



OCBC Wing Hang Bank Limited
華僑永亨銀行有限公司

Banking Disclosure Statement
For the year ended
31 December 2018

(Expressed in millions of Hong Kong dollars unless otherwise stated)

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OCBC Wing Hang Bank Limited

Introduction

Purpose

The information contained in this document is for OCBC Wing Hang Bank Limited ("the Bank") and its subsidiaries (together "the Group"). It should be read in conjunction with the Group's 2018 Annual Report. The Group's Annual Report and the Banking Disclosure Statement, taken together, comply with the Banking (Disclosure) Rules ("BDR") made under section 60A of the Banking Ordinance.

These banking disclosures are governed by the Group's disclosure policy, which has been approved by the Board of Directors ("Board"). The disclosure policy sets out the governance, control and assurance requirements for publication of the document. While the Banking Disclosure Statement is not required to be externally audited, the document has been subject to independent review in accordance with the Group's policies on disclosure and its financial reporting and governance processes.

Basis of preparation

Except where indicated otherwise, the financial information contained in this Banking Disclosure Statement has been prepared on a consolidated basis. The basis of consolidation for regulatory purposes is different from that for accounting purposes. The details of scope of consolidation under accounting scope and regulatory scope are mentioned in note (a) of "Unaudited Supplementary Financial Information".

The information in this document is not audited and does not constitute statutory accounts.

Certain financial information in this document is extracted from the statutory accounts for the year ended 31 December 2018. The Group's 2018 Annual Report, which include the statutory accounts, can be viewed on our website: www.ocbcwhhk.com.

The Banking Disclosure Statement

The HKMA has implemented the final standards on the Revised Pillar 3 Disclosure Requirements issued by the Basel Committee on Banking Supervision in January 2015, and also incorporated the BCBS Pillar 3 disclosures requirements – consolidated and enhanced framework finalized in March 2017 in the latest BDR. These disclosures are supplemented by specific additional requirements of the HKMA set out in the BDR. The banking disclosure statement includes the information required under the BDR.

According to the BDR, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates.

The Banking Disclosure Statement includes the majority of the information required under the BDR. The remainder of the disclosure requirement is covered in the Group's 2018 Annual Report which can be found in our website, www.ocbcwhhk.com.

Disclosure requirements covered in the Group's 2018 Annual Report:

- The disclosure of remuneration, including Table REMA, REM1, REM2 and REM3, on "Corporate Governance Report";
- The general disclosure of major business activities and product lines on note 33 and note 5(c) of "Notes to the Financial Statements";
- The disclosure of off balance sheet and currency risk on notes 30(a) and note 35(c)(ii) of "Notes to the Financial Statements" respectively.

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Table OVA: Overview of risk management as at 31st December, 2018

RISK MANAGEMENT

To achieve effective risk management which is critical to sustain the Group's long-term business, the following high-level pillars have been identified to manage risk in a sound and cohesive approach at the enterprise level.

- Risk Culture – The Board and top management determine the tone for a strong risk culture, they are supported by a robust internal control environment throughout the Group. All business units, product teams, independent functional risk management units and other support units are actively involved in the risk management process.
- Risk Appetite – The Group's risk appetite is set by the Board via Risk Appetite Statement ("RAS") which forms the cornerstone of the group's risk management framework. It defines the level and nature of risks that the Group is prepared to take, by specifying the strategic business goals and risk-adjusted return expectations. They are aligned with risk-taking decisions via risk limits of portfolios. RAS is supported by a framework of policies, procedures and controls.
- Risk Management Framework – The overarching risk management framework is supported by 3 key pillars: infrastructure, policies and methodologies. Together with tools, processes and controls across the various risk types, robust governance structures have been established to achieve comprehensive, consistent and effective risk management.
- Holistic Risk Management – Interactions between risk factors across a wide spectrum of the Bank's activities are common. Risks are managed on an integrated basis and across business lines encompassing all types of risks. The Group makes use of quantitative stress testing to quantify the impact of potential adverse events on credit and market risk portfolios that may adversely affect portfolio quality and earnings. Quantitative tool is supplemented by sensitivity analysis and qualitative analysis to enable adequate coverage and comprehensive assessment. During business strategy formulation, risk limits setting and capital adequacy assessment, the results are presented to senior management for decision making.
- Independent Review – Internal Audit plays an assurance role in the risk management of the Group. It reviews and comments on risk management systems, policies and procedures as well as conducting regular review of business and operation units. Its surveillance will ensure control and governance processes are effective and regulatory requirements, internal rules and standards are complied with.

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Table OVA: Overview of risk management as at 31st December, 2018

RISK GOVERNANCE AND ORGANISATION

The Risk Management Committee ("RMC") is the principal Board committee that oversees the Group's risk management with the following key responsibilities:

- review, advise and recommend for the Board's approval the overall risk tolerance, risk appetite and management strategy of the Group.
- oversee the Group's implementation of risk management strategy.
- oversee the risk exposures, effectiveness of risk management framework in identifying, measuring, monitoring, controlling and reporting risk.

Risk Management Division ("RMD") is an independent risk and control oversight function that supports the Group's business development within a prudent, consistent and effective risk management framework and governance structure. RMD also establishes relevant risk management framework, policies and procedures, risk measurements and methodologies. Various risk reports, including key stress test results and action plans, are submitted regularly to senior management, RMC and the Board.

Governance of all new products and services is managed by RMD through the New Product Approval Process ("NPAP"). This process provides a platform to ensure that all risks associated with new product or market initiatives are comprehensively identified, assessed, managed and mitigated before product launch.

RISK MEASUREMENT AND REPORTING SYSTEMS

Risk management processes and management information systems are in place to identify, measure, monitor and control credit risk, liquidity risk, market risk and operational risk. Risk management policies, procedures and limits are approved by the Board or its designated committee and are monitored and reviewed regularly by relevant risk management committees, such as the Credit Committee and the Asset and Liability Management Committee ("ALCO").

RMD also reviews and monitors the Group's risk profiles and portfolio concentrations and highlights any significant vulnerabilities and risk issues to the respective risk management committees. Our risk management and reporting systems are designed to ensure that risks are comprehensively identified and evaluated to support business decisions, and risks are well controlled at both corporate and departmental levels.

The systems consist of governing policies with control measures to ascertain compliance by all operating units. These measures are directed, controlled and held to account by operational management committees chaired by senior executives. Regular reviews are performed by the committees to ensure proper functioning of internal controls and to identify improvement opportunities. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk data (e.g. operational risk events and self-assessments) are also analysed and reported regularly to the committees. For credit risk and market risk, strategies, monitoring and management processes are mentioned in the respective sections of this disclosure statement.

