MAS NOTICE 637 (AMENDMENT) 2020

Issued on: 31 March 2020

RISK BASED CAPITAL ADEQUACY REQUIREMENTS FOR BANKS INCORPORATED IN SINGAPORE

Introduction

1 This document reflects amendments made to MAS Notice 637 to allow full recognition of balances maintained in regulatory loss allowance reserve accounts pursuant to paragraph 6.3 of MAS Notice 612 as Tier 2 Capital.

2 For presentational purposes, the amendments in this document are compared with the version of MAS Notice 637 issued on 14 September 2012, as last revised on 10 June 2019 (the "Original Notice").

3 This document shall be interpreted as follows:

(a) Text which is coloured and underlined represent insertions;

(b) Portions of the Original Notice which are not reflected in this document are unchanged.

4 The amendments reflected in this document shall take effect from 31 March 2020.

5 In the event of discrepancies between the amendments in this document and the published version of MAS Notice 637 revised on 31 March 2020 (with effect from 31 March 2020), the published version of MAS Notice 637 shall prevail. This document is to be used for reference only.

Amendments to Part VI: Definition of Capital

Division 3: Tier 2 Capital

Components of Tier 2 Capital

6.3.1 Tier 2 Capital of a Reporting Bank shall be the sum of the following items, whether at the Solo or Group level, as the case may be:

[MAS Notice 637 (Amendment No. 2) 2014]

(a) capital instruments issued by the Reporting Bank that comply with the requirements in paragraph 6.3.2, and are not included in Tier 1 Capital;

(b) share premium, resulting from the issuance of capital instruments which fall within sub-paragraph (a), if any. Any share premium that is not eligible for inclusion in Tier 1 Capital shall be included in Tier 2 Capital only if the shares giving rise to the share premium comply with the requirements in paragraph 6.3.2;

[MAS Notice 637 (Amendment No. 2) 2014]

(c) capital instruments issued by fully consolidated subsidiaries of the Reporting Bank and held by third party investors that meet the criteria for inclusion in Tier 2 Capital pursuant to paragraphs 6.3.4 and 6.3.5, and are not included in Tier 1 Capital;

(d) subject to paragraph 6.3.1A, in the case where the Reporting Bank has adopted the SA(CR), SA(EQ), SEC-ERBA, SEC-SA or the approach for securitisation exposures to which the SEC-IRBA, SEC-ERBA and SEC-SA cannot be applied, general allowances that are held against future, presently unidentified losses, and that are freely available to meet losses which subsequently materialise.[69] Allowances ascribed to the identified deterioration of particular assets or known liabilities, whether individual or grouped, shall be excluded. The general allowances eligible for inclusion shall not exceed 1.25% of the sum of (i) the credit RWA set out in paragraph 7.1.1(a), and (ii) its SEC-ERBA RWA, SEC-SA RWA, and RWA from securitisation exposures to which the SEC-IRBA, SEC-ERBA, and SEC-SA cannot be applied and which are set out in paragraph 7.1.1(ba);

[69] For the avoidance of doubt, any deferred tax assets associated with these general allowances or TEP maintained by the Reporting Bank shall be deducted in the calculation of CET1 Capital, as set out in paragraph 6.1.3(c).

[MAS Notice 637 (Amendment No. 3) 2017]

[70] [Deleted by MAS Notice 637 (Amendment No. 3) 2017]

(e) subject to paragraph 6.3.1A, in the case where the Reporting Bank has adopted the IRBA, any excess of the TEP maintained by the Reporting Bank over the EL amount calculated by the Reporting Bank. The amount eligible for inclusion shall not exceed 0.6% of the sum of (i) the credit RWA set out in paragraph 7.1.1(b) and (ii) its SEC-IRBA RWA set out in paragraph 7.1.1(ba)[69,71,72]; and

(f) regulatory adjustments set out in paragraph 6.3.3.

[MAS Notice 637 (Amendment No. 3) 2017]

6.3.1AA Despite paragraph 6.3.1(d), between 31 March 2020 and 30 September 2021 (both dates inclusive), the general allowances eligible for inclusion may exceed 1.25% of the sum of (i) the credit RWA set out in paragraph 7.1.1(a), and (ii) its SEC-ERBA RWA, SEC-SA RWA, and RWA from securitisation exposures to which the SEC-IRBA, SEC-ERBA, and SEC-SA cannot be applied and which are set out in paragraph 7.1.1(ba), if it is exceeded because of the balances maintained in a non-distributable regulatory loss allowance reserve account pursuant to paragraph 6.3 of MAS Notice 612.

6.3.1AB Despite paragraph 6.3.1(e), between 31 March 2020 and 30 September 2021 (both dates inclusive), the amount eligible for inclusion may exceed 0.6% of the sum of (i) the credit RWA set out in paragraph 7.1.1(b) and (ii) its SEC-IRBA RWA set out in paragraph 7.1.1(ba), if it is exceeded because of the balances maintained in a non-distributable regulatory loss allowance reserve account pursuant to paragraph 6.3 of MAS Notice 612.

6.3.1A Paragraphs 6.3.1B and 6.3.1C shall apply in the case of a Reporting Bank that has adopted (a) the SA(CR), SA(EQ), SEC-SA, SEC-ERBA, or the approach for securitisation exposures to which the SEC-IRBA, SEC-ERBA, and SEC-SA cannot be applied for a portion of its credit exposures, and (b) the IRBA, IRBA(EQ) or SEC-IRBA for the remaining portion of its credit exposures.

[MAS Notice 637 (Amendment No. 3) 2017]

6.3.1B For the purpose of determining the inclusion of general allowances in Tier 2 Capital under paragraph 6.3.1(d), a Reporting Bank referred to in paragraph 6.3.1A shall pro-rate the general allowances it maintains using the following formula:

[71] For the purpose of this sub-paragraph, in calculating the credit RWA, the 1.06 scaling factor set out in paragraph 7.1.1(b) does not apply.

[72] Where the Authority is not satisfied that the EL amount fully reflects the conditions in the market in which the Reporting Bank operates, such excess amounts shall not be included as Tier 2 Capital. This also applies where the excess amounts on defaulted assets are used to offset the EL amount on non-defaulted assets.

$$\text{Pro-rated general allowances} = \text{total general allowances} \times \frac{\text{the sum of the Reporting Bank's credit RWA set out in paragraph 7.1.1(a) and its SEC-ERBA RWA, SEC-SA RWA, and RWA from securitisation exposures to which the SEC-IRBA, SEC-ERBA, and SEC-SA cannot be applied, set out in paragraph 7.1.1(ba)}}{\text{the sum of the Reporting Bank's credit RWA set out in paragraphs 7.1.1(a), 7.1.1(b), and 7.1.1(ba)}}$$

Alternatively, subject to the prior approval of the Authority and such conditions as the Authority may impose, the Reporting Bank may rely on its internal methods for allocating general allowances for the purposes of determining their inclusion in Tier 2 Capital under paragraph 6.3.1(d).

