



Pillar 3 Disclosure Report

31 December 2017

United Overseas Bank Limited
Incorporated in the Republic of Singapore



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Notes:

- 1 The pillar 3 disclosure report are presented in Singapore dollars.
- 2 Certain figures in this report may not add up to the respective totals due to rounding.
- 3 Amounts less than \$500,000 in absolute term are shown as "0".

1 INTRODUCTION

UOB Group's Pillar 3 Disclosure Report ("The Report"), prepared in accordance with the Monetary Authority of Singapore ("MAS") Notice to Banks No. 637 "Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore", comprises mandatory disclosures of the Group's capital composition, leverage ratio and an overview of the Group's risk weighted assets.

The Report is governed by the Group Pillar 3 Disclosure Policy which specifies the Group's Pillar 3 disclosure requirements, frequency of disclosure, medium of disclosure, and the roles and responsibilities of various parties involved in the disclosure reporting. The Policy is reviewed at least annually and approved by the Board.

The Report facilitates an assessment of the Group's capital adequacy and provides an overview of the Group's risk profile. For capital adequacy ratios of the Group's major bank subsidiaries, please refer to the Group Financial Report, available on UOB website www.UOBGroup.com/investor/financial/overview.html.

In accordance with the Monetary Authority of Singapore Notice 637 – Notice on Risk Based Capital Adequacy requirements for Banks incorporated in Singapore and on behalf of the Board of Directors and Senior Management of UOB Group, I hereby attest that UOB Group's Pillar 3 Disclosures Report for the financial year ended 31 December 2017 has been prepared in accordance with the internal control processes approved by the Board.



Wee Ee Cheong

Deputy Chairman and Chief Executive Officer

Date: 14 February 2018

3 COMPOSITION OF CAPITAL

Table 1 and Table 2 are mandatory disclosures prescribed in MAS Notice 637 and the Basel III transitional requirements.

Table 1 shows the reconciliation between the Group's published consolidated balance sheet and the regulatory capital components. Details of the regulatory capital components are set out in Table 2, as referenced.

The scope of consolidation for accounting and regulatory purposes is similar, except that subsidiaries which carry out insurance business are not consolidated for regulatory purpose. The list of the Group's major insurance subsidiaries can be found in the Group's Annual Report. As at 31 December 2017, both the total assets and the total equities of each of these subsidiaries were less than \$1 billion.

Compared with 30 June 2017, key movements in the items under the column "Under regulatory scope of consolidation" were mainly from retained earnings and issuance of US\$650 million in AT1 capital instruments, partly offset by redemption of old-style Tier-2 subordinated notes.

Table 1 - Reconciliation of Balance Sheet to Regulatory Capital as at 31 Dec 2017

\$m	Balance Sheet per Published Financial Statements	Under regulatory scope of consolidation	Reference in Table 2
Equity			
Share capital and other capital	7,766		
<i>of which paid-up ordinary shares</i>		4,792	A
<i>of which AT1 capital instruments</i>		2,974	B
Retained earnings	19,707	19,586	C
<i>of which unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk</i>		68	D
Other reserves	9,377	9,323	E
Equity attributable to equity holders of the Bank	36,850		
Non-controlling interests	187		
<i>of which transitional ineligible surplus NCI of bank subsidiaries</i>		0	F1
<i>of which NCI that meets criteria for inclusion in</i>			
- CET1 capital		13	F2
- AT1 capital		2	F3
- T2 capital		2	F4
Total equity	37,037		
Liabilities			
Deposits and balances of banks	11,440		
Deposits and balances of customers	272,765		
Bills and drafts payable	702		
Other liabilities	11,469		
Debts issued	25,178		
<i>of which T2 capital instruments</i>		4,150	G
Total liabilities	321,556		
Assets			
Cash, balances and placements with central banks	26,625		
Singapore Government treasury bills and securities	4,267		
Other government treasury bills and securities	11,709		
Trading securities	1,766		
Placements and balances with banks	52,181		
Loans to customers	232,212		
<i>of which provisions eligible for inclusion in T2 capital</i>		981	H
Investment securities ¹	11,273		
<i>of which investments in PE/VC held beyond the relevant holding period</i>		23	I
Other assets	10,164		
<i>of which amount related to deferred tax assets (net of deferred tax liabilities, where permissible)</i>		228	J
Investment in associates and joint ventures ¹	1,194		
<i>of which amount related to goodwill</i>		14	K1
Investment properties	1,088		
Fixed assets	1,971		
Intangible assets	4,142		
<i>of which amount related to goodwill</i>		4,142	K2
Total Assets	358,592		

¹ Note: This includes the Bank's major stake investments in financial institutions.

3 COMPOSITION OF CAPITAL (cont'd)

Table 2 lists the regulatory capital components and the corresponding regulatory adjustments.

(a) 'Amount' refers to components of capital calculated in accordance with MAS Notice 637.

(b) 'Amount subject to Pre-Base I III Treatment' refers to components of capital that are computed on Base I III "transitional" rules.

(c) 'Reference in Table 1' links the respective line item to Table 1.

Regulatory adjustments that are deducted against capital are reflected as positive numbers.

Table 2 - Capital Components as at 31 Dec 2017

	\$m	Amount	Amount subject to Pre-Base I III Treatment	Reference in Table 1
Common Equity Tier 1 capital: instruments and reserves				
1	Paid-up ordinary shares and share premium (if applicable)	4,792		A
2	Retained earnings	19,586		C
3 [#]	Accumulated other comprehensive income and other disclosed reserves	9,323		E
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	13	(0)	F1+F2, -F1
6	Common Equity Tier 1 capital before regulatory adjustments	33,714		
Common Equity Tier 1 capital: regulatory adjustments				
7	Valuation adjustment pursuant to Part VIII of MAS Notice 637	-		
8	Goodwill, net of associated deferred tax liability	3,324	831	K1+K2
9 [#]	Intangible assets, net of associated deferred tax liability	-	-	
10 [#]	Deferred tax assets that rely on future profitability	183	46	J
11	Cash flow hedge reserve	-	-	
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	55	14	D
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)	-	-	
20 [#]	Mortgage servicing rights (amount above 10% threshold)	-		
21 [#]	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold	-		
23	<i>of which investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)</i>	-		
24 [#]	<i>of which mortgage servicing rights</i>	-		
25 [#]	<i>of which deferred tax assets arising from temporary differences</i>	-		
26	National specific regulatory adjustments	18		
26A	PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630	18	5	I
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	3,580		
29	Common Equity Tier 1 capital (CET1)	30,134		
Additional Tier 1 capital: instruments				
30	AT1 capital instruments and share premium (if applicable)	2,974		B
31	<i>of which classified as equity under the Accounting Standards</i>	2,974		
32	<i>of which classified as liabilities under the Accounting Standards</i>	-		
33	Transitional: Ineligible capital instruments (pursuant to paragraphs 6.5.3 and 6.5.4)	-		
34	AT1 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion	2		F3
35	<i>of which instruments issued by subsidiaries subject to phase out</i>	-		
36	Additional Tier 1 capital before regulatory adjustments	2,976		
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own AT1 capital instruments	-		

3 COMPOSITION OF CAPITAL (cont'd)

Table 2 - Capital Components as at 31 Dec 2017

	\$m	Amount	Amount subject to Pre-Basel III Treatment	Reference in Table 1
38	Reciprocal cross-holdings in AT1 capital instruments of financial institutions	-		
39	Investments in AT1 capital instruments of unconsolidated financial institutions in which 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	890		
41A	Regulatory adjustments applied to AT1 Capital in respect of amounts subject to pre-Basel III treatment	890		
	<i>of which goodwill, net of associated deferred tax liability</i>	831		row 8 at 20%
	<i>of which intangible assets, net of associated deferred tax liability</i>	-		
	<i>of which deferred tax assets that rely on future profitability</i>	46		row 10 at 20%
	<i>of which cash flow hedge reserve</i>	-		
	<i>of which increase in equity capital resulting from securitisation transactions</i>	-		
	<i>of which unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk</i>	14		row 14 at 20%
	<i>of which shortfall of TEP relative to EL under IRBA</i>	-		
	<i>of which PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630</i>	-		
	<i>of which capital deficits in subsidiaries and associates that are regulated financial institutions</i>	-		
	<i>of which investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (incl insurance subsidiaries)</i>	-		
	<i>of which investments in Tier 2 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake (incl insurance subsidiaries)</i>	-		
41B	Any other items 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	890		
44	Additional Tier 1 capital (AT1)	2,086		
45	Tier 1 capital (T1 = CET1 + AT1)	32,220		
	Tier 2 capital: instruments and provisions			
46	Tier 2 capital instruments and share premium (if applicable)	4,150		G
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	2		F4
49	<i>of which instruments issued by subsidiaries subject to phase out</i>	-		
50	Provisions	981		H
51	Tier 2 capital before regulatory adjustments	5,133		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-		
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	5		
56A	Any other items which the Authority may specify	-		
56B	Regulatory adjustments applied to Tier 2 Capital in respect of amounts subject to pre-Basel III treatment	5		
	<i>of which shortfall of TEP relative to EL under IRBA</i>	-		
	<i>of which PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630</i>	5		row 26A at 20%
	<i>of which capital deficits in subsidiaries and associates that are regulated financial institutions</i>	-		
	<i>of which investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (incl insurance subsidiaries)</i>	-		
	<i>of which investments in AT1 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake (incl insurance subsidiaries)</i>	-		
57	Total regulatory adjustments to Tier 2 capital	5		
58	Tier 2 capital (T2)	5,128		

3 COMPOSITION OF CAPITAL (cont'd)

Table 2 - Capital Components as at 31 Dec 2017

	\$m	Amount	Amount subject to Pre-Basel III Treatment	Reference in Table 1
59	Total capital (TC = T1 + T2)	37,348		
60	Floor-adjusted total risk weighted assets (after incorporating the floor adjustment)	199,481		
	Capital ratios (as a percentage of floor-adjusted risk weighted assets)			
61	Common Equity Tier 1 CAR	15.1%		
62	Tier 1 CAR	16.2%		
63	Total CAR	18.7%		
64	Bank-specific buffer requirement	7.9%		
65	<i>of which capital conservation buffer requirement</i>	1.25%		
66	<i>of which bank specific countercyclical buffer requirement</i>	0.1%		
67	<i>of which G-SIB buffer requirement (if applicable)</i>	-		
68	Common Equity Tier 1 available to meet buffers	8.2%		
	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	184		
73	Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries)	2,385		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related 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)	242		row 50
77	Cap on inclusion of provisions in Tier 2 under standardised approach	261		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	738		row 50
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	837		
	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	1,074		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		
84	Current cap on T2 instruments subject to phase out arrangements	2,607		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		

These elements are subject to a more conservative definition relative to those set out under the Basel III capital standards.

