

Overview of Risk Weighted Assets

The RWA and capital requirements as at 30 Jun 2017 are presented in the table below.

(SGD in mil)				
		RWA		Minimum capital requirements
		As at 30 Jun 2017	As at 31 Mar 2017	As at end of current quarter
01	Credit risk (excluding CCR)	13,202	12,714	1,320
02	of which: SA(CR) and SA(EQ)	13,202	12,714	1,320
03	of which: IRBA and IRBA(EQ) for equity exposures under the PD/LGD method			
04	CCR	13	8	1
05	of which: Current Exposure Method	5	4	1
06	of which: CCR internal models method			
07	IRBA(EQ) for equity exposures under the simple risk weight method or the IMM			
08	Equity investments in funds - look through approach			
09	Equity investments in funds - mandate-based approach			
10	Equity investments in funds - fall back approach			
10a	Equity investment in funds - partial use of an approach			
11	Unsettled transactions	-	-	-
12	Securitisation exposures in the banking book	190	178	19
13	of which: IRBA(SE) - RBM and IAM			
14	of which: IRBA(SE) - SF			
15	of which: SA(SE)	190	178	19
16	Market risk	15	8	2
17	of which: SA(MR)	15	8	2
18	of which: IMA			
19	Operational risk	1,276	1,281	128
20	of which: BIA			
21	of which: SA(OR)	1,276	1,281	128
22	of which: AMA			
23	Amounts below the thresholds for deduction (subject to 250% risk weight)			
24	Floor adjustment			
25	Total	14,696	14,188	1,470

Increase in RWA is mainly contributed by the increase in exposure of Wealth Management lending portfolio.

Credit Quality of Assets

Credit quality of on- and off-balance sheet assets as at 30 Jun 2017 is as below

		(SGD in mil)			
		(a)	(b)	(c)	(d)
		Gross carrying amount of		Impairment allowances	Net values (a + b - c)
		Defaulted exposures	Non-defaulted exposures		
1	Loans	174	26,480	84	26,570
2	Debt securities	-	5,583	-	5,583
3	Off-balance sheet exposures	1	11,752		11,753
4	Total	175	43,815	84	43,906

Non-Performing credit facilities represent all outstanding loans and advances and bill receivables classified as substandard, doubtful and loss in accordance with the loan grading guidelines under MAS notice to banks 612.

Changes in Stock of Defaulted Loans and Debt Securities

Changes in the defaulted exposures, flows between non-defaulted and defaulted exposure categories and reductions in the defaulted exposures due to write-offs as at 30 Jun 2017 is as below

		(SGD in mil)
		(a)
1	Defaulted loans and debt securities at end of the previous semi-annual reporting period	197
2	Loans and debt securities that have defaulted since the previous semi-annual reporting period	91
3	Returned to non-defaulted status	48
4	Amounts written-off	55
5	Other changes	(11)
6	Defaulted loans and debt securities at end of the semi-annual reporting period (1+2-3-4+5)	174

Credit Risk Exposure and CRM Effects

The effects of CRM on calculation of capital requirements for SA(CR) and SA(EQ) as at 30 Jun 2017 is as below.

The RWA density provides a synthetic metric on the riskiness of each portfolio.

		(SGD in mil)											
Asset classes and others		(a)		(b)		(c)		(d)		(e)		(f)	
		Exposures before CCF and CRM				Exposures post-CCF and post-CRM				RWA and RWA density			
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density	RWA	RWA density		
1	Cash items	43	-	43	-	-	-	-	-	-	-	-	0.00%
2	Central government and central bank	4,736	-	4,736	-	-	-	13	-	-	-	-	0.27%
3	PSE	916	-	916	-	-	-	-	-	-	-	-	0.00%
4	MDB	158	-	158	-	-	-	-	-	-	-	-	0.00%
5	Bank	2,217	623	2,217	125	-	-	717	-	-	-	-	30.61%
6	Corporate	622	1,037	598	97	-	-	573	-	-	-	-	82.45%
7	Regulatory retail	3,715	8,293	3,457	109	-	-	2,689	-	-	-	-	75.41%
8	Residential mortgage	17,656	1,314	17,631	979	-	-	7,093	-	-	-	-	38.11%
9	CRE	1,031	6	1,025	3	-	-	1,031	-	-	-	-	100.29%
10	Equity - SA(EQ)	-	-	-	-	-	-	-	-	-	-	-	-
11	Past due exposures	179	61	145	26	-	-	212	-	-	-	-	123.98%
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-	-	-
13	Other exposures	1,061	419	857	16	-	-	874	-	-	-	-	100.11%
14	Total	32,334	11,753	31,783	1,355	-	-	13,202	-	-	-	-	39.84%

Increased EAD is mainly contributed by residential mortgage and wealth management portfolio.