[MAS Notice 637 (Amendment No. 3) 2017]

6.3.1C For the purpose of determining the inclusion of general allowances in TEP under paragraph 6.3.1(e), a Reporting Bank referred to in paragraph 6.3.1A shall pro-rate the general allowances it maintains using the following formula:

$$\text{Pro-rated general allowances} = \text{total general allowances} \times \frac{\text{the Reporting Bank's IRBA RWA calculated in accordance with Sub-division 4 of Division 1 of Part VII, multiplied by 1.06}}{\text{the sum of the Reporting Bank's credit RWA set out in paragraphs 7.1.1(a), 7.1.1(b), and 7.1.1(ba)}}$$

Alternatively, subject to the prior approval of the Authority and such conditions as the Authority may impose, the Reporting Bank may rely on its internal models for allocating general allowances for the purposes of determining their inclusion in TEP under paragraph 6.3.1(e).

[MAS Notice 637 (Amendment No. 3) 2017]

<u>Minimum Requirements for Tier 2 Capital Instruments</u>

6.3.2 For the purpose of paragraph 6.3.1(a), a Reporting Bank shall not include a capital instrument of the Reporting Bank as Tier 2 Capital unless –

[MAS Notice 637 (Amendment No. 2) 2014]

(a) the capital instrument is issued and fully paid-up in cash[55];

(b) the capital instrument is subordinated to depositors and general creditors of the Reporting Bank;

(c) the paid-up amount is not guaranteed by the Reporting Bank or any of its related corporations or other affiliates, or covered under any other arrangement that legally or economically enhances the seniority of the claim vis-a-vis the Reporting Bank's creditors and depositors[56];

[MAS Notice 637 (Amendment) 2012]
[MAS Notice 637 (Amendment No. 2) 2014]

(d) the holder of the capital instrument waives his right, if any, to set off any amounts he owes the Reporting Bank against any subordinated amount owed to him due to the capital instrument and commits to return any set-off amounts or benefits received to the liquidator;

(e) the subordination provisions of the capital instrument are governed by the laws of Singapore and for capital instruments issued on or after 1 January 2017, the agreements governing the issuance of the capital instruments shall provide that any dispute arising out of or in connection with the provisions governed by the laws of Singapore shall be determined exclusively by the courts of Singapore. Where the capital instrument is to be subject to the laws of a jurisdiction other than Singapore, the Reporting Bank shall satisfy itself that all the relevant conditions specified in this paragraph are met under the laws of that jurisdiction;

(f) with regard to the maturity of the capital instrument:

    (i) the capital instrument has a minimum original maturity of at least 5 years. Where the agreement governing the issuance of the capital instrument provides for the loan to be drawn down in a series of tranches, the minimum original maturity for each tranche shall be 5 years from the date of its draw-down;

    (ii) recognition of the capital instrument as Tier 2 Capital in its final five years to maturity is amortised on a straight-line basis by 20% per annum in accordance with Table 6-1. Where the capital instrument is repayable in separate tranches, each tranche shall be amortised individually, as if it were a separate loan; and

Table 6-1: Amortisation Schedule for a Tier 2 capital instrument

Years to maturity (x)	**Amortised amount eligible to be included in Tier 2 Capital**
x > 4	100%
3 < x ≤4	80%
2 < x ≤ 3	60%
1 < x ≤ 2	40%
x ≤ 1	20%

(iii) there are no step-ups or other provisions that mandate or create an incentive for the Reporting Bank to redeem the capital instrument[57];

[MAS Notice 637 (Amendment No. 2) 2014]

(g) subject to paragraph 6.3.2A, the capital instrument is callable at the option of the Reporting Bank only after a minimum of five years from the issue date, subject to the following requirements:

(i) a call option may be exercised only with the prior approval of the Authority;

(ii) the Reporting Bank shall not create an expectation that the call option will be exercised[59,74] and

(iii) the Reporting Bank shall not exercise a call option unless -

(A) the capital instrument is replaced by the Reporting Bank with capital of the same or better quality, and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Reporting Bank[60] or

(B) the Reporting Bank demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised;

[MAS Notice 637 (Amendment No. 2) 2014]

(h) the holder of the capital instrument has no rights to accelerate the repayment of future scheduled payments (either coupon or principal), except in a bankruptcy or liquidation of the Reporting Bank;

73 [Deleted by MAS Notice 637 (Amendment No. 2) 2014]

74 Where this requirement is met, an option to call the capital instrument after five years but prior to the start of the amortisation period will not be deemed an incentive to redeem.

(i) the capital instrument does not have a credit sensitive dividend feature, i.e. a dividend or coupon that is reset periodically, based in whole or in part on the credit standing of the Reporting Bank or any banking group entity;

[MAS Notice 637 (Amendment No. 2) 2014]

(j) neither the Reporting Bank nor any of its banking group entities or associates may purchase the capital instrument, nor can the Reporting Bank have directly or indirectly funded the purchase of the capital instrument;

[MAS Notice 637 (Amendment No. 2) 2014]

(k) if the capital instrument is not issued out of an operating entity or the holding company of the Reporting Bank (e.g. issued out of a SPE), the proceeds from the issuance of the capital instrument shall be immediately available without limitation to an operating entity or the holding company of the Reporting Bank in a form which at the minimum meets all of the other requirements set out in this paragraph, for inclusion as Tier 2 Capital;

[MAS Notice 637 (Amendment No. 2) 2014]

(l) the main features of the capital instrument are disclosed clearly and accurately to the investors of the capital instruments;

[MAS Notice 637 (Amendment No. 2) 2014]

(m) the agreement governing the issuance of the capital instrument shall not be changed without the prior approval of the Authority where such proposed changes could impact its eligibility as Tier 2 Capital;

(n) where a Reporting Bank issues the capital instrument in a foreign currency, the capital instrument shall be revalued periodically (at least monthly) in terms of Singapore dollars at the prevailing exchange rates. Where the Reporting Bank intends to use a swap to hedge the foreign exchange exposure arising from the foreign currency capital instrument, it shall consult the Authority on the capital treatment applicable to the hedge prior to such use; and

(o) the agreement governing the issuance of the capital instrument contain provisions which ensure its loss absorbency at the point of non-viability that meet the requirements set out in Annex 6B.