3 COMPOSITION OF CAPITAL (cont'd)

Key Features of Capital Instruments as at 31 Dec 2017

	United Overseas Bank Limited	United Overseas Bank Limited	United Overseas Bank Limited	United Overseas Bank Limited
1 Issuer	United Overseas Bank Limited	United Overseas Bank Limited	United Overseas Bank Limited	United Overseas Bank Limited
2 Unique Identifier (ISIN code)	SG1M31001969	XS1699845068	SG72C9000002	SG58I7998534
3 Governing law(s) of the instrument	Singapore	Singapore	Singapore	Singapore
Regulatory treatment				
4 Transitional Basel III rules	Core Equity	Additional Tier 1	Additional Tier 1	Additional Tier 1
5 Post-transitional Basel III rules	Core Equity	Additional Tier 1	Additional Tier 1	Additional Tier 1
6 Eligible at solo/group/group&solo	Group & Solo	Group & Solo	Group & Solo	Group & Solo
7 Instrument type	Ordinary Share	Perpetual Capital Security	Perpetual Capital Security	Perpetual Capital Security
8 Amount recognised in regulatory capital (in millions)	S\$4,792 million	S\$879 million	S\$748 million	S\$499 million
9 Principal amount (in millions)	n.a.	US\$650 million	S\$750 million	S\$500 million
10 Accounting classification	Equity	Equity	Equity	Equity
11 Original date of issuance	20 July 1970	19 October 2017	18 May 2016	19 November 2013
12 Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13 Original maturity date	No maturity	No maturity	No maturity	No maturity
14 Issuer call subject to prior supervisory approval	n.a.	Yes	Yes	Yes
15 Optional call date	n.a.	19 October 2023	18 May 2021	19 November 2019
Tax/ regulatory event call	n.a.	Yes	Yes	Yes
Redemption price	n.a.	Par	Par	Par
16 Subsequent call dates, if applicable	n.a.	Each distribution payment date thereafter	Each distribution payment date thereafter	Each distribution payment date thereafter
Coupons / dividends				
17 Fixed or floating ⁽¹⁾	Discretionary dividend amount	Fixed	Fixed	Fixed
18 Coupon rate and any related index	n.a.	3.875% paid semi-annually on 19 April & 19 October	4.00% paid semi-annually on 18 May & 18 November	4.75% paid semi-annually on 19 May & 19 November
19 Existence of a dividend stopper	n.a.	Yes	Yes	Yes
20 Fully discretionary, discretionally or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21 Existence of step up or incentive to redeem	n.a.	No	No	No
22 Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23 Convertible or non-convertible	n.a.	Non-convertible	Non-convertible	Non-convertible
24 If convertible, conversion trigger	n.a.	n.a.	n.a.	n.a.
25 If convertible, fully or partially	n.a.	n.a.	n.a.	n.a.
26 If convertible, conversion rate	n.a.	n.a.	n.a.	n.a.
27 If convertible, mandatory or optional conversion	n.a.	n.a.	n.a.	n.a.
28 If convertible, specify instrument type convertible into	n.a.	n.a.	n.a.	n.a.
29 If convertible, specify issuer of instrument it converts into	n.a.	n.a.	n.a.	n.a.
30 Write-down feature	n.a.	Yes	Yes	Yes
31 If write-down, write-down triggers(s)	n.a.	Point of non-viability at the discretion of the Regulator	Point of non-viability at the discretion of the Regulator	Point of non-viability at the discretion of the Regulator
32 If write-down, full or partial	n.a.	Partial	Partial	Partial
33 If write-down, permanent or temporary	n.a.	Permanent	Permanent	Permanent
34 If temporary write-down, description of write-up mechanism	n.a.	n.a.	n.a.	n.a.
35 Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument)	Additional Tier 1 instruments	Tier 2 instruments	Tier 2 instruments	Tier 2 instruments
36 Non compliant transitioned features	No	No	No	No
37 If yes, specify non compliant features	n.a.	n.a.	n.a.	n.a.

(1) Details on re-fixing of the dividend/interest rate on the first call date are available in the UOB website.

3 COMPOSITION OF CAPITAL (cont'd)

Key Features of Capital Instruments as at 31 Dec 2017

	United Overseas Bank Limited	United Overseas Bank Limited	United Overseas Bank Limited	United Overseas Bank Limited
1 Issuer	SG57A1994579	SG79A8000002	XS1485603408	XS1480822516
2 Unique Identifier (ISIN code)	Singapore	Singapore	Singapore	Singapore
3 Governing law(s) of the instrument	Regulatory treatment			
	Additional Tier 1	Tier 2	Tier 2	Tier 2
4 Transitional Basel III rules	Additional Tier 1	Tier 2	Tier 2	Tier 2
5 Post-transitional Basel III rules	Group & Solo	Group & Solo	Group & Solo	Group & Solo
6 Eligible at solo/group/group&solo	Perpetual Capital Security	Subordinated Debt	Subordinated Debt	Subordinated Debt
7 Instrument type	S\$847 million	S\$763 million	S\$791 million	S\$114 million
8 Amount recognised in regulatory capital (<i>in millions</i>)	S\$850 million	S\$750 million	US\$600 million	HK\$700 million
9 Principal amount (<i>in millions</i>)	Equity	Liability	Liability	Liability
10 Accounting classification	23 July 2013	27 February 2017	8 September 2016	26 August 2016
11 Original date of issuance	Perpetual	Dated	Dated	Dated
12 Perpetual or dated	No maturity	27 February 2029	8 March 2027	26 August 2028
13 Original maturity date	Yes	Yes	Yes	Yes
14 Issuer call subject to prior supervisory approval	23 July 2018	27 February 2024	8 March 2022	26 August 2023
15 Optional call date	Yes	Yes	Yes	Yes
Tax/ regulatory event call	Par	Par	Par	Par
Redemption price	Each distribution payment date thereafter	Not applicable. One time call only.	Not applicable. One time call only.	Not applicable. One time call only.
16 Subsequent call dates, if applicable	Coupons / dividends			
	Fixed	Fixed	Fixed	Fixed
17 Fixed or floating ⁽¹⁾	4.90% paid semi-annually on 23 January & 23 July	3.50% paid semi-annually on 27 February and 27 August	2.88% paid semi-annually on 8 March and 8 September	3.19% paid quarterly on 26 August, 26 November, 26 February and 26 May
18 Coupon rate and any related index	Yes	No	No	No
19 Existence of a dividend stopper	Fully discretionary	Mandatory	Mandatory	Mandatory
20 Fully discretionary, discretionally or mandatory	No	No	No	No
21 Existence of step up or incentive to redeem	Non-cumulative	Cumulative	Cumulative	Cumulative
22 Non-cumulative or cumulative	Non-convertible	Non-convertible	Non-convertible	Non-convertible
23 Convertible or non-convertible	n.a.	n.a.	n.a.	n.a.
24 If convertible, conversion trigger	n.a.	n.a.	n.a.	n.a.
25 If convertible, fully or partially	n.a.	n.a.	n.a.	n.a.
26 If convertible, conversion rate	n.a.	n.a.	n.a.	n.a.
27 If convertible, mandatory or optional conversion	n.a.	n.a.	n.a.	n.a.
28 If convertible, specify instrument type convertible into	n.a.	n.a.	n.a.	n.a.
29 If convertible, specify issuer of instrument it converts into	Yes	Yes	Yes	Yes
30 Write-down feature	Point of non-viability at the discretion of the Regulator	Point of non-viability at the discretion of the Regulator	Point of non-viability at the discretion of the Regulator	Point of non-viability at the discretion of the Regulator
31 If write-down, write-down triggers(s)	Partial	Partial	Partial	Partial
32 If write-down, full or partial	Permanent	Permanent	Permanent	Permanent
33 If write-down, permanent or temporary	n.a.	n.a.	n.a.	n.a.
34 If temporary write-down, description of write-up mechanism	Tier 2 instruments	Unsubordinated and unsecured obligations	Unsubordinated and unsecured obligations	Unsubordinated and unsecured obligations
35 Position in subordination hierarchy in liquidation (<i>instrument type immediately senior to instrument</i>)	No	No	No	No
36 Non compliant transitioned features	n.a.	n.a.	n.a.	n.a.
37 If yes, specify non compliant features				

