

The Basel III framework introduced Leverage Ratio as a non-risk based backstop limit intended to supplement the risk-based capital requirements. It aims to constrain the build-up of excess leverage in the banking sector, introducing additional safeguards against model risk and measurement errors.

Leverage Ratio is calculated as Tier 1 Capital divided by Exposure Measure which comprises on- and off-balance sheet exposures. Along with disclosure of this ratio in the Group Financial Report, the Group is required under MAS Notice 637 to disclose the tables below using prescribed templates.

**Table 1** shows the reconciliation between the Group's published balance sheet assets and the Exposure Measure, while **Table 2** sets out the components of Exposure Measure.

**Table 1 - Reconciliation of Balance Sheet Assets to Exposure Measure as at 31 Mar 2015**

	S\$ million	Amount
1	Total consolidated assets as per published financial statements	313,596
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(535)
3	Adjustment for fiduciary assets recognised on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of the exposure measure	-
4	Adjustment for derivative transactions	2,204
5	Adjustment for SFTs	84
6	Adjustment for off-balance sheet items	28,839
7	Other adjustments	(4,779)
<b>8</b>	<b>Exposure measure</b>	<b>339,409</b>

**Table 2 - Exposure Measure Components as at 31 Mar 2015**

	S\$ million	Amount
<b>Exposure measures of on-balance sheet items</b>		
1	On-balance sheet items (excluding derivative transactions and SFTs, but including on-balance sheet collateral for derivative transactions or SFTs)	303,108
2	Asset amounts deducted in determining Tier 1 capital	(4,779)
3	<b>Total exposure measures of on-balance sheet items</b> (excluding derivative transactions and SFTs)	<b>298,329</b>
<b>Derivative exposure measures</b>		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	3,613
5	Potential future exposure associated with all derivative transactions	5,133
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	-
8	CCP leg of trade exposures excluded	-
9	Adjusted effective notional amount of written credit derivatives	242
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	(12)
11	<b>Total derivative exposure measures</b>	<b>8,977</b>
<b>SFT exposure measures</b>		
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	3,181
13	Eligible netting of cash payables and cash receivables	-
14	SFT counterparty exposures	84
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-
16	<b>Total SFT exposure measures</b>	<b>3,265</b>
<b>Exposure measures of off-balance sheet items</b>		
17	Off-balance sheet items at notional amount	136,812
18	Adjustments for calculation of exposure measures of off-balance sheet items	(107,973)
19	<b>Total exposure measures of off-balance sheet items</b>	<b>28,839</b>
<b>Capital and Total exposures</b>		
20	<b>Tier 1 capital</b>	<b>25,937</b>
21	<b>Total exposures</b>	<b>339,409</b>
<b>Leverage ratio</b>		
22	<b>Leverage ratio</b>	<b>7.6%</b>