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Template KM1: Key prudential ratios as at 31st December, 2018

| | | (a) | (b) | (c) | (d) | (e) |
|-----|---|-----------------------------------|----------------------|-----------------|------------------|---------------------|
| | | 31st December, 2018 (restated) | 30th September, 2018 | 30th June, 2018 | 31st March, 2018 | 31st December, 2017 |
| | Regulatory capital (amount) | | | | | |
| 1 | Common Equity Tier 1 (CET1) | 30,539 | 31,177 | 30,706 | 30,150 | 29,120 |
| 2 | Tier 1 | 32,039 | 31,177 | 30,706 | 30,150 | 29,120 |
| 3 | Total capital | 36,206 | 35,245 | 34,808 | 34,126 | 32,973 |
| | RWA (amount) | | | | | |
| 4 | Total RWA | 214,419 | 213,804 | 217,075 | 214,942 | 205,073 |
| | Risk-based regulatory capital ratios (as a percentage of RWA) | | | | | |
| 5 | CET1 ratio (%) | 14.2% | 14.6% | 14.1% | 14.0% | 14.2% |
| 6 | Tier 1 ratio (%) | 14.9% | 14.6% | 14.1% | 14.0% | 14.2% |
| 7 | Total capital ratio (%) | 16.9% | 16.5% | 16.0% | 15.9% | 16.1% |
| | Additional CET1 buffer requirements (as a percentage of RWA) | | | | | |
| 8 | Capital conservation buffer requirement (%) | 1.875% | 1.875% | 1.875% | 1.875% | 1.250% |
| 9 | Countercyclical capital buffer requirement (%) | 1.142% | 1.135% | 1.137% | 1.113% | 0.750% |
| 10 | Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs) | N/A | N/A | N/A | N/A | N/A |
| 11 | Total AI-specific CET1 buffer requirements (%) | 3.017% | 3.010% | 3.012% | 2.988% | 2.000% |
| 12 | CET1 available after meeting the AI's minimum capital requirements (%) | 9.743% | 10.082% | 9.645% | 9.527% | 9.700% |
| | Basel III leverage ratio | | | | | |
| 13 | Total leverage ratio (LR) exposure measure | 325,127 | 320,353 | 329,854 | 327,735 | 328,517 |
| 14 | LR (%) | 9.85% | 9.73% | 9.31% | 9.20% | 8.86% |
| | Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR) | | | | | |
| | Applicable to category 1 institution only: | | | | | |
| 15 | Total high quality liquid assets (HQLA) | N/A | N/A | N/A | N/A | N/A |
| 16 | Total net cash outflows | N/A | N/A | N/A | N/A | N/A |
| 17 | LCR (%) | N/A | N/A | N/A | N/A | N/A |
| | Applicable to category 2 institutions only: | | | | | |
| 17a | LMR (%) | 39.3% | 39.0% | 38.5% | 39.8% | 42.4% |
| | Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR) | | | | | |
| | Applicable to category 1 institution only: | | | | | |
| 18 | Total available stable funding | N/A | N/A | N/A | N/A | N/A |
| 19 | Total required stable funding | N/A | N/A | N/A | N/A | N/A |
| 20 | NSFR (%) | N/A | N/A | N/A | N/A | N/A |
| | Applicable to category 2A institution only: | | | | | |
| 20a | CFR (%) | 129.9% | 131.1% | 130.7% | 135.4% | N/A |

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Template OV1: Overview of RWA as at 31st December, 2018

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 31st December 2018 and 30th September 2018 respectively:

| Items | | (a) | (b) | (c) |
|-------|---|---------------------|----------------------|------------------------------|
| | | RWA | | Minimum capital requirements |
| | | 31st December, 2018 | 30th September, 2018 | 31st December, 2018 |
| 1 | Credit risk for non-securitization exposures | 186,177 | 185,020 | 14,894 |
| 2 | Of which STC approach | 186,177 | 185,020 | 14,894 |
| 2a | Of which BSC approach | 0 | 0 | 0 |
| 3 | Of which foundation IRB approach | 0 | 0 | 0 |
| 4 | Of which supervisory slotting criteria approach | 0 | 0 | 0 |
| 5 | Of which advanced IRB approach | 0 | 0 | 0 |
| 6 | Counterparty default risk and default fund contributions | 2,904 | 3,500 | 232 |
| 7 | Of which SA-CCR | 0 | 0 | 0 |
| 7a | Of which CEM | 2,767 | 3,251 | 221 |
| 8 | Of which IMM(CCR) approach | 0 | 0 | 0 |
| 9 | Of which others | 137 | 249 | 11 |
| 10 | CVA risk | 887 | 1,031 | 71 |
| 11 | Equity positions in banking book under the simple risk-weight method and internal models method | 0 | 0 | 0 |
| 12 | Collective investment scheme ("CIS") exposures - LTA | 0 | 0 | 0 |
| 13 | CIS exposures - MBA | 0 | 0 | 0 |
| 14 | CIS exposures - FBA | 0 | 0 | 0 |
| 14a | CIS exposures - combination of approaches | 0 | 0 | 0 |
| 15 | Settlement risk | 0 | 0 | 0 |
| 16 | Securitization exposures in banking book | 0 | 0 | 0 |
| 17 | Of which SEC-IRBA | 0 | 0 | 0 |
| 18 | Of which SEC-ERBA | 0 | 0 | 0 |
| 19 | Of which SEC-SA | 0 | 0 | 0 |
| 19a | Of which SEC-FBA | 0 | 0 | 0 |
| 20 | Market risk | 15,026 | 15,219 | 1,202 |
| 21 | Of which STM approach | 15,026 | 15,219 | 1,202 |
| 22 | Of which IMM approach | 0 | 0 | 0 |
| 23 | Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect) | 0 | 0 | 0 |
| 24 | Operational risk | 10,595 | 10,507 | 848 |
| 25 | Amounts below the thresholds for deduction (subject to 250% RW) | 1,151 | 737 | 92 |
| 26 | Capital floor adjustment | 0 | 0 | 0 |
| 26a | Deduction to RWA | 2,321 | 2,210 | 186 |
| 26b | Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital | 135 | 129 | 11 |
| 26c | Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital | 2,186 | 2,081 | 175 |
| 27 | Total | 214,419 | 213,804 | 17,153 |

N/A: Not applicable in the case of Hong Kong

Note: There were no material changes to the risk-weighted amounts during the quarterly reporting period. The changes were due to normal business activities.