3 COMPOSITION OF CAPITAL (cont'd)

Key Features of Capital Instruments as at 31 Dec 2017

	United Overseas Bank Limited	United Overseas Bank Limited	United Overseas Bank Limited
1 Issuer	United Overseas Bank Limited	United Overseas Bank Limited	United Overseas Bank Limited
2 Unique Identifier (ISIN code)	XS1379133058	SG6QD3000002	XS1045409965
3 Governing law(s) of the instrument	Singapore	Singapore	Singapore
Regulatory treatment			
4 Transitional Basel III rules	Tier 2	Tier 2	Tier 2
5 Post-transitional Basel III rules	Tier 2	Tier 2	Tier 2
6 Eligible at solo/group/group&solo	Group & Solo	Group & Solo	Group & Solo
7 Instrument type	Subordinated Debt	Subordinated Debt	Subordinated Debt
8 Amount recognised in regulatory capital (in millions)	S\$914 million	S\$502 million	S\$1,064 million
9 Principal amount (in millions)	US\$700 million ⁽²⁾	S\$500 million	US\$800 million
10 Accounting classification	Liability	Liability	Liability
11 Original date of issuance	16 & 24 March 2016	22 May 2014	19 March 2014
12 Perpetual or dated	Dated	Dated	Dated
13 Original maturity date	16 September 2026	22 May 2026	19 September 2024
14 Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15 Optional call date	16 September 2021	22 May 2020	19 September 2019
Tax/ regulatory event call	Yes	Yes	Yes
Redemption price	Par	Par	Par
16 Subsequent call dates, if applicable	Not applicable. One time call only.	Not applicable. One time call only.	Not applicable. One time call only.
Coupons / dividends			
17 Fixed or floating ⁽¹⁾	Fixed	Fixed	Fixed
18 Coupon rate and any related index	3.5% paid semi-annually on 16 March and 16 September	3.5% paid semi-annually on 22 May and 22 November	3.75% paid semi-annually on 19 March and 19 September
19 Existence of a dividend stopper	No	No	No
20 Fully discretionary, discretionally or mandatory	Mandatory	Mandatory	Mandatory
21 Existence of step up or incentive to redeem	No	No	No
22 Non-cumulative or cumulative	Cumulative	Cumulative	Cumulative
23 Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24 If convertible, conversion trigger	n.a.	n.a.	n.a.
25 If convertible, fully or partially	n.a.	n.a.	n.a.
26 If convertible, conversion rate	n.a.	n.a.	n.a.
27 If convertible, mandatory or optional conversion	n.a.	n.a.	n.a.
28 If convertible, specify instrument type convertible into	n.a.	n.a.	n.a.
29 If convertible, specify issuer of instrument it converts into	n.a.	n.a.	n.a.
30 Write-down feature	Yes	Yes	Yes
31 If write-down, write-down triggers(s)	Point of non-viability at the discretion of the Regulator	Point of non-viability at the discretion of the Regulator	Point of non-viability at the discretion of the Regulator
32 If write-down, full or partial	Partial	Partial	Partial
33 If write-down, permanent or temporary	Permanent	Permanent	Permanent
34 If temporary write-down, description of write-up mechanism	n.a.	n.a.	n.a.
35 Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument)	Unsubordinated and unsecured obligations	Unsubordinated and unsecured obligations	Unsubordinated and unsecured obligations
36 Non compliant transitioned features	No	No	No
37 If yes, specify non compliant features	n.a.	n.a.	n.a.

(2) US\$500m 3.5% subordinated notes were first issued on 16 March 2016. This was followed by a re-tap for US\$200m on 24 March 2016, which was consolidated and formed a single series with the US\$500m tranche issued on 16 March 2016.

4 LEVERAGE RATIO

The Basel III framework introduced Leverage Ratio as a non-risk-based backstop limit to supplement the risk-based capital requirements. It aims to constrain the build-up of excess leverage in the banking sector, with additional safeguards against model risk and measurement errors. Leverage ratio is expressed as Tier 1 capital against Exposure Measure, which comprises on- and off-balance sheet items. Other than the difference in scope for consolidation and aggregation under SFRS and MAS Notice 637, there are no material differences between total balance sheet assets (net of on-balance sheet derivative and SFT assets) as reported in the financial statements and Exposure Measure of on-balance sheet items.

As at 31 December 2017, the Group's leverage ratio was 8.0%, up by 0.3% quarter-on-quarter, primarily from higher Tier 1 capital.

\$m	31 Dec 2017	30 Sep 2017	30 Jun 2017	31 Mar 2017
Tier 1 capital	32,220	30,616	30,026	29,131
Exposure measure	400,803	396,451	385,816	384,439
Leverage ratio	8.0%	7.7%	7.8%	7.6%

The following disclosure is presented in prescribed templates under MAS Notice 637 Annex 11F and 11G.

Reconciliation of Balance Sheet Assets to Exposure Measure

	\$m	31 Dec 2017
1	Total consolidated assets as per published financial statements	358,592
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(592)
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	5,182
5	Adjustment for SFTs	210
6	Adjustment for off-balance sheet items	41,881
7	Other adjustments	(4,470)
8	Exposure measure	400,803

Exposure Measure Components

	\$m	31 Dec 2017	30 Sep 2017
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)	339,951	337,313
2	Asset amounts deducted in determining Tier 1 capital	(4,470)	(4,378)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	335,481	332,935
Derivative exposure measures			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	4,573	4,417
5	Potential future exposure associated with all derivative transactions	6,082	6,284
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	230	234
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	Total derivative exposure measures	10,885	10,934
SFT exposure measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	12,346	10,501
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	210	227
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	Total SFT exposure measures	12,556	10,728
Exposure measures of off-balance sheet items			
17	Off-balance sheet items at notional amount	187,533	187,382
18	Adjustments for calculation of exposure measures of off-balance sheet items	(145,652)	(145,528)
19	Total exposure measures of off-balance sheet items	41,881	41,854
Capital and Total exposures			
20	Tier 1 capital	32,220	30,616
21	Total exposures	400,803	396,451
	Leverage ratio		
22	Leverage ratio	8.0%	7.7%

5 GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES USED IN THE COUNTERCYCLICAL CAPITAL BUFFER

To achieve the broader macroprudential goal of protecting the banking sector from periods of excess aggregate credit growth, the Basel III standards introduced the Countercyclical Capital Buffer (CCyB) framework. The CCyB is applied on a discretionary basis by banking supervisors in the respective jurisdictions. Parallel with the Capital Conservation Buffer, a CCyB of up to 2.5%, is to be maintained in the form of CET1 capital and phased in from 1 January 2016, capped at 0.625% per year, till 1 January 2019.

The Group's countercyclical buffer is computed as the weighted average of effective CCyB in jurisdictions where the Group has private sector credit exposures and the geographical distribution of the private sector credit exposures is based on where the ultimate risk of the exposure resides. Following mandatory disclosure under MAS Notice 637 provides an overview of the Group's private sector credit exposures by geographical breakdown.

\$m	(a)	(b)	(c)	(d)
Geographical breakdown	Country-specific countercyclical buffer requirement	RWA for private sector credit exposures used in the computation of the countercyclical buffer	Bank-specific countercyclical buffer requirement	Countercyclical buffer amount
Hong Kong	1.25%	12,850		
Sweden	1.25%	2		
Sum		12,851		
Total		157,201	0.1%	204

6 OVERVIEW OF RWA

The table below lists the Group's RWA by risk type and approach, as prescribed under MAS Notice 637. The minimum capital requirement is stated at 10.0% of RWA.

The Group's RWA comprises credit RWA (88.4%), operational RWA (6.9%) and market RWA (4.7%). Total RWA at 31 December 2017 was \$199.5 billion, or \$6.7 billion lower quarter-on-quarter mainly due to enhancements in RWA computation methodology.

\$m		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 31 Dec 2017	As at 30 Sep 2017	As at 31 Dec 2017
1	Credit risk (excluding CCR)	158,130	161,043	15,813
2	<i>of which SA(CR) and SA(EQ)</i>	20,249	19,801	2,025
3	<i>of which IRBA and IRBA(EQ) for equity exposures under the PD/LGD method</i>	137,881	141,243	13,788
4	CCR	4,237	4,438	424
5	<i>of which Current Exposure Method</i>	2,442	2,547	244
6	<i>of which CCR Internal Models Method</i>	-	-	-
7	IRBA(EQ) for equity exposures under the simple risk weight method or the IMM	4,640	4,580	464
	Equity investments in funds – look through approach	239	260	24
9	Equity investments in funds – mandate-based approach	2,853	2,909	285
10	Equity investments in funds – fall back approach	1	0	0
10a	Equity investment in funds – partial use of an approach	-	-	-
11	Unsettled transactions	-	-	-
12	Securitisation exposures in the banking book	175	174	18
13	<i>of which IRBA(SE) - RBM and IAM</i>	175	174	18
14	<i>of which IRBA(SE) - SF</i>	-	-	-
15	<i>of which SA(SE)</i>	-	-	-
16	Market risk	9,424	12,910	966
17	<i>of which SA(MR)</i>	9,424	12,910	966
18	<i>of which IMA</i>	-	-	-
19	Operational risk	13,819	13,707	1,382
20	<i>of which BIA</i>	-	-	-
21	<i>of which SA(OR)</i>	13,819	13,707	1,382
22	<i>of which AMA</i>	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	5,963	6,148	596
24	Floor adjustment	-	-	-
25	Total	199,481	206,169	19,972

7 CREDIT QUALITY OF ASSETS

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

A default on the obligor is considered to have occurred when either or both of the followings have taken place:

- The obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the bank to actions such as realising security (if held).
- The obligor is past due more than 90 days on any credit obligation to the Group. Overdrafts will be considered as being past due once the outstanding has breached an advised limit.

\$m		(a)	(b)	(c)	(d)
		Gross carrying amount of		Total impairment allowances	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
1	Loans	4,211	231,817	3,816	232,212
2	Debt securities	55	24,064	67	24,052
3	Off-balance sheet exposures	123	59,376	107	59,392
4	Total	4,389	315,257	3,990	315,656

8 CHANGES IN STOCK OF DEFAULTED LOANS AND DEBT SECURITIES

The table below provides the change in defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the defaulted exposures due to write-offs.

\$m		(a)
1	Defaulted loans and debt securities at end of the previous semi-annual reporting period	3,522
2	Loans and debt securities that have defaulted since the previous semi-annual reporting period	1,869
3	Returned to non-defaulted status	(122)
4	Amounts written-off	(300)
5	Other changes	(703)
6	Defaulted loans and debt securities at end of the semi-annual reporting period (1+2+3+4+/-5)	4,266

The increase in defaulted loans and debt securities in the second half of 2017 was mainly due to new defaulted loans that was partially offset by write-off and recoveries. Other changes mainly comprise of recoveries and foreign exchange.

9 ADDITIONAL DISCLOSURES RELATED TO THE CREDIT QUALITY OF ASSETS

The following tables show the Group's exposures analysed by geographical areas, industry and residual maturity:

Major On-balance sheet credit exposures

\$m	Loans to customers (gross)	Government treasury bills and securities	Placements and balances with banks	Debt securities	Total
Analysed by geography^a					
Singapore	127,602	4,267	1,559	1,579	135,007
Malaysia	26,948	1,781	4,901	1,233	34,863
Thailand	14,977	2,504	3,495	49	21,025
Indonesia	10,718	853	1,728	33	13,332
Greater China	32,301	2,814	25,439	1,293	61,847
Others	23,482	3,757	15,059	5,474	47,772
Total	236,028	15,976	52,181	9,661	313,846

^a By borrower's country of incorporation / operation (for non-individuals) and residence (for individuals).