[MAS Notice 637 (Amendment No. 2) 2014]

6.3.2A The Authority may grant approval for redemption of a capital instrument within the first five years from the issue date where –

(a) there is a change in tax status of the capital instrument due to changes in applicable tax laws of the country or territory in which the capital instrument was issued; or

(b) there is a change relating to the recognition of the capital instrument as capital for calculating Total CAR,

and provided that the requirements set out in paragraph 6.3.2(g)(i) to (iii) are met. The Authority shall, in determining whether to grant approval, consider whether the Reporting Bank was in a position to anticipate the event at the issuance of the capital instrument.

[MAS Notice 637 (Amendment No. 2) 2014]

Regulatory Adjustments Applied in the Calculation of Tier 2 Capital

6.3.3 A Reporting Bank shall apply the following regulatory adjustments in the calculation of Tier 2 Capital at the Solo or Group level, as the case may be:

[MAS Notice 637 (Amendment No. 2) 2014]

(a) all investments in the Reporting Bank's own Tier 2 capital instruments, whether held directly or indirectly[37] by the Reporting Bank or any of its banking group entities, shall be deducted in the calculation of Tier 2 Capital, unless already derecognised under the Accounting Standards. If the Reporting Bank or any of its banking group entities is contractually obliged to purchase any of its own Tier 2 capital instruments, the Reporting Bank shall deduct such Tier 2 capital instruments in the calculation of Tier 2 Capital. This adjustment shall apply to exposures in both the banking book and trading book.[75]

Gross long positions may be deducted net of short positions in the same underlying exposure, only if the short positions involve no counterparty credit risk. The Reporting Bank shall look through holdings of index securities to deduct exposures to its own Tier 2 capital instruments.[40] However, gross long positions in its own Tier 2 capital instruments resulting from holdings of index securities may be netted against short positions in its own Tier 2 capital instruments, which result from short positions in the same underlying index[41];

[MAS Notice 637 (Amendment) 2014]
[MAS Notice 637 (Amendment No. 2) 2014]

[75] For the avoidance of doubt, this adjustment does not cover Tier 2 capital instruments held by the Reporting Bank or any of its banking group entities where:
(a) the investments in the Tier 2 capital instruments are funded by third parties other than the Reporting Bank or any of its banking group entities (e.g. life insurance policyholders or other third party investors);
(b) the risks and rewards associated with the investments in Tier 2 capital instruments are borne primarily by the third parties; and
(c) the decisions to transact in the Tier 2 capital instruments are made independently from the issuer of the capital instruments and in the interests of the third parties.

(b) reciprocal cross holdings in the Tier 2 capital instruments[75A] of financial institutions that are designed to artificially inflate the capital position of the Reporting Bank shall be deducted in the calculation of Tier 2 Capital;

(c) [Deleted by MAS Notice 637 (Amendment) 2016]

(d) certain investments in Tier 2 capital instruments and other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake, shall be deducted in the calculation of Tier 2 Capital[76A], in accordance with sub-paragraphs (i) to (iv) below:

    (i) the amount of such investments to be deducted in the calculation of Tier 2 Capital shall be the proportion of total holdings of Tier 2 capital instruments and other TLAC liabilities not covered by the 5% threshold described in paragraphs 6.3.3(d)(iii) to (iv) to total holdings of capital instruments and other TLAC liabilities not covered by the 5% threshold described in paragraphs 6.3.3(d)(iii) to (iv), multiplied by the amount by which total holdings of capital instruments and other TLAC liabilities not covered by the 5% threshold described in paragraphs 6.3.3(d)(iii) to (iv) in aggregate and on a net long basis exceed 10% of the Reporting Bank's common equity. In this sub-paragraph, the Reporting Bank's common equity for the purpose of calculating the 10% threshold shall be calculated in accordance with paragraph 6.1.3(o)(i) and the total holdings of Tier 2 capital instruments and other TLAC liabilities shall be calculated as follows:

75A For the avoidance of doubt,
(a) a capital instrument would be deemed to have met the criteria for Tier 2 Capital of the Reporting Bank, if it satisfies the applicable regulatory capital criteria imposed by a bank regulatory agency that has implemented the Basel III standards; and
(b) if the entity in which the Reporting Bank has invested is a financial institution that is not a bank, the entity is subject to minimum prudential standards and supervision by a regulatory agency and the investment is not in the form of ordinary shares but is nevertheless recognised as Tier 2 capital (or its equivalent) of the entity, the capital instrument shall be considered as a Tier 2 capital instrument for the purpose of this regulatory adjustment.

[MAS Notice 637 (Amendment) 2016]

76 [Deleted by MAS Notice 637 (Amendment) 2016]

77 [Deleted by MAS Notice 637 (Amendment) 2016]

76A For the avoidance of doubt,
(a) a capital instrument would be deemed to have met the criteria for Tier 2 Capital of the Reporting Bank, if it satisfies the applicable regulatory capital criteria imposed by a bank regulatory agency that has implemented the Basel III standards;
(b) if the entity in which the Reporting Bank has invested is a financial institution that is subject to minimum prudential standards and supervision by a regulatory agency and if the investment is not included as regulatory capital of the entity, the investment can be excluded for the purpose of this regulatory adjustment; and
(c) if the entity in which the Reporting Bank has invested is a financial institution that is not a bank, the entity is subject to minimum prudential standards and supervision by a regulatory agency and the investment is not in the form of ordinary shares and is recognised as Tier 2 capital (or its equivalent) of the entity, the capital instrument shall be considered as a Tier 2 capital instrument for the purpose of this regulatory adjustment.

[MAS Notice 637 (Amendment) 2016]

(A) direct, indirect[76B] and synthetic holdings of capital instruments and other TLAC liabilities shall be included. For example, the Reporting Bank shall look through holdings of index securities to determine the underlying holdings of capital and other TLAC liabilities[76C];

(B) the net long positions in both the banking book and trading book shall be included. In this regard, the gross long position can be offset against the short position in the same underlying exposure, if the maturity of the short position either matches the maturity of the long position, or has a residual maturity of at least one year[76D,76E,76F.] For other TLAC liabilities, it is the gross long position that is to be included in paragraphs 6.3.3(d)(iii) to (iv) and the net long position that is to be included in paragraphs 6.3.3(d)(i) to (ii);

(C) underwriting positions held for a period longer than five working days shall be included, while those positions held for five working days or less can be excluded; and

(D) certain investments where these have been made in the context of resolving or providing financial assistance to reorganise a distressed institution may be temporarily excluded with the approval of the Authority;

(ii) the total holdings of capital instruments and other TLAC liabilities referred to in sub-paragraph (i) above shall be calculated in accordance with paragraph 6.1.3(o)(ii);

76B Indirect holdings are exposures or parts of exposures that, if a direct holding loses its value, will result in a loss to the Reporting Bank substantially equivalent to the loss in value of the direct holding.