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Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories as at 31st December, 2018

The following table shows the differences between the carrying values as reported in the Group's financial statements following the scope of accounting consolidation and the carrying values under the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation.

| | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
|--|---|---|----------------------------------|---|---|----------------------------------|--|
| | Carrying values as reported in published financial statements | Carrying values under scope of regulatory consolidation | Carrying values of items: | | | | |
| | | | subject to credit risk framework | subject to counterparty credit risk framework | subject to the securitization framework | subject to market risk framework | not subject to capital requirements or subject to deduction from capital |
| Assets | | | | | | | |
| Cash and balances with banks, central banks and other financial institutions | 10,357 | 10,357 | 9,894 | 0 | 0 | 0 | 463 |
| Placements with banks, central banks and other financial institutions | 3,836 | 3,836 | 3,727 | 109 | 0 | 0 | 0 |
| Amounts due from ultimate holding company, fellow subsidiaries and fellow associates | 18,562 | 18,562 | 15,319 | 3,243 | 0 | 0 | 0 |
| Trading assets | 6,069 | 6,069 | 0 | 3,321 | 0 | 6,069 | 0 |
| Financial assets designated at fair value through profit or loss | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Advances to customers and other accounts | 200,207 | 200,028 | 199,353 | 64 | 0 | 0 | 611 |
| Amounts due from subsidiaries | 0 | 4 | 4 | 0 | 0 | 0 | 0 |
| Financial assets measured at fair value through other comprehensive income | 71,648 | 71,648 | 71,648 | 0 | 0 | 0 | 0 |
| Investments in subsidiaries | 0 | 29 | 29 | 0 | 0 | 0 | 0 |
| Investments in associated companies | 550 | 332 | 332 | 0 | 0 | 0 | 0 |
| Tangible fixed assets | | | | | | | |
| - Investment properties | 267 | 267 | 267 | 0 | 0 | 0 | 0 |
| - Other properties, plants and equipment | 5,692 | 5,692 | 5,692 | 0 | 0 | 0 | 0 |
| Goodwill | 1,306 | 1,306 | 0 | 0 | 0 | 0 | 1,306 |
| Current tax recoverable | 89 | 89 | 0 | 0 | 0 | 0 | 89 |
| Deferred tax assets | 38 | 38 | 0 | 0 | 0 | 0 | 38 |
| Assets of a disposal group classified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total assets | 318,621 | 318,257 | 306,265 | 6,737 | 0 | 6,069 | 2,507 |

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Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories as at 31st December, 2018

| | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
|--|---|---|----------------------------------|---|---|----------------------------------|--|
| | Carrying values as reported in published financial statements | Carrying values under scope of regulatory consolidation | Carrying values of items: | | | | |
| | | | subject to credit risk framework | subject to counterparty credit risk framework | subject to the securitization framework | subject to market risk framework | not subject to capital requirements or subject to deduction from capital |
| Liabilities | | | | | | | |
| Deposits and balances of banks, central banks and other financial institutions | 4,215 | 4,215 | 0 | 394 | 0 | 0 | 3,821 |
| Amounts due to ultimate holding company and fellow subsidiaries | 37,673 | 37,673 | 0 | 3,225 | 0 | 0 | 34,448 |
| Deposits from customers | 221,854 | 221,854 | 0 | 128 | 0 | 0 | 221,726 |
| Certificates of deposit and fixed rate note issued | 7,320 | 7,320 | 0 | 0 | 0 | 0 | 7,320 |
| Trading liabilities | 3,400 | 3,400 | 0 | 0 | 0 | 3,400 | 0 |
| Current tax payable | 384 | 381 | 0 | 0 | 0 | 0 | 381 |
| Deferred tax liabilities | 170 | 170 | 0 | 0 | 0 | 0 | 170 |
| Other accounts and provisions | 3,588 | 3,423 | 34 | 0 | 0 | 0 | 3,389 |
| Amounts due to subsidiaries | 0 | 487 | 0 | 0 | 0 | 0 | 487 |
| Subordinated liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities | 278,604 | 278,923 | 34 | 3,747 | 0 | 3,400 | 271,742 |

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Template LI2: Main Sources of differences between regulatory exposure amounts and carrying values in financial statements as at 31st December, 2018

The following table shows the main sources of differences between the carrying values in financial statements and the exposure amounts used for the calculation of regulatory capital in respect of the assets and liabilities based on the scope of regulatory consolidation:

| | | (a) | (b) | (c) | (d) | (e) |
|---|---|---------|-----------------------|--------------------------|------------------------------------|-----------------------|
| | | Total | Items subject to: | | | |
| | | | credit risk framework | securitization framework | counterparty credit risk framework | market risk framework |
| 1 | Asset carrying value amount under scope of regulatory consolidation (as per template LI1) | 315,750 | 306,265 | 0 | 6,737 | 6,069 |
| 2 | Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1) | 7,181 | 34 | 0 | 3,747 | 3,400 |
| 3 | Total net amount under regulatory scope of consolidation | 308,569 | 306,231 | 0 | 2,990 | 2,669 |
| 4 | Off-balance sheet amounts | 44,448 | 7,280 | 0 | 0 | 0 |
| 5 | Differences due to consideration of provisions | | 563 | 0 | 0 | 0 |
| 6 | Difference due to credit risk mitigation | | (2,589) | 0 | 0 | 0 |
| N | Exposure amounts considered for regulatory purposes | 353,017 | 311,485 | 0 | 2,990 | 2,669 |

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Template LIA: Explanations of differences between accounting and regulatory exposure amounts as at 31st December, 2018

The following table describes the sources of differences from financial statements amounts to regulatory exposure amounts, as displayed in templates LI1 and LI2:

Differences between the amounts in columns (a) and (b) in template LI1

- (a) The basis of consolidation for regulatory purposes is different from the basis of consolidation for accounting purposes in LI1. Subsidiaries included in consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with Section 3C of the Capital Rules. Subsidiaries not included in consolidation for regulatory purposes are non-financial companies and the securities and insurance companies that are authorised and supervised by a regulator and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for authorized institutions under the Capital Rules and the Banking Ordinance.

Differences between the amounts in columns (b) and sum of (c) and (g) in template LI1

- (b) Assets/liabilities arising from derivative contracts held in the regulatory trading book are subject to both market risk and counterparty credit risk because derivative contracts are marked to market and there is a risk that the counterparty may not be able to fulfil the contractual obligations. As a result, the amounts shown in column (b) do not equal the sum of columns (c) to (g);

The main drivers for the differences between accounting values and amounts considered for regulatory purposes shown in template LI2

- (c) The carrying values reported in the financial statements are after deduction of impairment allowances while the exposure amounts for regulatory purposes are before deducting impairment allowances (except for exposures under Standardised Approach of credit risk from which impairment allowances made against the credit impaired exposures are deducted);
- (d) The exposure amounts for regulatory purposes are after the adjustment for the capital effect of recognized credit risk mitigation on the principal amounts;
- (e) Counterparty credit risk exposures for regulatory purposes consist of both the current exposures and the potential exposures which are derived by applying the credit conversion factor (CCF) to the notional principal of the transactions or contracts.