\$m	Loans to customers (gross)	Government treasury bills and securities	Placements and balances with banks	Debt securities	Total
Analysed by industry					
Transport, storage and communication	9,388	–	–	1,154	10,542
Building and construction	53,646	–	–	265	53,911
Manufacturing	18,615	–	–	1,825	20,440
Financial institutions, investment and holding companies	19,090	–	52,181	2,587	73,858
General commerce	30,664	–	–	855	31,519
Professionals and private individuals	28,182	–	–	–	28,182
Housing loans	65,569	–	–	–	65,569
Government	–	15,976	–	–	15,976
Others	10,874	–	–	2,975	13,849
Total	236,028	15,976	52,181	9,661	313,846

9 ADDITIONAL DISCLOSURES RELATED TO THE CREDIT QUALITY OF ASSETS (cont'd)

Contingent liabilities

	\$m
Analysed by geography^a	
Singapore	12,917
Malaysia	2,825
Thailand	1,404
Indonesia	909
Greater China	3,476
Others	4,867
Total	26,398

^a By borrower's country of incorporation / operation (for non-individuals) and residence (for individuals).

	\$m
Analysed by industry	
Transport, storage and communication	1,275
Building and construction	6,925
Manufacturing	2,446
Financial institutions, investment and holding companies	5,873
General commerce	8,428
Professionals and private individuals	168
Others	1,283
Total	26,398

Commitments (excluding operating lease and capital commitments)

	\$m
Analysed by geography^a	
Singapore	72,176
Malaysia	12,734
Thailand	11,066
Indonesia	5,232
Greater China	20,140
Others	14,837
Total	136,185

^a By borrower's country of incorporation / operation (for non-individuals) and residence (for individuals).

9 ADDITIONAL DISCLOSURES RELATED TO THE CREDIT QUALITY OF ASSETS (cont'd)

	\$m
Analysed by industry	
Transport, storage and communication	5,891
Building and construction	23,046
Manufacturing	17,791
Financial institutions, investment and holding companies	14,337
General commerce	37,601
Professionals and private individuals	21,495
Housing Loans	3,677
Others	12,347
Total	136,185

Credit exposures by residual contractual maturity

The following table shows the Group's credit exposures by remaining contractual maturities.

\$m	Up to 7 days	Over 7 days to 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 3 years	Over 3 years	No specific maturity	Total
Balances and placements with central banks	7,533	5,240	2,210	2,725	-	-	6,646	24,354
Singapore Government treasury bills and securities	-	-	3	15	1,088	3,160	1	4,267
Other government treasury bills and securities	194	1,155	1,728	1,443	4,297	2,850	42	11,709
Trading debt securities	1	10	75	167	117	1,200	15	1,585
Placements and balances with banks	15,546	11,525	16,193	6,552	955	186	1,224	52,181
Loans to customers	15,330	19,383	21,504	21,205	35,264	114,184	5,342	232,212
Derivative financial assets	-	-	-	-	-	-	5,781	5,781
Investment debt securities	29	29	408	990	1,539	5,027	54	8,076
Others	-	-	-	-	-	-	3,017	3,017
Total	38,633	37,342	42,121	33,097	43,260	126,607	22,122	343,182

The majority of the Group's off-balance sheet credit exposures are short term commitments with maturity of less than 1 year.

9 ADDITIONAL DISCLOSURES RELATED TO THE CREDIT QUALITY OF ASSETS (cont'd)

The following tables show the Group's impaired exposures, related allowances and write-offs analysed by geographical areas and industry.

\$m	Impaired Exposure	Specific allowance	Write-off
Analysed by geography¹			
Singapore	2,058	934	67
Malaysia	585	220	2
Thailand	439	157	45
Indonesia	694	312	102
Greater China	132	76	62
Others	303	156	22
Non-performing loans	4,211	1,855	300
Debt securities, contingent items and others	178	159	4
Total	4,389	2,014	304

¹ By borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).

\$m	Impaired Exposure	Specific allowance	Write-off
Analysed by industry			
Transport, storage and communication	1,209	835	52
Building and construction	428	58	19
Manufacturing	638	279	47
Financial institutions, investment and holding companies	92	7	0
General commerce	485	214	82
Professionals and private individuals	295	73	36
Housing loans	677	127	31
Others	387	262	33
Non-performing loans	4,211	1,855	300
Debt securities, contingent items and others	178	159	4
Total	4,389	2,014	304

9 ADDITIONAL DISCLOSURES RELATED TO THE CREDIT QUALITY OF ASSETS (cont'd)

The following tables show the Group's past due but not impaired exposures analysed by ageing.

\$m	Past due but not impaired exposure			
	< 30 days	30 - 59 days	60 – 90 days	Total
Total	3,113	883	283	4,279

The following tables show the Group's restructured impaired exposure.

\$m	Restructured impaired exposure
Total	408

10 SA(CR) AND SA(EQ) – CREDIT RISK EXPOSURE AND CRM EFFECTS

The following table illustrates the effects of CRM on the calculation of Group's capital requirements for credit exposures under the SA(CR).

Compared with 30 June 2017, exposures and RWA were lower mainly due to migration of certain corporate exposures to IRBA following approval from MAS.

	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 \$m	Off-balance sheet amount \$m	On-balance sheet amount \$m	Off-balance sheet amount \$m	RWA \$m	RWA density %
1	Cash items	3,101	260	3,101	260	20	1
2	Central government and central bank	1,851	-	1,851	-	164	9
3	PSE	1,288	823	1,288	-	140	11
4	MDB	459	0	771	-	143	19
5	Bank	925	371	940	47	511	52
6	Corporate	7,497	10,981	6,534	1,482	7,774	97
7	Regulatory retail	1,754	1,518	1,524	26	1,163	75
8	Residential mortgage	1,923	10	1,923	-	807	42
9	CRE	1,718	879	1,706	105	1,812	100
10	Equity - SA(EQ)	-	-	-	-	-	-
11	Past due exposures	315	24	314	0	446	142
12	Higher-risk categories	-	-	-	-	-	-
13	Other exposures	8,116	1,443	6,962	309	7,271	100
14	Total	28,947	16,310	26,915	2,230	20,249	69

11 SA(CR) AND SA(EQ) – EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS

The following table provides a breakdown of Group's credit risk exposures under SA(CR) by asset class and risk weight.

\$m		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Risk weight										Total credit exposure amount (post-CCF and post-CRM)
	Asset classes and others	0%	10%	20%	35%	50%	75%	100%	150%	Others	
1	Cash items	3,262	-	100	-	-	-	-	-	-	3,361
2	Central government and central bank	1,523	-	-	-	328	-	-	-	-	1,851
3	PSE	1,038	-	-	-	221	-	29	-	-	1,288
4	MDB	484	-	-	-	287	-	-	-	-	771
5	Bank	-	-	163	-	690	-	134	-	-	986
6	Corporate	-	-	276	-	43	-	7,697	-	-	8,016
7	Regulatory retail	-	-	-	-	-	1,550	-	-	-	1,550
8	Residential mortgage	-	-	-	1,712	-	15	196	-	-	1,923
9	CRE	-	-	-	-	-	-	1,812	-	-	1,812
10	Equity - SA(EQ)	-	-	-	-	-	-	-	-	-	-
11	Past due exposures	-	-	-	-	-	-	52	263	-	314
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other exposures	-	-	-	-	-	-	7,271	-	-	7,271
14	Total	6,307	-	538	1,712	1,569	1,565	17,190	263	-	29,144

12 IRBA – CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE

The following table provides the main parameters used for the calculation of capital requirements for credit exposures under IRBA.

Compared with 30 June 2017, the increase in EAD and RWA for Bank asset class was due to an increase in placements with banks. The increase in EAD and RWA for Corporate asset class was mainly due to migration of certain corporate exposures to IRBA following approval from MAS. The decrease in RWA for Residential Mortgage asset class was due to model enhancements.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
PD range %	Original on- balance sheet gross exposures \$m	Off- balance sheet exposures pre-CCF \$m	Average CCF %	EAD post-CRM and post-CCF \$m	Average PD %	Number of Obligors	Average LGD %	Average Maturity Years	RWA \$m	RWA density %	EL \$m	TEP \$m
Sovereign asset sub-class												
0.00 to < 0.15	30,215	288	99	30,732	0.0	23	45	1.4	1,409	5	2	
0.15 to <0.25	52	-	-	52	0.2	1	45	1.0	18	34	0	
0.25 to <0.50	81	-	-	81	0.4	2	45	1.0	36	45	0	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to < 2.50	11	-	-	11	1.5	2	45	1.7	11	101	0	
2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	
10.00 to <100.00	61	-	-	61	18.5	1	45	1.0	140	232	5	
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	30,418	288	99	30,936	0.1	29	45	1.4	1,614	5	8	19
Bank asset sub-class												
0.00 to < 0.15	31,067	4,922	50	33,736	0.1	161	45	0.5	4,316	13	8	
0.15 to <0.25	3,070	145	82	3,223	0.2	22	45	0.7	1,226	38	3	
0.25 to <0.50	3,692	57	75	3,735	0.4	16	45	0.5	1,870	50	6	
0.50 to <0.75	2,268	61	13	2,277	0.6	14	45	0.1	1,280	56	6	
0.75 to < 2.50	671	104	25	700	1.4	12	45	0.4	566	81	4	
2.50 to < 10.00	407	23	39	151	4.3	15	45	0.2	183	121	3	
10.00 to <100.00	106	35	6	61	18.5	17	44	0.5	135	222	5	
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	41,281	5,347	50	43,883	0.2	257	45	0.5	9,576	22	36	111

