

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 30 Sep 2016

	S\$ million	Amount
1	Total consolidated assets as per published financial statements	327,826
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(529)
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	4,302
5	Adjustment for SFTs	142
6	Adjustment for off-balance sheet items	40,623
7	Other adjustments	(4,516)
8	Exposure measure	367,848

Table 2 - Exposure Measure Components as at 30 Sep 2016

	S\$ million	Amount
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)	314,051
2	Asset amounts deducted in determining Tier 1 capital	(4,516)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	309,535
Derivative exposure measures		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	4,022
5	Potential future exposure associated with all derivative transactions	5,036
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	232
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-
11	Total derivative exposure measures	9,291
SFT exposure measures		
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	8,258
13	Eligible netting of cash payables and cash receivables	-
14	SFT counterparty exposures	142
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-
16	Total SFT exposure measures	8,400
Exposure measures of off-balance sheet items		
17	Off-balance sheet items at notional amount	174,568
18	Adjustments for calculation of exposure measures of off-balance sheet items	(133,945)
19	Total exposure measures of off-balance sheet items	40,623
Capital and Total exposures		
20	Tier 1 capital	27,768
21	Total exposures	367,848
Leverage ratio		
22	Leverage ratio	7.5%