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Template CC1: Composition of Regulatory Capital as at 31st December, 2018

| | | (a) | (b) |
|---|---|----------------|---|
| | | Amount | Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation |
| CET1 capital: instruments and reserves | | | |
| 1 | Directly issued qualifying CET1 capital instruments plus any related share premium | 7,308 | (5) |
| 2 | Retained earnings | 23,213 | (6) |
| 3 | Disclosed reserves | 7,286 | (9) |
| 4 | <i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i> | Not applicable | Not applicable |
| 5 | Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group) | 0 | |
| 6 | CET1 capital before regulatory adjustments | 37,807 | |
| CET1 capital: regulatory deductions | | | |
| 7 | Valuation adjustments | 0 | |
| 8 | Goodwill (net of associated deferred tax liabilities) | 1,306 | (1) |
| 9 | Other intangible assets (net of associated deferred tax liabilities) | 0 | |
| 10 | Deferred tax assets (net of associated deferred tax liabilities) | 31 | |
| 11 | Cash flow hedge reserve | 4 | |
| 12 | Excess of total EL amount over total eligible provisions under the IRB approach | Not applicable | |
| 13 | Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions | 0 | |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | 0 | (2) + (4) |
| 15 | Defined benefit pension fund net assets (net of associated deferred tax liabilities) | 0 | |
| 16 | Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported statement of financial position) | 0 | |
| 17 | Reciprocal cross-holdings in CET1 capital instruments | 0 | |
| 18 | Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | 0 | |

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Template CC1: Composition of Regulatory Capital as at 31st December, 2018

| | | (a) | (b) |
|---------------------------------|---|----------------|---|
| | | Amount | Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation |
| 19 | Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | 0 | |
| 20 | Mortgage servicing rights (net of associated deferred tax liabilities) | Not applicable | Not applicable |
| 21 | Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities) | Not applicable | Not applicable |
| 22 | Amount exceeding the 15% threshold | Not applicable | Not applicable |
| 23 | of which: significant investments in the ordinary share of financial sector entities | Not applicable | Not applicable |
| 24 | of which: mortgage servicing rights | Not applicable | Not applicable |
| 25 | of which: deferred tax assets arising from temporary differences | Not applicable | Not applicable |
| 26 | National specific regulatory adjustments applied to CET1 capital | 5,925 | |
| 26a | Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) | 3,975 | (8) + (10) |
| 26b | Regulatory reserve for general banking risks | 1,950 | (7) |
| 26c | Securitization exposures specified in a notice given by the Monetary Authority | 0 | |
| 26d | Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings | 0 | |
| 26e | Capital shortfall of regulated non-bank subsidiaries | 0 | |
| 26f | Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base) | 0 | |
| 27 | Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions | 0 | |
| 28 | Total regulatory deductions to CET1 capital | 7,267 | |
| 29 | CET1 capital | 30,540 | |
| AT1 capital: instruments | | | |
| 30 | Qualifying AT1 capital instruments plus any related share premium | 1,500 | |
| 31 | of which: classified as equity under applicable accounting standards | 1,500 | |
| 32 | of which: classified as liabilities under applicable accounting standards | 0 | |
| 33 | <i>Capital instruments subject to phase-out arrangements from AT1 capital</i> | 0 | |

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Template CC1: Composition of Regulatory Capital as at 31st December, 2018

| | | (a) | (b) |
|---|--|---------------|---|
| | | Amount | Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation |
| 34 | AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) | 0 | |
| 35 | <i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i> | 0 | |
| 36 | AT1 capital before regulatory deductions | 1,500 | |
| AT1 capital: regulatory deductions | | | |
| 37 | Investments in own AT1 capital instruments | 0 | |
| 38 | Reciprocal cross-holdings in AT1 capital instruments | 0 | |
| 39 | Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | 0 | |
| 40 | Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation | 0 | |
| 41 | National specific regulatory adjustments applied to AT1 capital | 0 | |
| 42 | Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions | 0 | |
| 43 | Total regulatory deductions to AT1 capital | 0 | |
| 44 | AT1 capital | 1,500 | |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 32,040 | |
| Tier 2 capital: instruments and provisions | | | |
| 46 | Qualifying Tier 2 capital instruments plus any related share premium | 0 | |
| 47 | <i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i> | 0 | |
| 48 | Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group) | 0 | |
| 49 | <i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i> | 0 | |
| 50 | Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital | 2,378 | |
| 51 | Tier 2 capital before regulatory deductions | 2,378 | |

OCBC Wing Hang Bank Limited

Template CC1: Composition of Regulatory Capital as at 31st December, 2018

| | | (a) | (b) |
|--|--|----------------|---|
| | | Amount | Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation |
| Tier 2 capital: regulatory deductions | | | |
| 52 | Investments in own Tier 2 capital instruments | 0 | |
| 53 | Reciprocal cross-holdings in Tier 2 capital instruments | 0 | |
| 54 | Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | 0 | |
| 55 | Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions) | 0 | |
| 56 | National specific regulatory adjustments applied to Tier 2 capital | (1,789) | |
| 56a | Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 | (1,789) | ((8) + (10)) X 45% |
| 57 | Total regulatory adjustments to Tier 2 capital | (1,789) | |
| 58 | Tier 2 capital (T2) | 4,167 | |
| 59 | Total regulatory capital (TC = T1 + T2) | 36,207 | |
| 60 | Total RWA | 214,419 | |
| Capital ratios (as a percentage of RWA) | | | |
| 61 | CET1 capital ratio | 14.243% | |
| 62 | Tier 1 capital ratio | 14.942% | |
| 63 | Total capital ratio | 16.885% | |
| 64 | Institution-specific buffer requirement capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements) | 3.017% | |
| 65 | of which: capital conservation buffer requirement | 1.875% | |
| 66 | of which: bank specific countercyclical capital buffer requirement | 1.142% | |
| 67 | of which: higher loss absorbency requirement | 0.000% | |
| 68 | CET1 (as a percentage of RWA) available after meeting minimum capital requirements | 9.743% | |
| National minima (if different from Basel 3 minimum) | | | |
| 69 | National CET1 minimum ratio | Not applicable | |
| 70 | National Tier 1 minimum ratio | Not applicable | |
| 71 | National Total capital minimum ratio | Not applicable | |

OCBC Wing Hang Bank Limited

Template CC1: Composition of Regulatory Capital as at 31st December, 2018

| | | (a) | (b) |
|--|---|----------------|---|
| | | Amount | Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation |
| Amounts below the thresholds for deduction (before risk weighting) | | | |
| 72 | Insignificant capital investments in CET1, AT1 and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation | 1,045 | |
| 73 | Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation | 446 | |
| 74 | Mortgage servicing rights (net of associated deferred tax liabilities) | Not applicable | |
| 75 | Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities) | Not applicable | |
| Applicable caps on the inclusion of provisions in Tier 2 capital | | | |
| 76 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap) | 2,512 | |
| 77 | Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA | 2,378 | |
| 78 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap) | Not applicable | |
| 79 | Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA | Not applicable | |
| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022) | | | |
| 80 | Current cap on CET1 capital instruments subject to phase-out arrangements | Not applicable | |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | Not applicable | |
| 82 | Current cap on AT1 capital instruments subject to phase-out arrangements | 0 | |
| 83 | Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities) | 0 | |
| 84 | Current cap on Tier 2 capital instruments subject to phase-out arrangements | 0 | |
| 85 | Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities) | 0 | |