12 IRBA – CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE (cont'd)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
PD range %	Original on-balance sheet gross exposures \$m	Off-balance sheet exposures pre-CCF \$m	Average CCF %	EAD post-CRM and post-CCF \$m	Average PD %	Number of Obligors	Average LGD %	Average Maturity Years	RWA \$m	RWA density %	EL \$m	TEP \$m
Corporate asset sub-class												
0.00 to < 0.15	3,562	2,731	25	4,337	0.1	45	44	2.2	926	21	1	
0.15 to <0.25	6,964	7,544	16	8,551	0.2	124	44	1.6	3,224	38	7	
0.25 to <0.50	12,355	20,614	18	19,075	0.4	505	42	2.1	10,881	57	30	
0.50 to <0.75	4,870	13,345	20	9,598	0.5	439	44	1.7	6,253	65	22	
0.75 to < 2.50	21,809	29,559	13	26,542	1.2	1,701	43	1.4	21,816	82	133	
2.50 to < 10.00	8,693	8,462	22	5,583	5.1	666	37	1.3	6,497	116	105	
10.00 to <100.00	2,193	3,104	23	1,203	19.0	385	23	1.4	1,518	126	59	
100.00 (Default)	1,153	229	30	1,222	100.0	140	43	1.7	-	-	526	
Sub-total	61,599	85,588	17	76,111	2.9	4,004	42	1.7	51,115	67	885	1,392
Corporate small business asset sub-class												
0.00 to < 0.15	0	4	11	1	0.1	2	13	0.7	0	3	0	
0.15 to <0.25	94	809	13	226	0.2	201	37	1.8	65	29	0	
0.25 to <0.50	792	2,154	9	1,180	0.4	545	37	1.9	507	43	2	
0.50 to <0.75	706	1,808	13	999	0.5	553	38	2.0	509	51	2	
0.75 to < 2.50	6,699	13,947	6	7,632	1.4	2,897	38	2.0	5,802	76	40	
2.50 to < 10.00	5,086	3,850	11	5,075	5.2	2,138	37	1.8	5,429	107	96	
10.00 to <100.00	935	534	17	894	16.9	485	36	1.5	1,484	166	55	
100.00 (Default)	795	195	6	806	100.0	167	41	1.6	-	-	333	
Sub-total	15,107	23,301	8	16,813	7.9	6,988	38	1.9	13,797	82	528	502

12 IRBA – CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE (cont'd)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
PD range %	Original on-balance sheet gross exposures \$m	Off-balance sheet exposures pre-CCF \$m	Average CCF %	EAD post-CRM and post-CCF \$m	Average PD %	Number of Obligors	Average LGD %	Average Maturity Years	RWA \$m	RWA density %	EL \$m	TEP \$m
Specialised lending asset sub-class - IPRE												
0.00 to < 0.15	-	45	50	22	0.1	1	45	1.0	3	14	0	
0.15 to <0.25	8,442	3,817	66	10,971	0.2	155	45	2.0	4,466	41	9	
0.25 to <0.50	18,997	3,741	60	21,248	0.4	359	45	2.1	12,722	60	36	
0.50 to <0.75	3,392	761	49	3,763	0.5	120	45	2.5	2,837	75	9	
0.75 to < 2.50	13,544	2,801	50	14,956	1.2	924	45	2.2	14,579	97	80	
2.50 to < 10.00	2,995	549	29	3,156	4.1	520	45	3.1	4,891	155	58	
10.00 to <100.00	74	9	75	80	17.8	18	45	2.9	199	247	6	
100.00 (Default)	323	6	65	327	100.0	24	45	2.4	-	-	147	
Sub-total	47,767	11,730	58	54,523	1.4	2,121	45	2.2	39,697	73	346	
Equities exposures under IRBA (EQ) - PD/LGD method												
0.00 to < 0.15	8	-	-	8	0.0	1	90	5.0	11	130	0	
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	
2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	8	-	-	8	0.0	1	90	5.0	11	130	0	
Total (FIRB portfolios)	196,179	126,254	21	222,275	2.0	13,399	44	1.5	115,810	52	1,802	2,503

12 IRBA – CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE (cont'd)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
PD range %	Original on-balance sheet gross exposures \$m	Off-balance sheet exposures pre-CCF \$m	Average CCF %	EAD post-CRM and post-CCF \$m	Average PD %	Number of Obligors	Average LGD %	Average Maturity Years	RWA \$m	RWA density %	EL \$m	TEP \$m
Residential mortgage asset sub-class												
0.00 to < 0.15	450	269	103	728	0.1	14,298	19	-	27	4	0	
0.15 to <0.25	16,607	570	100	17,178	0.2	41,114	13	-	868	5	4	
0.25 to <0.50	26,558	2,703	66	28,341	0.3	83,270	11	-	1,689	6	9	
0.50 to <0.75	16,630	817	98	17,434	0.7	44,685	14	-	2,322	13	15	
0.75 to < 2.50	7,072	534	38	7,276	1.3	42,285	13	-	1,440	20	12	
2.50 to < 10.00	1,524	107	43	1,569	3.8	16,854	23	-	1,082	69	14	
10.00 to <100.00	1,665	47	47	1,688	26.8	8,088	16	-	1,450	86	67	
100.00 (Default)	714	1	-	714	100.0	3,240	22	-	657	92	126	
Sub-total	71,221	5,045	73	74,928	2.1	230,650	13	-	9,533	13	247	237
QRRE asset sub-class												
0.00 to < 0.15	775	4,387	31	2,116	0.1	479,491	52	-	75	4	1	
0.15 to <0.25	296	1,503	34	805	0.2	151,845	46	-	45	6	1	
0.25 to <0.50	296	4,282	70	3,290	0.3	710,940	52	-	255	8	5	
0.50 to <0.75	694	1,392	57	1,487	0.6	309,607	54	-	230	15	5	
0.75 to < 2.50	805	2,120	78	2,461	1.3	338,016	39	-	517	21	14	
2.50 to < 10.00	591	488	66	916	5.7	217,704	57	-	721	79	29	
10.00 to <100.00	437	97	72	506	24.7	123,804	68	-	864	171	82	
100.00 (Default)	46	-	-	46	100.0	11,019	68	-	83	182	25	
Sub-total	3,939	14,269	54	11,626	2.4	1,992,236	50	-	2,788	24	163	57

12 IRBA – CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE (cont'd)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
PD range %	Original on-balance sheet gross exposures \$m	Off-balance sheet exposures pre-CCF \$m	Average CCF %	EAD post-CRM and post-CCF \$m	Average PD %	Number of Obligors	Average LGD %	Average Maturity Years	RWA \$m	RWA density %	EL \$m	TEP \$m
Other retail exposures asset sub-class (excluding exposures to small business)												
0.00 to < 0.15	53	227	40	144	0.1	2,965	35	-	13	9	0	
0.15 to <0.25	1,156	85	42	1,192	0.2	27,857	13	-	58	5	0	
0.25 to <0.50	22	111	58	86	0.3	879	16	-	7	8	0	
0.50 to <0.75	5,459	789	48	5,835	0.6	24,639	10	-	490	8	4	
0.75 to < 2.50	2,869	708	73	3,385	1.7	23,125	7	-	276	8	3	
2.50 to < 10.00	579	150	82	703	5.1	54,062	43	-	477	68	17	
10.00 to <100.00	440	44	28	452	21.1	62,915	47	-	445	98	39	
100.00 (Default)	96	0	-	96	100.0	5,592	52	-	456	473	17	
Sub-total	10,675	2,113	58	11,893	2.7	198,408	13	-	2,222	19	81	43
Other retail small business exposures asset sub-class												
0.00 to < 0.15	17	62	69	60	0.1	363	9	-	1	2	0	
0.15 to <0.25	460	668	68	916	0.2	3,509	21	-	79	9	0	
0.25 to <0.50	2,073	960	63	2,679	0.4	9,776	25	-	435	16	3	
0.50 to <0.75	910	345	58	1,111	0.5	4,901	26	-	227	20	2	
0.75 to < 2.50	3,114	968	48	3,583	1.3	14,778	28	-	1,164	32	13	
2.50 to < 10.00	1,167	220	47	1,270	4.6	5,742	29	-	567	45	17	
10.00 to <100.00	264	19	46	272	21.6	1,259	28	-	179	66	16	
100.00 (Default)	181	16	9	182	100.0	767	43	-	400	219	56	
Sub-total	8,185	3,258	58	10,073	3.6	41,095	27	-	3,052	30	106	90
Total (Retail Asset Class)	94,020	24,686	59	108,519	2.3	2,238,230	18	-	17,595	16	597	428

13 IRBA – EFFECT ON RWA OF CREDIT DERIVATIVES USED AS CRM

As at 31 December 2017, Group does not use credit derivatives as credit risk mitigant for exposures under IRBA.

		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
\$m			
1	Sovereign – F-IRBA	1,614	1,614
2	Sovereign – A-IRBA	-	-
3	Banks – F-IRBA	9,576	9,576
4	Banks – A-IRBA	-	-
5	Corporate – F-IRBA	51,115	51,115
6	Corporate – A-IRBA	-	-
7	Corporate small business – F-IRBA	13,797	13,797
8	Corporate small business – A-IRBA	-	-
9	Specialised lending – F-IRBA	39,697	39,697
10	Specialised lending – A-IRBA	-	-
11	High Volatility Commercial Real Estate – F-IRBA	-	-
12	High Volatility Commercial Real Estate – A-IRBA	-	-
13	Retail – QRRE	2,788	2,788
14	Retail – residential mortgage	9,533	9,533
15	Retail – small business	3,052	3,052
16	Other retail exposures	2,222	2,222
17	Equity – F-IRBA	11	11
18	Equity – A-IRBA	-	-
19	Purchased receivables – F-IRBA	-	-
20	Purchased receivables – A-IRBA	-	-
21	Total	133,405	133,405

14 IRBA - BACKTESTING OF PD PER PORTFOLIO

The tables below provide the backtesting data used to validate the reliability of PD calculations and compares the PD used in IRBA capital calculations with the effective default rates of the bank's obligors.