[MAS Notice 637 (Amendment) 2016]

76C If the Reporting Bank finds it operationally burdensome to look through and monitor its exact exposure to the capital or other TLAC liabilities of such entities as a result of its holdings of index securities, the Reporting Bank may, with the prior approval of the Authority, use a conservative estimate. The methodology for the estimate should demonstrate that in no case will the actual exposure be higher than the estimated exposure.

[MAS Notice 637 (Amendment) 2016]

[MAS Notice 637 (Amendment No. 2) 2018]

76D For positions in the trading book, if the Reporting Bank has a contractual right or obligation to sell a long equity position at a specific point in time and the counterparty in the contract has an obligation to purchase the long equity position if the Reporting Bank exercises its right to sell, this point in time may be treated as the maturity of the long position, and the maturity of the long and short positions are deemed to be matched.

[MAS Notice 637 (Amendment) 2016]

76E For a position hedged against market risk where the hedge does not qualify to offset the gross long position for the purpose of determining the amount to be deducted, the Reporting Bank may choose to include the long position in its calculation of market RWA, in addition to deducting the long position. Where the hedge qualifies to offset the gross long position, the Reporting Bank may choose to exclude both positions from its calculation of market RWA.

[MAS Notice 637 (Amendment) 2016]

76F Where a Reporting Bank uses a short position in an index to hedge a long position, the portion of the index that is composed of the same underlying exposure that is being hedged may be used to offset the long position only if (a) both positions are held in the trading book; (b) the positions are accounted for at fair value; and (c) the hedge is recognised as effective under the Reporting Bank's internal control processes, as assessed by the Authority.

[MAS Notice 637 (Amendment) 2016]

[MAS Notice 637 (Amendment) 2016]

(iii) holdings of other TLAC liabilities shall be deducted from Tier 2 capital unless –

(A) the holding falls within the 10% threshold provided for in paragraph 6.1.3(o)(i); or

(B) the following conditions are met:

(BA) the holding has been designated by the Reporting Bank to be treated in accordance with paragraph 6.3.3(d)(iii);

(BB) the holding is in the Reporting Bank's trading book;

(BC) the holding is sold within 30 business days of the date of its acquisition; and

(BD) such holdings are, in aggregate and on a gross long basis, less than 5% of the Reporting Bank's common equity (after applying the regulatory adjustments listed in paragraphs 6.1.3(a) to (n));

(iv) if a holding designated under paragraph 6.3.3(d)(iii) above no longer meets any of the conditions set out in that paragraph, it shall be deducted in full from Tier 2 capital. Once a holding has been designated under paragraph 6.3.3(d)(iii) above, it may not subsequently be included within the 10% threshold referred to in paragraph 6.1.3(o)(i);

(v) the amount of holdings of other TLAC liabilities covered by the 5% threshold described in paragraphs 6.3.3(d)(iii) and (iv) above and are not deducted shall continue to be risk-weighted[48]; and

(vi) the amount of total holdings of capital instruments and other TLAC liabilities not covered by the 5% threshold described in paragraphs 6.3.3(d)(iii) to (iv) that do not exceed the 10% threshold calculated in accordance with paragraph 6.1.3(o)(i) and are not deducted shall continue to be risk-weighted[48]. For the application of risk-weighting, the amount of the holdings shall be allocated on a pro rata basis between those below and those above the threshold;

[MAS Notice 637 (Amendment No. 2) 2018]

(e) investments in the Tier 2 capital instruments and other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries at the Solo and Group levels), shall be deducted in the calculation of Tier 2 Capital[77AA]. The total of such investments shall be calculated as follows:

(i) direct, indirect[37] and synthetic holdings shall be included. For example, the Reporting Bank shall look through holdings of index securities to determine the underlying holdings of Tier 2 capital instruments and other TLAC liabilities[43];

(ii) the net long positions in both the banking book and trading book shall be included. In this regard, the gross long position can be offset against the short position in the same underlying exposure, if the maturity of the short position either matches the maturity of the long position or has a residual maturity of at least one year[44, 45, 46];

(iii) underwriting positions held for a period longer than five working days shall be included, while those positions held for five working days or less can be excluded; and

(iv) certain investments where these have been made in the context of resolving or providing financial assistance to reorganise a distressed institution may be temporarily excluded with the approval of the Authority; and

[MAS Notice 637 (Amendment No. 2) 2014]
[MAS Notice 637 (Amendment) 2016]
[MAS Notice 637 (Amendment No. 2) 2018]

(f) any other item or class of items which the Authority may specify in writing to the Reporting Bank for the purpose of this paragraph.

[77AA] For the avoidance of doubt,
(a) a capital instrument would be deemed to have met the criteria for Tier 2 Capital of the Reporting Bank, if it satisfies the applicable regulatory capital criteria imposed by a bank regulatory agency that has implemented the Basel III standards;
(b) if the entity in which the Reporting Bank has invested is a financial institution that is subject to minimum prudential standards and supervision by a regulatory agency and if the investment is not included as regulatory capital of the entity, the investment can be excluded for the purpose of this regulatory adjustment; and
(c) if the entity in which the Reporting Bank has invested is a financial institution that is not a bank, the entity is subject to minimum prudential standards and supervision by a regulatory agency and the investment is not in the form of ordinary shares and is recognised as Tier 2 capital (or its equivalent) of the entity, the capital instrument shall be considered as a Tier 2 capital instrument for the purpose of this regulatory adjustment.

[MAS Notice 637 (Amendment) 2016]

Qualifying Capital Instruments Issued by Fully Consolidated Subsidiaries Recognised as Eligible Total Capital

6.3.4 CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by a fully consolidated subsidiary of a Reporting Bank to third party investors (including amounts under paragraphs 6.1.4, 6.2.4 and 6.2.5) may receive recognition as Eligible Total Capital only if the capital instruments would, if issued by the Reporting Bank, meet all of the criteria for classification as Tier 1 Capital or Tier 2 Capital[77A]. The Reporting Bank shall calculate the amount that will be recognised as Eligible Total Capital as follows (please refer to Annex 6A for an illustrative example):

(a) total capital of the subsidiary issued to third party investors; less

(b) the surplus Eligible Total Capital of the subsidiary attributable to third party investors;

where:

(i) total capital of the subsidiary issued to third party investors means the sum of Tier 1 capital of the subsidiary and Tier 2 capital instruments issued by the subsidiary which are owned by third party investors;

(ii) the surplus Eligible Total Capital of the subsidiary is calculated as the Eligible Total Capital of the subsidiary, minus the lower of:

(A) 12.5%[78] of the subsidiary's total RWA; and

(B) 12.5%[79] of the consolidated RWA attributable to the subsidiary; and

(iii) the surplus Eligible Total Capital of the subsidiary attributable to third party investors is calculated by multiplying the surplus Eligible Total Capital of the subsidiary calculated in sub-paragraph (ii), by the

[77A] CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments shall meet all of the criteria for classification as CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments, respectively.