OCBC Wing Hang Bank Limited

Template CC1: Composition of Regulatory Capital as at 31st December, 2018

Notes to the template:

| | Description | Hong Kong basis | Basel III basis |
|----|--|-----------------|-----------------|
| 9 | Other intangible assets (net of associated deferred tax liabilities) | 0 | 0 |
| | <u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III. | | |
| 10 | Deferred tax assets (net of associated deferred tax liabilities) | 31 | 31 |
| | <u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III. | | |

OCBC Wing Hang Bank Limited

Template CC1: Composition of Regulatory Capital as at 31st December, 2018

| | Description | Hong Kong basis | Basel III basis |
|----|---|-----------------|-----------------|
| 18 | Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | 0 | 0 |
| | <u>Explanation</u> For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach. | | |
| 19 | Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | 0 | 0 |
| | <u>Explanation</u> For the purpose of determining the total amount of significant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach. | | |

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Template CC1: Composition of Regulatory Capital as at 31st December, 2018

| | Description | Hong Kong basis | Basel III basis |
|--|--|-----------------|-----------------|
| 39 | Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | 0 | 0 |
| | <u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant capital investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach. | | |
| 54 | Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | 0 | 0 |
| | <u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant capital investments in Tier 2 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach. | | |
| Remarks: | | | |
| The amount of the 10% thresholds mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime. | | | |

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

OCBC Wing Hang Bank Limited

Template CC2: Reconciliation of Regulatory Capital to Consolidated Statement of Financial Position as at 31st December, 2018

| | (a) | (b) | (c) |
|---|---|---|-----------|
| | Consolidated Statement of Financial Position as in published financial statement | Consolidated Statement of Financial Position under regulatory scope of consolidation | Reference |
| | 31st December, 2018 | 31st December, 2018 | |
| ASSETS | | | |
| Cash and balances with banks, central banks and other financial institutions | 10,357 | 10,357 | |
| Placements with banks, central banks and other financial institutions | 3,836 | 3,836 | |
| Amounts due from ultimate holding company, fellow subsidiaries and fellow associates | 18,562 | 18,562 | |
| Trading assets | 6,069 | 6,069 | |
| of which : - insignificant capital investments in financial sector entities exceeding 10% threshold | | 0 | |
| Financial assets designated at fair value through profit or loss | 0 | 0 | |
| of which : - insignificant capital investments in financial sector entities exceeding 10% threshold | | 0 | |
| Advances to customers and other accounts | 200,207 | 200,028 | |
| Amounts due from subsidiaries | | 4 | |
| Financial assets measured at fair value through other comprehensive income | 71,648 | 71,648 | |
| of which : - insignificant capital investments in financial sector entities exceeding 10% threshold | | 0 | |
| - significant capital investments in financial sector entities exceeding 10% threshold | | 0 | |
| Investments in subsidiaries | 0 | 29 | |
| of which : - significant capital investments in financial sector entities exceeding 10% threshold | | 0 | |
| Investments in associated companies | 550 | 332 | |
| of which : - significant capital investments in financial sector entities exceeding 10% threshold | | 0 | |
| Tangible fixed assets | | | |
| - Investment properties | 267 | 267 | |
| - Other properties, plants and equipment | 5,692 | 5,692 | |
| Goodwill | 1,306 | 1,306 | (1) |
| Current tax recoverable | 89 | 89 | |
| Deferred tax assets | 38 | 38 | |
| Assets of a disposal group classified as held for sale | 0 | 0 | |
| Total assets | 318,621 | 318,257 | |

OCBC Wing Hang Bank Limited

Template CC2: Reconciliation of Regulatory Capital to Consolidated Statement of Financial Position as at 31st December, 2018

| | (a) | (b) | (c) |
|--|---|---|-----------|
| | Consolidated Statement of Financial Position as in published financial statement | Consolidated Statement of Financial Position under regulatory scope of consolidation | Reference |
| | <u>31st December, 2018</u> | <u>31st December, 2018</u> | |
| EQUITY AND LIABILITIES | | | |
| Deposits and balances of banks, central banks and other financial institutions | 4,215 | 4,215 | |
| Amounts due to ultimate holding company and fellow subsidiaries | 37,673 | 37,673 | |
| Deposits from customers | 221,854 | 221,854 | |
| Certificates of deposit and fixed rate note issued | 7,320 | 7,320 | |
| of which : - gains or losses due to changes in the own credit risk on fair value liabilities | 0 | 0 | (2) |
| Trading liabilities | 3,400 | 3,400 | |
| Current tax payable | 384 | 381 | |
| Deferred tax liabilities | 170 | 170 | |
| Other accounts and provisions | 3,588 | 3,423 | |
| Amounts due to subsidiaries | | 487 | |
| Subordinated liabilities | 0 | 0 | |
| of which : - subordinated debt not eligible for inclusion in regulatory capital | | 0 | (3) |
| - subordinated debt eligible for inclusion in regulatory capital | | 0 | |
| - gains or losses due to changes in the own credit risk on fair value liabilities | | 0 | (4) |
| Total liabilities | <u>278,604</u> | <u>278,923</u> | |
| Share capital | 7,308 | 7,308 | (5) |
| Reserves | 31,209 | 30,526 | |
| of which : - Retained earnings | | 23,213 | (6) |
| of which: - regulatory reserve for general banking risks | | 1,950 | (7) |
| - cumulative fair value gains arising from revaluation of investment properties | | 108 | (8) |
| - Disclosed reserves | | 7,286 | (9) |
| of which: - cumulative fair value gains arising from revaluation of land and buildings | | 3,867 | (10) |
| Perpetual capital securities issued | 1,500 | 1,500 | |
| Shareholders' funds | <u>40,017</u> | <u>39,334</u> | |
| Total equity | <u>40,017</u> | <u>39,334</u> | |
| Total equity and liabilities | <u>318,621</u> | <u>318,257</u> | |

OCBC Wing Hang Bank Limited

Table CCA: Main Features of Regulatory Capital Instruments as at 31st December, 2018

| | | (a) | (b) |
|----|--|--|---|
| | | Quantitative / qualitative information | Quantitative / qualitative information |
| | | Common Equity | HKD1,500 million perpetual non-cumulative subordinated additional Tier 1 capital securities |
| 1 | Issuer | OCBC Wing Hang Bank Limited | OCBC Wing Hang Bank Limited |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | N/A | N/A |
| 3 | Governing law(s) of the instrument | Hong Kong | The Capital Securities are governed by and shall be construed in accordance with Hong Kong law. |
| | <i>Regulatory treatment</i> | | |
| 4 | Transitional Basel III rules ¹ | Common Equity Tier 1 | N/A |
| 5 | Post-transitional Basel III rules ² | Common Equity Tier 1 | Additional Tier 1 |
| 6 | Eligible at solo*/group/solo and group | Solo and Group | Solo and Group |
| 7 | Instrument type (types to be specified by each jurisdiction) | Ordinary shares | Additional Tier 1 capital instruments |
| 8 | Amount recognised in regulatory capital (in HK\$ million, as at 31st December, 2018) | 7,308 | 1,500 |
| 9 | Par value of instrument | N/A | HK\$ 1,500 million |
| 10 | Accounting classification | Shareholders' equity | Equity instruments |
| 11 | Original date of issuance | 11th April 1960 | 12th December 2018 |
| 12 | Perpetual or dated | N/A | Perpetual |
| 13 | Original maturity date | N/A | N/A |
| 14 | Issuer call subject to prior supervisory approval | N/A | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | N/A | 12th December 2023 (Redemptions in whole at 100%) |
| 16 | Subsequent call dates, if applicable | N/A | Any distribution payment date thereafter |