As the overall LTV of residential mortgage portfolio improved, increase in RWA is mainly contributed by the Wealth Management lending portfolio.

Exposures by Asset Classes and Risk Weights

The breakdown of credit risk exposures under the SA(CR) and SA(EQ) by asset class and risk weight, corresponding to the level of risk attributed to the exposures are as below.

		(SGD in mil)									
Asset classes and others	Risk weight	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposure amount (post-CCF and post-CRM)
1	Cash items	42	-	1	-	-	-	-	-	-	43
2	Central government and central bank	4,671	-	65	-	-	-	-	-	-	4,736
3	PSE	916	-	-	-	-	-	-	-	-	916
4	MDB	158	-	-	-	-	-	-	-	-	158
5	Bank	-	-	1,667	-	583	-	90	2	-	2,342
6	Corporate	-	-	154	-	-	-	541	-	-	695
7	Regulatory retail	-	-	-	-	-	3,531	35	-	-	3,566
8	Residential mortgage	-	-	-	17,250	-	1,259	101	-	-	18,610
9	CRE	-	-	-	-	-	-	1,028	-	-	1,028
10	Equity - SA(EQ)	-	-	-	-	-	-	-	-	-	-
11	Past due exposures	-	-	-	-	-	-	93	78	-	171
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other exposures	-	-	-	-	-	-	873	-	-	873
14	Total	5,787	-	1,887	17,250	583	4,790	2,761	80	-	33,138

Increased EAD is mainly contributed by residential mortgage and wealth management portfolio.

Analysis of CCR Exposure by Approach

Comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method is as below :

(SGD in mil)						
	(a)	(b)	(c)	(d)	(e)	(f)
	Replacement cost	Potential future exposure	Effective EPE	α used for computing regulatory EAD	EAD (post-CRM)	RWA
1 Current Exposure Method	5	25			17	5
2 CCR internal models method (for derivatives and SFTs)						
3 FC(SA) (for SFTs)						
4 FC(CA) (for SFTs)					10	2
5 VaR for SFTs						
6 Total						7

CVA Risk Capital Requirements

CVA risk capital requirements, with a breakdown by standardised and advanced methods is as below

(SGD in mil)			
		(a)	(b)
		EAD (post- CRM)	RWA
	Total portfolios subject to the 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 the Standardised CVA capital requirement	26	5
4	Total portfolios subject to the CVA risk capital requirement	26	5

Standardised Approach - CCR Exposures by Portfolio and Risk Weights

Breakdown of CCR exposures calculated in accordance with the SA(CR), by regulatory portfolio and risk weight as at 30 Jun 2017 is as below

(SGD in mil)									
Risk weight	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	0%	10%	20%	50%	75%	100%	150%	Others	Total Credit Exposure
Asset classes									
Central government and central bank	-	-	-	-	-	-	-	-	-
PSE	-	-	-	-	-	-	-	-	-
MDB	-	-	-	-	-	-	-	-	-
Bank	-	-	22	4	-	-	-	-	26
Corporate	-	-	-	-	-	1	-	-	1
Regulatory retail	-	-	-	-	0	0	-	-	0
Other exposures	-	-	-	-	-	-	-	-	-
Total	-	-	22	4	0	1	-	-	27

Market Risk under Standardised Approach

Components of the capital requirement under the standardised approach for market risk as at 30 Jun 2017 is as below

		(SGD in mil)
		(a)
		RWA ⁸⁰⁴
	Products excluding options	
1	Interest rate risk (general and specific)	
2	Equity risk (general and specific)	
3	Foreign exchange risk	15
4	Commodity risk	
	Options	
5	Simplified approach	
6	Delta-plus method	
7	Scenario approach	
8	Securitisation	
9	Total	15