	S$ million	Segregated [2/]	Unsegregated	Segregated [2/]	Unsegregated		
1	Cash	-	2,370	58	1,720	2,368	1,877
2	Debt	-	1,246	-	4	3,807	3,506
3	Equity	-	1,210	-	-	-	-
4	Others [3/]	-	702	-	-	-	-
5	**Total**	**-**	**5,528**	**58**	**1,724**	**6,175**	**5,383**

[1/] Refers to Securities Financing Transaction (i.e. Repos and Reverse Repos)
[2/] Refers to collateral held in a bankruptcy remote manner
[3/] Includes collateral not reported in the other categories

12.7 Credit Derivative Exposures

The table below presents the Group's exposure to credit derivatives by what had been bought or sold.

The decrease in notional for credit derivatives during the first half of 2018 was mainly driven by lower single-name credit default swaps partly offset by higher index credit default swaps.

		(a)	(b)
	S$ million	Protection Bought	Protection Sold
	Notional		
1	Single-name credit default swaps	3,261	2,321
2	Index credit default swaps	1,304	1,218
3	Other credit derivatives	348	183
4	**Total notional**	**4,913**	**3,722**
	Fair values		
5	Positive fair value (asset)	8	40
6	Negative fair value (liability)	42	7

13. SECURITISATION EXPOSURES

There is no securitisation and re-securitisation exposure in the banking and trading books as at 30 June 2018.

14. MARKET RISK TYPE UNDER STANDARDISED APPROACH

During the first half of 2018, the decrease in Market Risk RWA was driven mainly by lower Interest Rate and Foreign Exchange risk.

	Market Risk by Standardised Approach S$ million	(a) RWA
	Notional	
1	Interest rate risk (general and specific)	8,736
2	Equity risk (general and specific)	501
3	Foreign exchange risk	6,046
4	Commodity risk	13
	Options	
5	Simplified approach	-
6	Delta-plus method	174
7	Scenario approach	127
8	Securitisation	-
9	**Total**	**15,597**

There is no Market Risk exposure under Internal Model Approach as at 30 June 2018.

15. INTEREST RATE RISK IN THE BANKING BOOK

Qualitative disclosures related to Interest Rate Risk in the Banking Book, including a description of its nature and key assumptions made by the Group, can be found in the Risk Management chapter and Notes to the Financial Statements of the 2017 Annual Report.

Based on a 100 bp parallel rise in yield curves on the Group's exposure to major currencies i.e. Singapore Dollar, US Dollar, Hong Kong Dollar and Malaysian Ringgit, net interest income is estimated to increase by S$431 million, or approximately +7.5% of reported net interest income (on an annualised basis). The corresponding impact from a 100 bp decrease is an estimated reduction of S$430 million in net interest income, or approximately -7.4% of reported net interest income (on an annualised basis).