OCBC Wing Hang Bank Limited

Table CCA: Main Features of Regulatory Capital Instruments as at 31st December, 2018

| | | (a) | (b) |
|----|---|--|---|
| | | Quantitative / qualitative information | Quantitative / qualitative information |
| | | Common Equity | HKD1,500 million perpetual non-cumulative subordinated additional Tier 1 capital securities |
| | <i>Coupons / dividends</i> | | |
| 17 | Fixed or floating dividend/coupon | N/A | Fixed |
| 18 | Coupon rate and any related index | N/A | Year 1-5: 5.3% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year Hong Kong Dollar Swap Offer Rate plus a fixed initial spread |
| 19 | Existence of a dividend stopper | N/A | Yes |
| 20 | Fully discretionary, partially discretionary or mandatory | Fully discretionary | Fully discretionary |
| 21 | Existence of step-up or other incentive to redeem | N/A | No |
| 22 | Non-cumulative or cumulative | N/A | Non-cumulative |
| 23 | Convertible or non-convertible | N/A | Non-convertible |
| 24 | If convertible, conversion trigger(s) | N/A | N/A |
| 25 | If convertible, fully or partially | N/A | N/A |
| 26 | If convertible, conversion rate | N/A | N/A |
| 27 | If convertible, mandatory or optional conversion | N/A | N/A |

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Table CCA: Main Features of Regulatory Capital Instruments as at 31st December, 2018

| | | (a) | (b) |
|----|---|--|---|
| | | Quantitative / qualitative information | Quantitative / qualitative information |
| | | Common Equity | HKD1,500 million perpetual non-cumulative subordinated additional Tier 1 capital securities |
| 28 | If convertible, specify instrument type convertible into | N/A | N/A |
| 29 | If convertible, specify issuer of instrument it converts into | N/A | N/A |
| 30 | Write-down feature | N/A | Yes |
| 31 | If write-down, write-down trigger(s) | N/A | Upon the occurrence of a Non-Viability Event |
| 32 | If write-down, full or partial | N/A | May be partially or fully written down |
| 33 | If write-down, permanent or temporary | N/A | Permanent |
| 34 | If temporary write-down, description of write-up mechanism | N/A | N/A |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned). | N/A | Subordinated to depositors, general creditors, other subordinated creditor, creditors in respect of Tier 2 Capital Instruments and all other Subordinated Indebtedness of the Issuer; pari passu with Parity Obligations; senior to holders of Junior Obligations (including the Issuer's ordinary shares). |
| 36 | Non-compliant transitioned features | N/A | No |
| 37 | If yes, specify non-compliant features | N/A | N/A |

Footnote:

¹ Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.

² Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR

* Include solo-consolidated

OCBC Wing Hang Bank Limited

Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB") as at 31st December, 2018

The following table presents the geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures as at 31st December 2018:

| | | (a) | (c) | (d) | (e) |
|----|--|--------------------------------------|---------------------------------------|----------------------------|-------------|
| | Geographical breakdown by Jurisdiction (J) | Applicable JCCyB ratio in effect (%) | RWA used in computation of CCyB ratio | AI-specific CCyB ratio (%) | CCyB amount |
| 1 | Hong Kong SAR | 1.875% | 92,247 | | |
| 2 | Mainland China | 0.000% | 42,669 | | |
| 3 | Australia | 0.000% | 60 | | |
| 4 | Belgium | 0.000% | 1 | | |
| 5 | Brazil | 0.000% | 4 | | |
| 6 | Cameroon | 0.000% | 5 | | |
| 7 | Canada | 0.000% | 92 | | |
| 8 | Denmark | 0.000% | 0 | | |
| 9 | Ecuador | 0.000% | 0 | | |
| 10 | Finland | 0.000% | 0 | | |
| 11 | France | 0.000% | 3 | | |
| 12 | Germany | 0.000% | 13 | | |
| 13 | Ghana | 0.000% | 0 | | |
| 14 | Guinea-Bissau | 0.000% | 0 | | |
| 15 | Honduras | 0.000% | 0 | | |
| 16 | India | 0.000% | 5 | | |
| 17 | Indonesia | 0.000% | 0 | | |
| 18 | Ireland | 0.000% | 8 | | |
| 19 | Italy | 0.000% | 0 | | |
| 20 | Japan | 0.000% | 352 | | |
| 21 | Kenya | 0.000% | 3 | | |
| 22 | Macau | 0.000% | 14,713 | | |
| 23 | Malaysia | 0.000% | 14 | | |
| 24 | Mexico | 0.000% | 4 | | |
| 25 | Nepal | 0.000% | 2 | | |
| 26 | Netherlands | 0.000% | 1 | | |
| 27 | New Zealand | 0.000% | 79 | | |
| 28 | Norway | 2.000% | 0 | | |
| 29 | Philippines | 0.000% | 3 | | |
| 30 | Qatar | 0.000% | 0 | | |
| 31 | Singapore | 0.000% | 316 | | |
| 32 | South Africa | 0.000% | 22 | | |
| 33 | South Korea | 0.000% | 58 | | |
| 34 | Spain | 0.000% | 6 | | |
| 35 | Sweden | 2.000% | 0 | | |

OCBC Wing Hang Bank Limited

Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB") as at 31st December, 2018

The following table presents the geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures as at 31st December 2018:

| | | (a) | (c) | (d) | (e) |
|----|---|---|--|----------------------------|-------------|
| | Geographical breakdown by Jurisdiction (J) | Applicable JCCyB ratio in effect (%) | RWA used in computation of CCyB ratio | AI-specific CCyB ratio (%) | CCyB amount |
| 36 | Switzerland | 0.000% | 0 | | |
| 37 | Taiwan | 0.000% | 182 | | |
| 38 | Thailand | 0.000% | 5 | | |
| 39 | Turkey | 0.000% | 18 | | |
| 40 | United Arab Emirates | 0.000% | 28 | | |
| 41 | United Kingdom | 1.000% | 92 | | |
| 42 | United States | 0.000% | 562 | | |
| 43 | Vanuatu | 0.000% | 0 | | |
| 44 | Vietnam | 0.000% | 11 | | |
| 45 | Sum | | 151,578 | | |
| 46 | Total | | 151,578 | 1.142% | 1,731 |