Sovereign Asset Sub-class

PD Range %	S&P	Fitch's Rating	Moody's Rating	Weighted Average PD %	Arithmetic Average PD by Obligor %	Number of Obligors		Defaulted Obligor in the Annual Reporting Period	Of which new defaulted obligors in the annual reporting period	Average Historical Annual Default Rate %
						End of Previous Annual Reporting Period	End of Annual Reporting Period			
0.00 to < 0.15	A+	A+	A1	0.0	0.0	22	23	-	-	0.0
0.15 to < 0.25	BBB	BBB	Baa2	0.2	0.2	3	1	-	-	0.0
0.25 to < 0.50	BBB- to BB+	BBB- to BB+	Baa3 to Ba1	0.4	0.4	2	2	-	-	0.0
0.50 to < 0.75	BB+	BB+	Ba1	-	-	-	-	-	-	0.0
0.75 to < 2.50	BB to B+	BB to B+	Ba2 to B1	1.5	1.5	2	2	-	-	0.0
2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	-	-	-	-	-	-	0.0
10.00 to < 100.00	B-	B-	B3	18.5	18.5	1	1	-	-	0.0
100.00 (Default)				-	-	-	-			

14 IRBA - BACKTESTING OF PD PER PORTFOLIO (cont'd)
Bank Asset Sub-class

PD Range %	S&P	Fitch's Rating	Moody's Rating	Weighted Average PD %	Arithmetic Average PD by Obligors %	Number of Obligors		Defaulted Obligors in the Annual Reporting Period	Of which new defaulted obligors in the annual reporting period	Average Historical Annual Default Rate %
						End of Previous Annual Reporting Period	End of Annual Reporting Period			
0.00 to < 0.15	A+	A+	A1	0.1	0.1	166	161	-	-	0.0
0.15 to < 0.25	BBB	BBB	Baa2	0.2	0.2	23	22	-	-	0.0
0.25 to < 0.50	BBB- to BB+	BBB- to BB+	Baa3 to Ba1	0.4	0.4	20	16	-	-	0.0
0.50 to < 0.75	BB+	BB+	Ba1	0.6	0.6	13	14	-	-	0.0
0.75 to < 2.50	BB to B+	BB to B+	Ba2 to B1	1.4	1.3	18	12	-	-	0.0
2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	4.3	4.3	14	15	-	-	0.0
10.00 to < 100.00	B-	B-	B3	18.5	21.8	13	17	-	-	0.0
100.00 (Default)				-	-	-	-			

Corporate Asset Sub-class

PD Range %	S&P	Fitch's Rating	Moody's Rating	Weighted Average PD %	Arithmetic Average PD by Obligors %	Number of Obligors		Defaulted Obligors in the Annual Reporting Period	Of which new defaulted obligors in the annual reporting period	Average Historical Annual Default Rate %
						End of Previous Annual Reporting Period	End of Annual Reporting Period			
0.00 to < 0.15	A+	A+	A1	0.1	0.1	30	45	-	-	0.0
0.15 to < 0.25	BBB	BBB	Baa2	0.2	0.2	113	124	-	-	0.0
0.25 to < 0.50	BBB- to BB+	BBB- to BB+	Baa3 to Ba1	0.4	0.4	496	505	-	-	0.1
0.50 to < 0.75	BB+	BB+	Ba1	0.5	0.5	417	439	-	-	0.3
0.75 to < 2.50	BB to B+	BB to B+	Ba2 to B1	1.2	1.2	1,771	1,701	11	-	0.7
2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	5.1	5.2	839	666	41	1	2.5
10.00 to < 100.00	B-	B-	B3	19.0	22.8	436	385	18	2	2.8
100.00 (Default)				100.0	100.0	113	140			

14 IRBA - BACKTESTING OF PD PER PORTFOLIO (cont'd)
Corporate Small Business Asset Sub-class

PD Range %	S&P	Fitch's Rating	Moody's Rating	Weighted Average PD %	Arithmetic Average PD by Obligors %	Number of Obligors		Defaulted Obligors in the Annual Reporting Period	Of which new defaulted obligors in the annual reporting period	Average Historical Annual Default Rate %
						End of Previous Annual Reporting Period	End of Annual Reporting Period			
0.00 to < 0.15	A+	A+	A1	0.1	0.1	1	2	-	-	0.0
0.15 to < 0.25	BBB	BBB	Baa2	0.2	0.2	207	201	-	-	0.0
0.25 to < 0.50	BBB- to BB+	BBB- to BB+	Baa3 to Ba1	0.4	0.4	578	545	4	-	0.2
0.50 to < 0.75	BB+	BB+	Ba1	0.5	0.5	533	553	3	-	0.2
0.75 to < 2.50	BB to B+	BB to B+	Ba2 to B1	1.4	1.4	2,782	2,897	11	-	0.4
2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	5.2	5.3	2,154	2,138	31	-	1.6
10.00 to < 100.00	B-	B-	B3	16.9	17.7	394	485	11	-	4.9
100.00 (Default)				100.0	100.0	149	167			

IPRE Asset Sub-class

PD Range %	S&P	Fitch's Rating	Moody's Rating	Weighted Average PD %	Arithmetic Average PD by Obligors %	Number of Obligors		Defaulted Obligors in the Annual Reporting Period	Of which new defaulted obligors in the annual reporting period	Average Historical Annual Default Rate %
						End of Previous Annual Reporting Period	End of Annual Reporting Period			
0.00 to < 0.15	A+	A+	A1	0.1	0.1	1	1	-	-	0.0
0.15 to < 0.25	BBB	BBB	Baa2	0.2	0.2	169	155	2	-	0.2
0.25 to < 0.50	BBB- to BB+	BBB- to BB+	Baa3 to Ba1	0.4	0.4	363	359	-	-	0.1
0.50 to < 0.75	BB+	BB+	Ba1	0.5	0.5	118	120	-	-	0.0
0.75 to < 2.50	BB to B+	BB to B+	Ba2 to B1	1.2	1.4	911	924	2	-	0.3
2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	4.1	3.9	489	520	9	-	0.8
10.00 to < 100.00	B-	B-	B3	17.8	20.5	14	18	1	-	24.8
100.00 (Default)				100.0	100.0	16	24			

14 IRBA - BACKTESTING OF PD PER PORTFOLIO (cont'd)
Residential Mortgage Asset Sub-class

PD Range %	S&P	Fitch's Rating	Moody's Rating	Weighted Average PD %	Arithmetic Average PD by Obligors %	Number of Obligors		Defaulted Obligors in the Annual Reporting Period	Of which new defaulted obligors in the annual reporting period	Average Historical Annual Default Rate %
						End of Previous Annual Reporting Period	End of Annual Reporting Period			
0.00 to < 0.15				0.1	0.1	15,868	14,298	10	-	0.1
0.15 to < 0.25				0.2	0.2	21,378	41,114	54	-	0.1
0.25 to < 0.50				0.3	0.3	102,248	83,270	76	-	0.1
0.50 to < 0.75				0.7	0.5	24,604	44,685	187	4	0.3
0.75 to < 2.50				1.3	1.5	46,723	42,285	329	17	0.6
2.50 to < 10.00				3.8	4.1	19,976	16,854	674	72	2.2
10.00 to < 100.00				26.8	20.9	7,800	8,088	1,704	1	16.5
100.00 (Default)				100.0	100.0	2,590	3,240			

QRRE Asset Sub-class

PD Range %	S&P	Fitch's Rating	Moody's Rating	Weighted Average PD %	Arithmetic Average PD by Obligors %	Number of Obligors		Defaulted Obligors in the Annual Reporting Period	Of which new defaulted obligors in the annual reporting period	Average Historical Annual Default Rate %
						End of Previous Annual Reporting Period	End of Annual Reporting Period			
0.00 to < 0.15				0.1	0.1	540,782	479,491	447	-	0.1
0.15 to < 0.25				0.2	0.2	12,180	151,845	157	-	0.1
0.25 to < 0.50				0.3	0.3	792,144	710,940	689	9	0.1
0.50 to < 0.75				0.6	0.7	247,779	309,607	1,724	-	0.5
0.75 to < 2.50				1.3	1.5	325,215	338,016	3,759	32	0.8
2.50 to < 10.00				5.7	5.1	223,676	217,704	9,716	840	3.2
10.00 to < 100.00				24.7	24.8	125,074	123,804	28,633	41	16.2
100.00 (Default)				100.0	100.0	10,973	11,019			

14 IRBA - BACKTESTING OF PD PER PORTFOLIO (cont'd)
Other Retail Exposures Asset Sub-class (excluding exposures to small business)

PD Range %	S&P	Fitch's Rating	Moody's Rating	Weighted Average PD %	Arithmetic Average PD by Obligors %	Number of Obligors		Defaulted Obligors in the Annual Reporting Period	Of which new defaulted obligors in the annual reporting period	Average Historical Annual Default Rate %
						End of Previous Annual Reporting Period	End of Annual Reporting Period			
0.00 to < 0.15				0.1	0.1	2,978	2,965	7	-	0.1
0.15 to < 0.25				0.2	0.2	26,229	27,857	92	-	0.1
0.25 to < 0.50				0.3	0.4	1,271	879	12	-	0.2
0.50 to < 0.75				0.6	0.5	21,323	24,639	182	3	0.3
0.75 to < 2.50				1.7	1.5	28,090	23,125	152	9	0.4
2.50 to < 10.00				5.1	5.5	48,202	54,062	2,316	213	3.3
10.00 to < 100.00				21.1	32.5	56,185	62,915	8,008	1,444	12.1
100.00 (Default)				100.0	100.0	5,538	5,592			

Other Retail Small Business Exposures Asset Sub-class

PD Range %	S&P	Fitch's Rating	Moody's Rating	Weighted Average PD %	Arithmetic Average PD by Obligors %	Number of Obligors		Defaulted Obligors in the Annual Reporting Period	Of which new defaulted obligors in the annual reporting period	Average Historical Annual Default Rate %
						End of Previous Annual Reporting Period	End of Annual Reporting Period			
0.00 to < 0.15				0.1	0.1	419	363	-	-	0.1
0.15 to < 0.25				0.2	0.2	3,678	3,509	4	-	0.1
0.25 to < 0.50				0.4	0.4	9,011	9,776	17	-	0.1
0.50 to < 0.75				0.5	0.5	4,636	4,901	13	1	0.2
0.75 to < 2.50				1.3	1.3	14,286	14,778	111	3	0.7
2.50 to < 10.00				4.6	4.4	5,526	5,742	149	8	2.1
10.00 to < 100.00				21.6	21.8	1,247	1,259	231	-	15.2
100.00 (Default)				100.0	100.0	741	767			

15 IRBA – SPECIALISED LENDING AND EQUITIES UNDER THE SIMPLE RISK WEIGHT METHOD

The following table provides the exposure amount and RWA of the Group's specialised lending portfolio under Supervisory Slotting Criteria and equity portfolio under Simple Risk Weight method.