[MAS Notice 637 (Amendment No. 2) 2014]

[78] This represents the sum of the minimum Total CAR of 10% and Capital Conservation Buffer of 2.5% that is applicable to the banking group. Where the Reporting Bank is not designated by the Authority as a D-SIB, the ratios set out in paragraph 64 of "Basel III: A global regulatory framework for more resilient banks and banking systems" issued by the BCBS in December 2010 (last revised in June 2011), shall apply (i.e. 10.5% of the subsidiary's total RWA, which represents the sum of the minimum Total CAR of 8% and Capital Conservation Buffer of 2.5%).

[MAS Notice 637 (Amendment) 2016]

[79] This represents the sum of the minimum Total CAR of 10% and Capital Conservation Buffer of 2.5% that is applicable to the banking group. Where the Reporting Bank is not designated by the Authority as a D-SIB, the ratios set out in paragraph 64 of "Basel III: A global regulatory framework for more resilient banks and banking systems" issued by the BCBS in December 2010 (last revised in June 2011), shall apply (i.e. 10.5% of the consolidated RWA attributable to the subsidiary, which represents the sum of the minimum Total CAR of 8% and Capital Conservation Buffer of 2.5%).

[MAS Notice 637 (Amendment) 2016]

percentage of total capital that is held by third party investors.

A Reporting Bank when recognising the amount of Eligible Total Capital calculated in this paragraph as Tier 2 Capital, shall exclude amounts recognised as CET1 Capital under paragraph 6.1.4 and amounts recognised as AT1 Capital under paragraphs 6.2.4 and 6.2.5.

[MAS Notice 637 (Amendment No. 2) 2014]

6.3.5 Where capital instruments purchased by third party investors are issued for and on behalf of a Reporting Bank out of an SPE, such capital can be included in Tier 2 Capital and treated as if the Reporting Bank itself had issued the capital directly to third party investors only if it meets all the relevant entry criteria and the only asset of the SPE is its investment in the capital of the Reporting Bank in a form that meets or exceeds all the relevant entry criteria[68] (as required by the criterion set out in paragraph 6.3.2(k) for Tier 2 Capital). In cases where the capital has been issued to third party investors through an SPE via a fully consolidated subsidiary of the Reporting Bank, such capital may, subject to the requirements of this paragraph in relation to capital instruments issued through an SPE, be treated as if the subsidiary itself had issued it directly to third party investors and may be included in the Reporting Bank's consolidated Tier 2 Capital in accordance with the treatment outlined in paragraph 6.3.4.

[MAS Notice 637 (Amendment No. 2) 2014]

<u>Requirements for PE/VC investments and investments in unconsolidated major stake companies that are not financial institutions</u>

6.3.6 PE/VC investments and investments in unconsolidated major stake companies that are not financial institutions in the form of any of the following:

(a) ordinary shares;

(b) preference shares;

(c) investments classified as equity under the Accounting Standards;

(d) subordinated debt;

shall be subject to the following capital treatment, at both the Solo and Group levels:

(i) the portion of individual PE/VC investments and investments in unconsolidated major stake companies that are not financial institutions, which exceed 15% of the Reporting Bank's Eligible Total Capital, shall be risk-weighted at 1250%; and

(ii) if the aggregate of a Reporting Bank's PE/VC investments and investments in unconsolidated major stake companies that are not financial institutions, exceed 60% of the Reporting Bank's Eligible Total Capital, the portion of the aggregate of these investments which exceed 60% of the Reporting Bank's Eligible Total Capital shall be risk-weighted at 1250%.

[MAS Notice 637 (Amendment No. 3) 2017]

6.3.7 Investments in unconsolidated major stake companies that are not financial institutions in the form referred to in sub-paragraphs (a) to (d) above shall be calculated as follows:

(a) direct, indirect[79AA] and synthetic holdings shall be included. For example, the Reporting Bank shall look through holdings of index securities to determine the underlying holdings of ordinary shares[79AB];

(b) the net long positions in both the banking book and trading book shall be included. In this regard, the gross long position can be offset against the short position in the same underlying exposure, if the maturity of the short position either matches the maturity of the long position or has a residual maturity of at least one year[79AC,79AD,79AE];

(c) underwriting positions held for a period longer than five working days shall be included, while those positions held for five working days or less can be excluded; and

(d) [Deleted by MAS Notice 637 (Amendment No. 3) 2017]

(e) the maximum amount that could be paid out on any guarantee or capital enhancement, through which capital support is provided by the Reporting Bank to the major stake company shall be included.

(f) [Deleted by MAS Notice 637 (Amendment No. 3) 2017]

[MAS Notice 637 (Amendment No. 3) 2017]

6.3.8 PE/VC investments and investments in unconsolidated major stake companies that are not financial institutions which do not fall within paragraphs 6.3.6(i) and (ii) above, shall be subject to the appropriate capital treatment set out in Part VII or Part VIII[79AF].

79AA Indirect holdings are exposures or parts of exposures that, if a direct holding loses its value, will result in a loss to the Reporting Bank substantially equivalent to the loss in value of the direct holding.

79AB If the Reporting Bank finds it operationally burdensome to look through and monitor its exact exposure to the capital of such entities as a result of its holdings of index securities, the Reporting Bank may, with the prior approval of the Authority, use a conservative estimate. The methodology for the estimate should demonstrate that in no case will the actual exposure be higher than the estimated exposure.

79AC For positions in the trading book, if the Reporting Bank has a contractual right or obligation to sell a long equity position at a specific point in time and the counterparty in the contract has an obligation to purchase the long equity position if the Reporting Bank exercises its right to sell, this point in time may be treated as the maturity of the long position, and the maturity of the long and short positions are deemed to be matched.

79AD For a position hedged against market risk where the hedge does not qualify to offset the gross long position for the purpose of determining the amount of investments in unconsolidated major stake companies that are not financial institutions, the Reporting Bank may choose to include the long position in its calculation of market RWA, in addition to including the long position in determining the amount of investments in unconsolidated major stake companies that are not financial institutions. Where the hedge qualifies to offset the gross long position, the Reporting Bank may choose to exclude both positions from its calculation of market RWA.

[MAS Notice 637 (Amendment No. 3) 2017]

79AE Where a Reporting Bank uses a short position in an index to hedge a long position, the portion of the index that is composed of the same underlying exposure that is being hedged may be used to offset the long position only if (a) both positions are held in the trading book; (b) the positions are accounted for at fair value; and (c) the hedge is recognised as effective under the Reporting Bank's internal control processes, as assessed by the Authority.