OCBC Wing Hang Bank Limited

Template LR1: Summary Comparison of Accounting Assets against Leverage Ratio ("LR") Exposure Measure as at 31st December, 2018

| | | (a) |
|----|--|---|
| | | Value under the LR framework (restated) |
| 1 | Total consolidated assets as per published financial statements | 318,621 |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | (189) |
| 3 | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure | 0 |
| 4 | Adjustments for derivative contracts | 3,599 |
| 5 | Adjustment for SFTs (i.e. repos and similar secured lending) | 220 |
| 6 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 10,502 |
| 6a | Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure | (184) |
| 7 | Other adjustments | (7,442) |
| 8 | Leverage ratio exposure measure | 325,127 |

OCBC Wing Hang Bank Limited

Template LR2: Leverage Ratio ("LR") as at 31st December, 2018

| | | (a) | (a) |
|--|--|-----------------------------------|----------------------|
| | | 31st December, 2018 (restated) | 30th September, 2018 |
| On-balance sheet exposures | | | |
| 1 | On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral) | 307,504 | 297,411 |
| 2 | Less: Asset amounts deducted in determining Tier 1 capital | (7,267) | (7,151) |
| 3 | Total on-balance sheet exposures (excluding derivative contract and SFTs) | 300,237 | 290,260 |
| Exposures arising from derivative contracts | | | |
| 4 | Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting) | 3,381 | 4,061 |
| 5 | Add-on amounts for PFE associated with all derivative contracts | 3,599 | 3,358 |
| 6 | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework | 0 | 0 |
| 7 | Less: Deductions of receivables assets for cash variation margin provided under derivative contracts | 0 | 0 |
| 8 | Less: Exempted CCP leg of client-cleared trade exposures | 0 | 0 |
| 9 | Adjusted effective notional amount of written credit derivative contracts | 0 | 0 |
| 10 | Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts | 0 | 0 |
| 11 | Total exposures arising from derivative contracts | 6,980 | 7,419 |

OCBC Wing Hang Bank Limited**Template LR2: Leverage Ratio ("LR") as at 31st December, 2018**

| | | (a) | (a) |
|------------------------------------|--|-----------------------------------|----------------------|
| | | 31st December, 2018 (restated) | 30th September, 2018 |
| Exposures arising from SFTs | | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions | 7,372 | 10,604 |
| 13 | Less: Netted amounts of cash payables and cash receivables of gross SFT assets | 0 | 0 |
| 14 | CCR exposure for SFT assets | 220 | 373 |
| 15 | Agent transaction exposures | 0 | 0 |
| 16 | Total exposures arising from SFTs | 7,592 | 10,977 |

OCBC Wing Hang Bank Limited

Template LR2: Leverage Ratio ("LR") as at 31st December, 2018

| | | (a) | (a) |
|--|--|-----------------------------------|----------------------|
| | | 31st December, 2018 (restated) | 30th September, 2018 |
| Other off-balance sheet exposures | | | |
| 17 | Off-balance sheet exposure at gross notional amount | 44,448 | 48,410 |
| 18 | Less: Adjustments for conversion to credit equivalent amounts | (33,946) | (36,538) |
| 19 | Off-balance sheet items | 10,502 | 11,872 |
| Capital and total exposures | | | |
| 20 | Tier 1 capital | 32,039 | 31,177 |
| 20a | Total exposures before adjustments for specific and collective provisions | 325,311 | 320,528 |
| 20b | Adjustments for specific and collective provisions | (184) | (175) |
| 21 | Total exposures | 325,127 | 320,353 |
| Leverage ratio | | | |
| 22 | Leverage ratio | 9.85% | 9.73% |

OCBC Wing Hang Bank Limited

Table LIQA: Liquidity risk management

Liquidity risk is the risk of inability to fund an increase in assets or meet obligations as they fall due. An institution's obligations, and the funding sources used to meet them, depend significantly on its business mix, statement of financial position structure, and the cash flow profiles of its on- and off-balance sheet obligation. The Group's primary objective of liquidity risk management is to ensure that there are sufficient funds to meet obligations under both normal and stressed conditions and to undertake new transactions. The Group has established liquidity management framework and policies for ensuring adequate liquidity is maintained at all times.

Roles and responsibilities in the Group's liquidity risk management structure are mainly distributed across different committees and hierarchical levels: the Board, Risk Management Committee ("RMC"), Asset and Liability Management Committee ("ALCO"), Investment Strategy Committee, Treasury Division, Financial Management Division ("FMD"), Risk Management Division, Corporate Banking Division and Retail Banking Division.

The ALCO is delegated by the Board to oversee the Group's liquidity risk management and is supported by FMD. Liquidity is managed on a day-to-day basis by the Treasurer under the direction of ALCO. ALCO, which comprises personnel from senior management, treasury, risk management, financial management and other business areas that could affect liquidity risk, is responsible for overseeing liquidity risk management, in particular implementation of appropriate liquidity strategy, policies and procedures, identifying, measuring and monitoring liquidity risk, and control over the liquidity risk management process. The Board approves the risk appetite statement covering liquidity risk, the liquidity risk strategy and policies, maintaining continued awareness of the overall liquidity risk profile, and ensuring liquidity risk is adequately managed and controlled by senior management within the established liquidity risk appetite and management framework.

Liquidity monitoring is performed daily within a framework for projecting cash flows on a contractual and behavioural basis. The Group performs liquidity stress tests based on institution specific, market-wide and combined liquidity stress scenarios. The results of the stress tests are used to adjust liquidity risk management strategies, policies and positions and to develop effective contingency funding plan. The stressed results are reported to Treasury Division. A summary of liquidity risk measures is submitted to ALCO monthly and the key highlights of liquidity risk measures is reported to RMC quarterly for review.

Indicators such as liquidity and deposit concentration ratios are used to establish the level of optimal funding mix and asset composition. Funding strategies are established to provide effective diversification and stability in funding sources across tenors, products and geographies. The Group continues to develop a diversified funding base with access to funding sources across retail, small business, corporate and wholesale channels to avoid concentration in any one source. Supplementing the diversification of deposit base, the Group continues to maintain access to wholesale channels through the issuance of certificates of deposit and fixed rate note and money borrowing for the purpose of maintaining a presence in the wholesale market and optimizing liabilities maturities.

The table below shows the Group's major sources of funding as at 31st December, 2018.

| <u>Distribution of selected funding sources from bank, non-bank deposits and certificates of deposit issued and fixed rate note issued</u> | 2018 | % |
|--|----------------|-------------|
| Deposits and balances of banks, central banks and other financial institutions | 4,215 | 2% |
| Deposits from customers: | | |
| Demand deposits and current accounts | 55,305 | 24% |
| Savings deposits | 29,030 | 12% |
| Time, call and notice deposits | 137,519 | 59% |
| Certificates of deposit and fixed rate note issued | 7,320 | 3% |
| Total | 233,389 | 100% |

OCBC Wing Hang Bank Limited

Table LIQA: Liquidity risk management

In addition, the Group maintains liquid assets in excess of regulatory requirements to mitigate potential liquidity risk and meet liquidity needs during a crisis. These liquid assets mainly comprise marketable debt securities. The details of distribution of credit ratings of the Group's debt securities as at 31st December, 2018 are disclosed in notes 35(a) of "Notes to Financial Statements" of the Group's 2018 Annual Report.