\$m

Specialised lending											
Other than HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount					RWA	EL
					PF	OF	CF	IPRE	Total		
Strong	< 2.5 years	639	13,614	50%	165	-	1,560	6	1,731	918	-
	≥ 2.5 years	982	693	70%	1,386	-	66	50	1,502	1,114	6
Good	< 2.5 years	345	3,131	70%	93	58	160	203	514	382	2
	≥ 2.5 years	712	437	90%	375	260	-	400	1,035	988	8
Satisfactory		319	162	115%	58	128	10	229	425	519	12
Weak		209	1	250%	80	119	0	12	210	556	17
Default		534	12	-	-	526	-	18	544	-	272
Total		3,740	18,050		2,157	1,090	1,797	917	5,961	4,476	317
Equity exposures under the simple risk weight method											
Categories	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount					RWA		
Exchange-traded equity exposures	806	0	300%	806					2,564		
Other equity exposures	421	68	400%	489					2,075		
Total	1,228	68		1,296					4,640		

16 ANALYSIS OF COUNTERPARTY CREDIT RISK EXPOSURE BY APPROACH

The following table provides the EAD, RWA and parameters used to calculate the Group's CCR regulatory requirements.

Compared with 30 June 2017, the increase in EAD was mainly due to higher repo exposures.

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost	Potential future exposure	Effective EPE	α used for computing regulatory EAD	EAD (post-CRM)	RWA
\$m							
1	Current Exposure Method (for derivatives)	2,413	3,672			5,485	2,442
2	CCR internal models method (for derivatives and SFTs)			-	-	-	-
3	FC(SA) (for SFTs)					-	-
4	FC(CA) (for SFTs)					15,182	176
5	VaR for SFTs					-	-
6	Total						2,618

17 CVA RISK CAPITAL REQUIREMENTS

The following table provides the Group's CVA risk capital requirements calculated under Standardised Approach.

\$m		(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	4,777	1,432
4	Total portfolios subject to the CVA risk capital requirement	4,777	1,432

18 STANDARDISED APPROACH – CCR EXPOSURES BY PORTFOLIO AND RISK WEIGHTS

The following table provides a breakdown of the Group's CCR exposures under SA(CR) by asset classes and risk weight.

\$m	Risk weight	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		0%	10%	20%	50%	75%	100%	150%	Others	Total Credit Exposure
	Central government and central bank	-	-	-	-	-	-	-	-	-
	PSE	-	-	11	-	-	7	-	-	18
	MDB	1	-	-	-	-	-	-	-	1
	Bank	-	-	46	13	-	7	-	-	66
	Corporate	-	-	1	0	-	547	-	-	548
	Regulatory retail	-	-	-	-	8	-	-	-	8
	Other exposures	-	-	-	-	-	7	-	-	7
	Total	1	-	58	13	8	569	-	-	649

19 IRBA – CCR EXPOSURES BY PORTFOLIO AND PD RANGE

The following table sets out the relevant parameters used for the calculations of CCR capital requirements for IRBA models.

Compared with 30 June 2017, the increase in EAD and RWA was mainly due to migration of certain corporate exposures to IRBA and higher repo exposures.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
PD range %	EAD post- CRM \$m	Average PD %	Number of obligors	Average LGD %	Average maturity Years	RWA \$m	RWA density %
Sovereign asset sub-class							
0.00 to < 0.15	3,117	0.0	5	9	0.2	1	0
0.15 to <0.25	5	0.2	1	45	0.0	1	24
0.25 to <0.50	34	0.4	1	0	0.0	0	0
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to < 2.50	-	-	-	-	-	-	-
2.50 to < 10.00	-	-	-	-	-	-	-
10.00 to <100.00	0	27.9	1	-	1.0	-	-
100.00 (Default)	-	-	-	-	-	-	-
Sub-total	3,156	0.0	8	9	0.2	2	0
Bank asset sub-class							
0.00 to < 0.15	7,815	0.1	129	11	0.4	333	4
0.15 to <0.25	1,629	0.2	19	1	0.1	12	1
0.25 to <0.50	763	0.4	14	2	0.2	12	2
0.50 to <0.75	9	0.6	2	45	1.0	7	76
0.75 to < 2.50	2	1.5	3	45	0.2	2	80
2.50 to < 10.00	0	4.3	1	-	1.0	-	-
10.00 to <100.00	2	27.9	2	15	0.4	1	81
100.00 (Default)	-	-	-	-	-	-	-
Sub-total	10,220	0.1	170	9	0.3	368	4

19 IRBA – CCR EXPOSURES BY PORTFOLIO AND PD RANGE (cont'd)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
PD range %	EAD post- CRM \$m	Average PD %	Number of obligors	Average LGD %	Average maturity Years	RWA \$m	RWA density %
Corporate asset sub-class							
0.00 to < 0.15	153	0.1	21	44	2.9	46	30
0.15 to <0.25	1,426	0.2	39	28	1.5	475	33
0.25 to <0.50	1,069	0.4	93	9	0.4	120	11
0.50 to <0.75	1,474	0.5	88	9	0.2	165	11
0.75 to < 2.50	1,943	1.0	318	11	0.4	422	22
2.50 to < 10.00	89	3.3	76	45	1.1	109	122
10.00 to <100.00	140	27.3	34	4	0.4	30	21
100.00 (Default)	4	100.0	4	42	1.6	-	-
Sub-total	6,299	1.3	673	15	0.7	1,366	22
Corporate small business asset sub-class							
0.00 to < 0.15	0	0.1	1	45	0.0	0	7
0.15 to <0.25	2	0.2	47	44	0.1	0	18
0.25 to <0.50	1	0.4	50	41	0.3	0	33
0.50 to <0.75	2	0.5	64	43	0.9	1	46
0.75 to < 2.50	91	1.4	293	45	0.7	73	81
2.50 to < 10.00	26	3.2	202	44	1.1	28	106
10.00 to <100.00	1	15.5	31	42	0.2	1	175
100.00 (Default)	-	-	-	-	-	-	-
Sub-total	123	1.8	688	44	0.8	104	84

19 IRBA – CCR EXPOSURES BY PORTFOLIO AND PD RANGE (cont'd)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
PD range %	EAD post- CRM \$m	Average PD %	Number of obligors	Average LGD %	Average maturity Years	RWA \$m	RWA density %
Specialised lending asset sub-class - IPRE							
0.00 to < 0.15	-	-	-	-	-	-	-
0.15 to <0.25	15	0.2	11	45	2.6	7	46
0.25 to <0.50	73	0.4	39	45	2.6	49	67
0.50 to <0.75	2	0.5	5	45	2.7	1	77
0.75 to < 2.50	20	1.1	22	45	1.6	17	87
2.50 to < 10.00	28	3.3	3	45	4.1	45	160
10.00 to <100.00	0	20.5	1	45	2.1	0	249
100.00 (Default)	-	-	-	-	-	-	-
Sub-total	138	1.1	81	45	2.7	120	87
Total (sum of portfolios)	19,936	0.5	1,620	11	0.4	1,961	10

20 CREDIT DERIVATIVE EXPOSURES

The following table shows the breakdown of Group's exposures to credit derivative transactions by credit derivatives bought or sold.

		(a)	(b)
		Protection bought	Protection sold
\$m	Notionals		
1	Single-name credit default swaps	241	230
2	Index credit default swaps	53	-
3	Total return swaps	1,489	-
4	Total notionals	1,783	230
	Fair values		
5	Positive fair value (asset)	31	2
6	Negative fair value (liability)	9	-

21 SECURITISATION EXPOSURES IN THE BANKING BOOK

The following table shows the Group's securitisation exposures in the Banking Book.

		(a)	(b)	(c)
		UOB acts as investor		
		Traditional	Synthetic	Sub-total
\$m	1 Total retail	104	-	104
2	of which: residential mortgage	4	-	4
3	of which: credit card	100	-	100
4	Total wholesale	32	-	32
5	of which: commercial mortgage	32	-	32

Note: The group does not have any securitisation exposures where it acts as sponsor or originator.

22 SECURITISATION EXPOSURES IN THE BANKING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS – UOB ACTING AS INVESTOR

The following table shows the exposure amounts, RWA and capital requirements of the Group's securitisation exposures in the Banking Book where the Group acts as an investor.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
	Exposure values (by risk weight bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRBA(SE) – RBM and IAM	IRBA(SE) - SF	SA(SE)	1250%	IRBA(SE) – RBM and IAM	IRBA(SE) - SF	SA(SE)	1250%	IRBA(SE) – RBM and IAM	IRBA(SE) - SF	SA(SE)	1250%
\$m																	
1 Total exposures	61	64	-	-	11	124	-	-	11	34	-	-	142	3	-	-	14
2 Traditional securitisation	61	64	-	-	11	124	-	-	11	34	-	-	142	3	-	-	14
3 of which: securitisation	61	64	-	-	11	124	-	-	11	34	-	-	142	3	-	-	14
4 of which: retail underlying	29	64	-	-	11	92	-	-	11	30	-	-	142	3	-	-	14
5 of which: wholesale	32	-	-	-	-	32	-	-	-	4	-	-	-	0	-	-	-
6 of which: resecuritisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 of which: senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 of which: non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 of which: securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 of which: retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which: wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 of which resecuritisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 of which: senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 of which: non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

23 MARKET RISK UNDER STANDARDISED APPROACH

The table below shows the components of the capital requirement under the standardised approach for market risk.