79AF For the application of the appropriate capital treatment in Part VII and Part VIII, the amount of the holdings shall be allocated on a pro rata basis between those below and those above the threshold.

[MAS Notice 637 (Amendment) 2016]
[MAS Notice 637 (Amendment No. 3) 2017]

TLAC Holdings

6.3.9 For the purpose of this part, other TLAC liabilities include:

(a) all direct, indirect and synthetic investments in the instruments of a G-SIB resolution entity that are eligible to be recognised as external TLAC but that do not otherwise qualify as regulatory capital[79AG] for the issuing G-SIB, with the exception of instruments excluded by paragraph 6.3.10;

(b) all holdings of instruments issued by a G-SIB resolution entity that rank pari passu to any instruments included in (a) above, with the exceptions of:

(i) instruments listed as liabilities excluded from TLAC in Section 10 of the FSB TLAC Term Sheet ("Excluded Liabilities"); and

(ii) instruments ranking pari passu with instruments eligible to be recognised as TLAC by virtue of the exemptions to the subordination requirements in section 11 of the FSB TLAC Term Sheet.

[MAS Notice 637 (Amendment No. 2) 2018]

6.3.10 In certain jurisdictions, G-SIBs may be able to recognise instruments ranking pari passu to Excluded Liabilities as external TLAC, up to a limit, in accordance with the exemptions to the subordination requirements set out in the penultimate paragraph of section 11 of the FSB TLAC Term Sheet ("subordination exemptions"). Where a G-SIB is able to recognise such instruments, a Reporting Bank's holdings of those instruments will be subject to a proportionate deduction approach. Under this approach, only a proportion of holdings of instruments that are eligible to be recognised as external TLAC by virtue of the subordination exemptions will be considered a holding of TLAC by the Reporting Bank. The proportion is calculated as:

(a) the funding issued by the G-SIB resolution entity that ranks pari passu with Excluded Liabilities and that is recognised as external TLAC by the G-SIB resolution entity; divided by

(b) the funding issued by the G-SIB resolution entity that ranks pari passu with Excluded Liabilities and that would be recognised as external TLAC if the subordination requirement was not applied[79AH].

[MAS Notice 637 (Amendment No. 3) 2017]

79AG Tier 2 instruments that no longer count in full as regulatory capital (as a result of having a residual maturity of less than five years) continue to be recognised in full as a Tier 2 instrument by the Reporting Bank for the regulatory adjustments in this part.

[MAS Notice 637 (Amendment No. 2) 2018]

79AH For example, if a G-SIB resolution entity has funding that ranks pari passu with Excluded Liabilities equal to 5% of RWAs and receives partial recognition of these instruments as external TLAC equivalent to 3.5% of RWAs, then a Reporting Bank holding such instruments shall include only 70% (= 3.5 / 5) of such instruments in calculating its TLAC holdings. The same proportion should be applied by the Reporting Bank to any indirect or synthetic investments in instruments ranking pari passu with Excluded Liabilities and eligible to be recognised as TLAC by virtue of the subordination exemptions.

A Reporting Bank shall calculate its holdings of other TLAC liabilities of the respective issuing G-SIB resolution entities based on the latest available public information provided by the issuing G-SIBs on the proportion to be used.

[MAS Notice 637 (Amendment No. 2) 2018]

6.3.11 The regulatory adjustments relating to TLAC holdings set out in this part apply from the date on which the issuing G-SIB becomes subject to a minimum TLAC requirement[79AI].

[MAS Notice 637 (Amendment No. 2) 2018]

[MAS Notice 637 (Amendment No. 2) 2018]

79AI The conformance period is set out in section 21 of the FSB TLAC Term Sheet. In summary, firms that have been designated as G-SIBs before end-2015 and continue to be designated thereafter, with the exception of such firms headquartered in an emerging market economy, shall meet the TLAC requirements from 1 January 2019. For firms headquartered in emerging market economies, the requirements will apply from 1 January 2025 at the latest; this may be accelerated in certain circumstances.

[MAS Notice 637 (Amendment No. 2) 2018]

<u>Amendments to Part XI: Public Disclosure Requirements</u>

<u>Amendments to Table 11B-2</u>

Table 11B-2: Explanatory Notes to Composition of Regulatory Capital

Explanatory Notes	
1	This is the sum of components calculated in accordance with paragraph 6.1.1(a) and 6.1.1(b) of the Notice.
2	This is as defined under paragraph 6.1.1(c) of the Notice.
3	This is the sum of components calculated in accordance with paragraph 6.1.1(d) and 6.1.1(e) of the Notice.
4	This is only applicable to non-joint stock companies.
5	This is as defined under paragraph 6.1.1(f) of the Notice.
6	This is the sum of rows 1 to 5.
7	This is as defined under paragraph 6.1.3(n) of the Notice.
8	This is as defined under paragraph 6.1.3(a) of the Notice.
9	This is as defined under paragraph 6.1.3(b) of the Notice.
10	This is as defined under paragraph 6.1.3(c) of the Notice.
11	This is as defined under paragraph 6.1.3(d) of the Notice.
12	This is as defined under paragraph 6.1.3(e) of the Notice.
13	This is as defined under paragraph 6.1.3(f) of the Notice.
14	This is as defined under paragraph 6.1.3(g) of the Notice.
15	This is as defined under paragraph 6.1.3(h) of the Notice.
16	This is as defined under paragraph 6.1.3(i) of the Notice.
17	This is as defined under paragraph 6.1.3(j) of the Notice.
18	This is as defined under paragraph 6.1.3(o) of the Notice.
19	This is as defined under paragraph 6.1.3(p) of the Notice.
20	Not applicable. This is the amount of mortgage servicing rights which is subject to threshold deduction in accordance with paragraphs 87 to 88 of Basel III. Mortgage servicing rights are required to be fully deducted.
21	Not applicable. This is the amount of deferred tax assets arising from temporary differences which is subject to threshold deduction in accordance with paragraphs 87 to 88 of Basel III. Deferred tax assets arising from temporary differences are required to be fully deducted.
22	This is the total amount by which the three threshold items exceed the 15% threshold, excluding amounts reported in rows 19 to 21, calculated in accordance with paragraph 6.1.3(p)(i)(B) of the Notice.
23	The amount reported in row 22 that relates to investments in the ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries at the Solo and Group levels).
24	Not applicable. This is the amount reported in row 22 that relates to mortgage servicing rights. Mortgage servicing rights are required to be fully deducted.
25	Not applicable. This is the amount reported in row 22 that relates to deferred tax assets arising from temporary differences. Deferred tax assets arising from temporary differences are required to be fully deducted.

Explanatory Notes	
26	This is the sum of rows 26A to 26C.
26A	This is as defined under paragraph 6.1.3(l) of the Notice.
26B	This is as defined under paragraph 6.1.3(m) of the Notice.
26C	This is as defined under paragraph 6.1.3(q) of the Notice.
27	This is as defined under paragraph 6.1.3(r) of the Notice.
28	This is the total regulatory adjustments to CET1 Capital, to be calculated as the sum of rows 7 to 22 plus rows 26 and 27.
29	This is CET1 Capital, to be calculated as row 6 minus row 28.
30	This is the sum of components calculated in accordance with paragraphs 6.2.1(a) and 6.2.1(b) of the Notice.
31	The amount in row 30 classified as equity under the Accounting Standards.
32	The amount in row 30 classified as liabilities under the Accounting Standards.
33	This is the sum of capital instruments directly issued by the Reporting Bank that no longer qualify as AT1 Capital calculated in accordance with paragraphs 6.5.3 and 6.5.4 of the Notice.
34	This is as defined under paragraph 6.2.1(c) of the Notice.
35	The amount reported in row 34 that relates to instruments subject to phase out from AT1 Capital in accordance with the requirements of paragraphs 6.5.3 and 6.5.4 of the Notice.
36	This is the sum of rows 30, 33 and 34.
37	This is as defined under paragraph 6.2.3(a) of the Notice.
38	This is as defined under paragraph 6.2.3(b) of the Notice.
39	This is as defined under paragraph 6.2.3(d) of the Notice.
40	This is as defined under paragraph 6.2.3(e) of the Notice.
41	This is as defined under paragraph 6.2.3(f) of the Notice.
42	This is as defined under paragraph 6.2.3(g) of the Notice.
43	This is the sum of rows 37 to 42.
44	This is Additional Tier 1 Capital, to be calculated as row 36 minus row 43.
45	This is Tier 1 Capital, to be calculated as row 29 plus row 44.
46	This is the sum of components calculated in accordance with paragraph 6.3.1(a) and 6.3.1(b) of the Notice.
47	This is the sum of capital instruments directly issued by the Reporting Bank that no longer qualify as Tier 2 Capital calculated under paragraph 6.5.3 and 6.5.4 of the Notice.
48	This is as defined under paragraph 6.3.1(c) of the Notice.
49	The amount reported in row 48 that relates to instruments subject to phase out from Tier 2 Capital in accordance with the requirements of paragraphs 6.5.3 and 6.5.4 of the Notice.
50	This is the sum of components calculated in accordance with paragraphs 6.3.1(d) and 6.3.1(e) of the Notice.
51	This is the sum of rows 46 to 48 and row 50.
52	This is as defined under paragraph 6.3.3(a) of the Notice.
53	This is as defined under paragraph 6.3.3(b) of the Notice.
54	This is as defined under paragraph 6.3.3(d) of the Notice.

Explanatory Notes	
54a	Investments in other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake, previously designated for the 5% threshold but no longer meeting the conditions under paragraph 6.3.3(d)(iii) of the Notice, measured on a gross long basis. The amount to be deducted will be the amount of other TLAC liabilities designated to the 5% threshold but not sold within 30 business days, no longer held in the trading book or now exceeding the 5% threshold (e.g. in the instance of decreasing CET1 capital). Amounts designated to this threshold may not subsequently be moved to the 10% threshold.
55	This is as defined under paragraph 6.3.3(e) of the Notice.
56	This is as defined under paragraph 6.3.3(f) of the Notice.
57	This is the sum of rows 52 to 56.
58	This is Tier 2 Capital, to be calculated as row 51 minus row 57.
59	This is Total capital, to be calculated as row 45 plus row 58.
60	This is the floor-adjusted total risk weighted assets of the Reporting Bank, after incorporating the floor adjustment set out in Table 11-3A(m).
61	This is CET1 CAR, to be calculated as row 29 divided by row 60 (expressed as a percentage).
62	This is Tier 1 CAR, to be calculated as row 45 divided by row 60 (expressed as a percentage).
63	This is Total CAR, to be calculated as row 59 divided by row 60 (expressed as a percentage).
64	This is the bank-specific buffer requirement (minimum CET1 requirement plus capital conservation buffer requirement plus countercyclical buffer requirement plus G-SIB and/or D-SIB buffer requirement, expressed as a percentage of risk weighted assets). This is to be calculated as the sum of (i) the minimum CET1 requirement calculated in accordance with paragraph 4.1.4; (ii) the capital conservation buffer requirement calculated in accordance with paragraphs 4.1.5 to 4.1.13; (iii) the bank-specific countercyclical buffer requirement calculated in accordance with paragraphs 4.1.14 to 4.1.25; and (iv) the buffer requirement for G-SIBs and/or D-SIBs (if applicable)[815]. This row will show the CET1 CAR below which the Reporting Bank will become subject to constraints on distributions.
65	The amount in row 64 (expressed as a percentage of risk weighted assets) that relates to the capital conservation buffer).
66	The amount in row 64 (expressed as a percentage of risk weighted assets) that relates to the bank-specific countercyclical buffer requirement.
67	The amount in row 64 (expressed as a percentage of risk weighted assets) that relates to the Reporting Bank's G-SIB and/or D-SIB requirement, where relevant.
68	This is to be calculated as the CET1 of the Reporting Bank (as a percentage of floor-adjusted risk weighted assets), less any CET1 capital used to meet the Reporting Bank's CET1, Tier 1 and Total capital requirements.
69	A Reporting Bank shall report the minimum CET1 CAR requirement applicable at that reporting date [pursuant to paragraph 4.1.4 of the Notice.]

815 This is set out in the BCBS' publication on "Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement" (revised July 2013).