Compared with 30 June 2017, the decrease in RWA was mainly due to enhancements in RWA computation methodology.

\$m		(a)
		RWA
	Products excluding options	
1	Interest rate risk (general and specific)	1,917
2	Equity risk (general and specific)	325
3	Foreign exchange risk	5,890
4	Commodity risk	703
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	589
8	Securitisation	-
9	Total	9,424

Standardised Approach

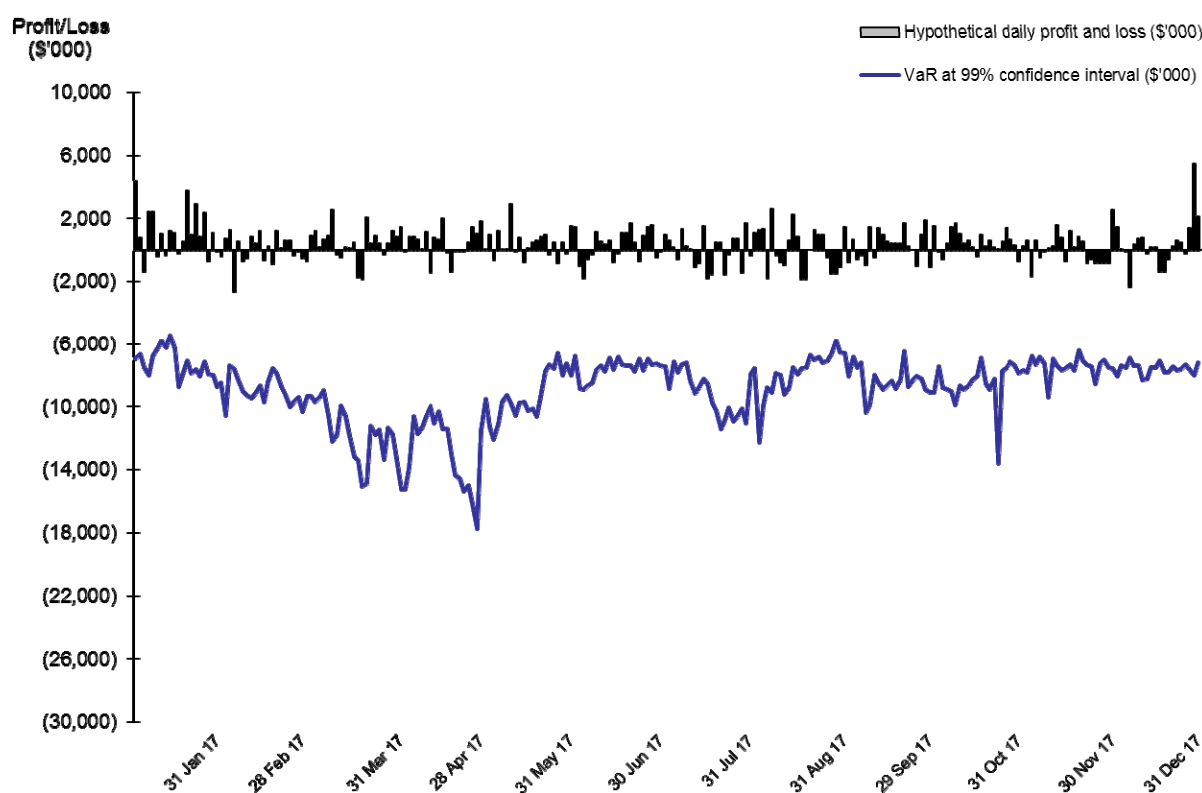
The Group currently adopts the SA for the calculation of regulatory market risk capital but uses the Internal Models Approach to measure and to control trading market risks. The financial products which are warehoused, measured and controlled with internal models include FX and FX options, plain vanilla interest rate contracts and interest rate options, government and corporate bonds, equities and equity options, commodities contracts and commodity options.

Internal Model Approach

The Group estimates a daily Value-at-Risk (VaR) within a 99 per cent confidence interval, using the historical simulation method, as a control for market risk. The method assumes that possible future changes in market rates may be implied by observed historical market movements.

Group Trading Backtesting Chart

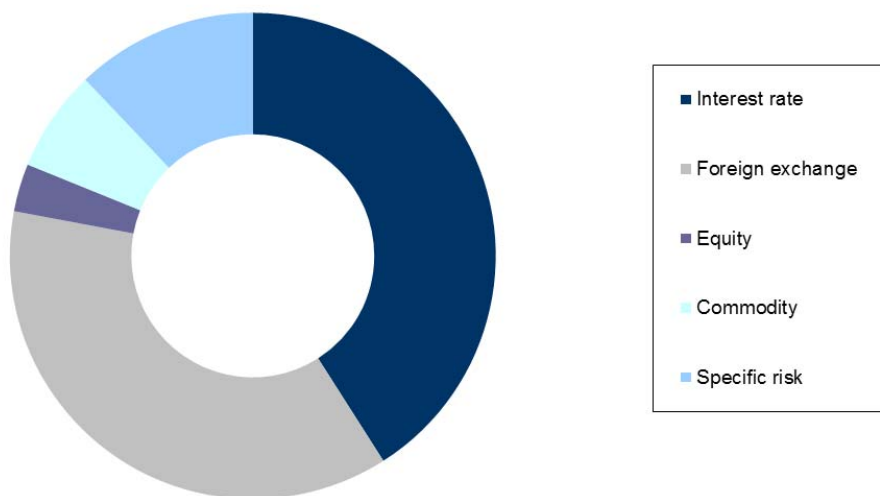
(Hypothetical daily profit and loss versus VaR at 99% confidence interval)



As VaR is the statistical measure for potential losses, the VaR measures are backtested against profit and loss of the trading book to validate the robustness of the methodology. The backtesting process analyses whether the exceptions are due to model deficiencies or market volatility. All backtesting exceptions are tabled at the ALCO with recommended actions and resolutions.

To complement the VaR measure, we perform stress and scenario tests to identify the Group's vulnerability to event risk. These tests serve to provide early warnings of plausible extreme losses for which proactive management of market risk is taken.

The Group's daily VaR on 31 December 2017 was \$7.21 million.



25 INTEREST RATE RISK IN THE BANKING BOOK

Interest rate risk is the impact to earnings and economic value of the Group due to fluctuations in interest rates. Interest rate exposure arises from differences in the maturity and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the Group’s policies as approved by the ALCO.

The economic value of equity (“EVE”) sensitivity at 100 and 200 basis points parallel interest rate shocks were negative \$345 million and \$637 million respectively, computed based on the worst case of upward and downward parallel shifts of each yield curve. EVE is the present value of assets less present value of liabilities of the Group. The repricing profile of loans is generally based on the earliest possible repricing dates, taking into account the notice period to be served to the customers. Loan prepayment is estimated based on past statistics and trends where possible and material. Behavioural assumptions based on historical trends are applied where appropriate, for deposits that do not have maturity dates. There may be some differences in the assumptions across geographical locations due to variation in local conditions.

26 SUMMARY OF DISCLOSURE EXCLUDED

<u>Disclosures Description</u>	<u>Rationale</u>
RWA flow statements of under CCR internal models method	UOB not using CCR Internal Models Method
Securitisation exposures in the Trading book	Currently, UOB has no such exposures in the Trading book.
Securitisation exposures in the Banking book and associated regulatory capital requirements - A reporting bank acting as originator or as sponsor	Currently, UOB has no such exposures.
Qualitative disclosure related to IMA	UOB not using IMA for market risk
RWA flow statements of market risk exposures under IMA	UOB not using IMA for market risk
IMA values for trading portfolios	UOB not using IMA for market risk

27 ABBREVIATIONS

The following abbreviated terms are used throughout this document.

A		G	
A-IRBA	Advanced Internal Ratings-Based Approach	G-SIB	Global Systemically Important Bank
ALCO	Asset and Liability Committee	H	
AMA	Advanced Measurement Approach	HVCRE	High-Volatility Commercial Real Estate
AT1 capital	Additional Tier 1 capital	I	
B		IAM	Internal Assessment Method
BIA	Basic Indicator Approach	IMA	Internal Models Approach
C		IMM	Internal Models Method
CAR	Capital Adequacy Ratio	IPRE	Income-Producing Real Estate
CCF	Credit Conversion Factor	IRBA	Internal Ratings-Based Approach
CCP	Central Counterparty	L	
CCR	Counterparty Credit Risk	LGD	Loss Given Default
CCyB	Countercyclical Buffer	M	
CET1	Common Equity Tier 1	MDB	Multilateral Development Bank
CF	Commodities Finance	MR	Market Risk
CR	Credit Risk	N	
CRE	Commercial Real Estate	NBFI	Non Bank Financial Institutions
CRM	Credit Risk Mitigation	NCI	Non-Controlling Interests
CVA	Credit Valuation Adjustment	O	
E		OF	Object Finance
EAD	Exposure at Default	OR	Operational Risk
EL	Expected Loss	P	
EPE	Expected Positive Exposure	PD	Probability of Default
EQ	Equity Exposures	PE/VC	Private Equity/Venture Capital
EVE	Economic Value of Equity	PF	Project Finance
F		PSE	Public Sector Entity
FC(SA)	Financial Collateral Simple Approach	Q	
FC(CA)	Financial Collateral Comprehensive Approach	QRRE	Qualifying Revolving Retail Exposures
F-IRBA	Foundation Internal Ratings-Based Approach		

R	
RBM	Ratings-Based Method
RW	Risk Weight
RWA	Risk-Weighted Assets

S	
SA	Standardised Approach
SA(CR)	Standardised Approach to Credit Risk
SA(EQ)	Standardised Approach for Equity Exposures
SA(SE)	Standardised Approach for Securitisation Exposures
SA(MR)	Standardised Approach to Market Risk
SA(OR)	Standardised Approach to Operational Risk
SE	Securitisation Exposures
SF	Supervisory Formula
SFRS	Singapore Financial Reporting Standards
SFTs	Securities Financing Transactions
SME	Small-and Medium-sized Enterprises

T	
T1 capital	Tier 1 capital
T2 capital	Tier 2 capital
TEP	Total Eligible Provisions

V	
VaR	Value at Risk