Explanatory Notes	
70	A Reporting Bank shall report the minimum Tier 1 CAR requirement applicable at that reporting date [pursuant to paragraph 4.1.4 of the Notice.]
71	A Reporting Bank shall report the minimum Total CAR requirement applicable at that reporting date [pursuant to paragraph 4.1.4 of the Notice.]
72	This is the Reporting Bank's investments in the ordinary shares, AT1 Capital, Tier 2 Capital and other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake, the total amount of such holdings that are not reported in row 18, row 39, row 54 and row 54a.
73	This is the Reporting Bank's investments in the ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake (including insurance subsidiaries at the Solo and Group levels), the total amount of such holdings that are not reported in row 19 and row 23.
74	Not applicable. This is the amount of mortgage servicing rights not reported in row 20 and row 24.
75	Not applicable. This is the amount of deferred tax assets arising from temporary differences not reported in row 21 and row 25.
76	This is the provisions eligible for inclusion in Tier 2 Capital in respect of exposures subject to SA(CR), calculated in accordance paragraph 6.3.1(d) of the Notice, prior to the application of the cap.
77	This is the cap on inclusion of provisions in Tier 2 Capital in respect of exposures subject to SA(CR), calculated in accordance paragraphs 6.3.1(d) and 6.3.1AA of the Notice.
78	This is the provisions eligible for inclusion in Tier 2 Capital in respect of exposures subject to IRBA, calculated in accordance paragraph 6.3.1(e) of the Notice, prior to the application of the cap.
79	This is the cap for inclusion of provisions in Tier 2 Capital in respect of exposures subject to IRBA, calculated in accordance paragraphs 6.3.1(e) and 6.3.1AB of the Notice.
80	This is only applicable to non-joint stock companies. This is the current cap on CET1 capital instruments subject to transitional arrangements.
81	This is only applicable to non-joint stock companies. This is the amount excluded from CET1 Capital due to cap (excess over cap after redemptions and maturities).
82	This is the cap on ineligible AT1 capital instruments subject to transitional arrangements, see paragraph 6.5.3 of the Notice.
83	This is the amount excluded from AT1 Capital due to cap (excess over cap after redemptions and maturities), see paragraph 6.5.3 of the Notice.
84	This is the current cap on ineligible Tier 2 capital instruments subject to transitional arrangements, see paragraph 6.5.3 of the Notice.
85	This is the amount excluded from Tier 2 Capital due to cap (excess over cap after redemptions and maturities), see paragraph 6.5.3 of the Notice.

[MAS Notice 637 (Amendment No. 3) 2017]
[MAS Notice 637 (Amendment No. 2) 2018]

Amendments to Part XII: Reporting Schedules

Amendments to Schedule 1B

CAPITAL TREATMENT OF ALLOWANCES

Name of the Reporting Bank:

Statement as at:

Scope of Reporting: Solo/Group

(In S$ million)

1. General Allowances

(a)	General Allowances Less: associated deferred tax assets			A
(b)	Net General Allowances			

[MAS Notice 637 (Amendment) 2012]

2. General Allowances Attributable to SA(CR), SA(EQ), SEC-ERBA, SEC-SA, and RWA from Securitisation Exposures to which the SEC-IRBA, SEC-ERBA and SEC-SA cannot be applied

(a)	Proportion of credit RWA attributable to SA(CR), SA(EQ), SEC-ERBA, SEC-SA, and RWA from Securitisation Exposures to which the SEC-IRBA, SEC-ERBA, and SEC-SA cannot be applied (%) calculated in accordance with paragraph 6.3.1B			B
(b)	General Allowances attributable to SA(CR), SA(EQ), SEC-ERBA, SEC-SA, and RWA from Securitisation Exposures to which the SEC-IRBA, SEC-ERBA, and SEC-SA cannot be applied	B x A		C
(c)	Limit on General Allowances acceptable as Tier 2 Capital calculated in accordance with paragraphs 6.3.1(d) and 6.3.1AA			D
(d)	Eligible General Allowances recognised as Tier 2 Capital	MIN(C,D)		E

[MAS Notice 637 (Amendment No. 2) 2014]
[MAS Notice 637 (Amendment No. 3) 2017]

3. TEP and EL Amount under IRBA

(a)	Proportion of credit RWA attributable to IRBA (%) calculated in accordance with paragraph 6.3.1C			F
(b)	General Allowances included in TEP	F x A		G
(c)	Specific Allowances included in TEP			

			Total
(i)	Sovereign Asset Sub-class	F-IRBA	
		A-IRBA	
(ii)	Bank Asset Sub-class	F-IRBA	
		A-IRBA	
(iii)	Corporate Asset Sub-class	F-IRBA	
		A-IRBA	
(iv)	SL Asset Sub-class (IPRE)	F-IRBA	
		A-IRBA	
(v)	SL Asset Sub-class (PF/ OF / CF)	F-IRBA	
		A-IRBA	
(vi)	HVCRE Asset Sub-class	F-IRBA	
		A-IRBA	
(vii)	SL Asset Sub-class (IPRE)- supervisory slotting criteria		
(viii)	SL Asset Sub-class(PF/ OF / CF)- supervisory slotting criteria		
(ix)	HVCRE Asset Sub-class - supervisory slotting criteria		
(x)	Corporate Small Business Asset Sub-class	F-IRBA	
		A-IRBA	
(xi)	Residential Mortgage Asset Sub-class		
(xii)	QRRE Asset Sub-class		
(xiii)	Other Retail Exposures Asset Sub-class (excluding exposures to small business)		
(xiv)	Other Retail Exposures Asset Sub-class (exposures to small business)		

	Total Specific Allowances included in TEP			H
(d)	TEP under IRBA	G+H		I

CAPITAL TREATMENT OF ALLOWANCES

Name of the Reporting Bank:

Statement as at:

Scope of Reporting: Solo/Group

(e) EL Amount under IRBA

			Total
(i)	Sovereign Asset Sub-class	F-IRBA	
		A-IRBA	
(ii)	Bank Asset Sub-class	F-IRBA	
		A-IRBA	
(iii)	Corporate Asset Sub-class	F-IRBA	
		A-IRBA	
(iv)	SL Asset Sub-class (IPRE)	F-IRBA	
		A-IRBA	
(v)	SL Asset Sub-class (PF/ OF / CF)	F-IRBA	
		A-IRBA	
(vi)	HVCRE Asset Sub-class	F-IRBA	
		A-IRBA	
(vii)	SL Asset Sub-class (IPRE)- supervisory slotting criteria		
(viii)	SL Asset Sub-class(PF/ OF / CF)- supervisory slotting criteria		
(ix)	HVCRE Asset Sub-class - supervisory slotting criteria		
(x)	Corporate Small Business Asset Sub-class	F-IRBA	
		A-IRBA	
(xi)	Residential Mortgage Asset Sub-class		
(xii)	QRRE Asset Sub-class		
(xiii)	Other Retail Exposures Asset Sub-class (excluding exposures to small business)		
(xiv)	Other Retail Exposures Asset Sub-class (exposures to small business)		
Total EL Amount			J

(f) Comparison of TEP and EL Amount

(i)	TEP less Total EL Amount	IF I>J, I-J		K
(ii)	Limit on (TEP - EL Amount) acceptable as Tier 2 Capital calculated in accordance with paragraphs 6.3.1(e) and 6.3.1AB			L
(iii)	Eligible (TEP - EL Amount) recognised as Tier 2 Capital	MIN(K,L)		M
(iv)	Excess of (EL Amount - TEP) to be included as a regulatory adjustment in the calculation of CET1 Capital	IF J>I, J-I		N

[MAS Notice 637 (Amendment No. 2) 2014]
[MAS Notice 637 (Amendment No. 3) 2017]