The Group strives to mainly fund its lending activities via customer deposits. In the event where market conditions lead to expensive customer funding, flexibility is maintained to fund lending growth with duration matched wholesale funding. Optimising the currency mismatch in fund deployment against sources remains challenging. The Group actively makes use of the foreign exchange swap market in the conversion of funds across currencies to manage surplus funds.

In 2018, the Group, classified as a category 2A institution by the Hong Kong Monetary Authority, continued our regulatory reporting of our group-wide Liquidity Maintenance Ratio ("LMR") and Core Funding Ratio ("CFR"). As at 31st December, 2018, the ratios are reported as follows:

| | 2018 |
|-----------------------------|------|
| Liquidity Maintenance Ratio | 40% |
| Core Funding Ratio | 132% |

Due to the close proximity of the three operating regions of Hong Kong, China and Macau, the Group adopts a centralised approach to manage liquidity and funding for both domestic and overseas subsidiaries. At the next granular level, the overseas subsidiaries take responsibility for managing their funding arrangements in relation to the use and application of funds.

The table below shows the net intra-group funding of the overseas subsidiaries as of 31st December, 2018.

| | 2018 | | |
|---------------------------------|--------------------------------|-------|-------|
| | HK (Including HK Subsidiaries) | Macau | China |
| Net intra-group funding profile | (4,808) | 5,472 | (673) |

The Group has formulated a contingency funding plan setting out strategies for dealing with a liquidity crisis and the procedures for making up cash-flow deficits in emergency situations. An annual drill test is conducted and the contingency funding plan is updated and reviewed at least annually by ALCO to ensure that it remains robust over time. Any revision will be further approved by the Board. Apart from the liquidity ratios agreed with the HKMA, the Group will promptly inform the HKMA of any indicators of serious liquidity problems which may trigger the contingency funding plan.

The majority of the Group's liquidity risk arises from the maturity mismatch gap between the Group's assets and liabilities. The maturity profiles of the assets and liabilities of the Group as at 31st December 2018 are disclosed in note 28 of "Notes to Financial Statements" of the Group's 2018 Annual Report. The cash flows payable by the Group for financial liabilities including interest payable that will be settled by remaining contractual maturities as of 31 December 2018 are disclosed in note 35(b) of "Notes to Financial Statements" of the Group's 2018 Annual Report.

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Table CRA: General information about credit risk as at 31st December, 2018

CREDIT RISK MANAGEMENT

Credit risk arises from the risk of loss of principal or income on the failure of an obligor or counterparty to meet its contractual obligations. As our primary business is commercial banking, we are exposed to credit risk from our lending activities. Trading activities, such as the trading of foreign exchange, derivatives, debt securities and the settlement of transactions also expose the Group to counterparty and issuer credit risk. For derivative transactions, the total credit exposure is quantified by the transactions' current positive mark-to market value plus an appropriate add-on factor for potential future exposure.

CREDIT RISK MANAGEMENT OVERSIGHT AND ORGANISATION

The Credit Committee (the "Committee") is the principal senior management body that supports and is accountable to the Risk Management Committee ("RMC") in managing the Group's credit risk. The Committee oversees the execution of the Group's credit risk management, framework and policies, to ensure that credit risk taking is aligned with the Group's risk appetite and business strategy. It is also responsible to approve all extensions of loans and credit in excess of the levels delegated to the Credit Approving Officers.

Credit Risk Management ("CRM") units ensure the proper execution of the credit risk management framework, policies and procedures. These units also independently manage credit risk to ensure adequacy of risk-returns within our risk appetite, customer targets, limits and risk standards. Dedicated risk functions are responsible for portfolio risk monitoring, risk measurement methodology, risk reporting and remedial management. Regular risk reports are provided to the Committee, Chief Executive, RMC and the Board, where appropriate, in a timely, objective and transparent manner for review. These reports include detailed credit exposures, credit migration, expected losses and risk concentrations by business portfolio and geography. Regular stress tests and portfolio reviews are conducted to assess the potential impact of emerging risk on our credit exposures, including interactions among credit, market and liquidity events where appropriate. The results of the stress tests and portfolio reviews are factored as necessary into the adjustment and refinement of risk-taking strategies and credit limits to remain within our risk appetite.

Internal Audit provides independent assessment on the compliance and effectiveness of the Bank's credit risk management, control and governance processes, as well as general internal controls across the business, risk control and other support units. Such independent assessment includes the adequacy of individual impairment allowances, and the correctness and timeliness of loan classification. Internal Audit provides the assessment separately to the Board, through the Audit Committee, in accordance with its own charter.

OCBC Wing Hang Bank Limited

Table CRA: General information about credit risk as at 31st December, 2018

CREDIT RISK MANAGEMENT APPROACH

Our credit risk management framework encapsulates the complete cycle of credit risk management. It covers the identification, assessment, measurement, monitoring as well as the control and mitigation of credit risk. It also articulates the importance of proactive credit risk management. We seek to undertake credit risk that meet our target markets, lending parameters and risk-return expectations for sustainable performance. We commit to building long-term relationships with our customers. In addition to effective risk management practices, the sound judgement of our experienced credit approving officers is also key to our successful risk management.

We have a responsible financing framework that sets out our overall approach towards the management of Environmental, Social and Governance ("ESG") risks in our lending activities. This framework aims to fully integrate ESG considerations into our credit and risk evaluation process in a structured and systematic manner. It is supported by our responsible financing policy and relevant sectorial policies that outline the criteria and guidelines for the ESG assessment of clients and transactions. Transactions with high ESG or reputational risk are escalated to the Reputational Risk Review Group of our parent bank for clearance. Periodic ESG related reporting is made to our parent bank on the progress of our responsible financing implementation.

LENDING TO CONSUMERS AND SMALL BUSINESSES

Credit risk for consumers is mainly managed on a portfolio basis for credit programmes such as mortgages and auto loans. Credit extended under these programmes should fall within the portfolio and transaction limits, stipulated lending criteria and acceptable collateral as well as advance ratios. The performance of the portfolios is closely monitored on a monthly basis. Application models are also used in the credit decision process to enable objective, consistent and fast decisions. For small business under programme lending, a clearly defined target market is established. The target market must identify segments with common needs that can be met through standardized/program products. Target market industries/segments, specific industry exclusions, acceptable properties for financing as well as eligible collateral types must be identified in the lending programs. For non-programme consumer and small business lending, the credit exposure is assessed and managed on a case-by-case basis.

LENDING TO CORPORATE AND INSTITUTIONAL CUSTOMERS

Credit extended to corporate and institutional customers is individually assessed, risk-rated and approved by experienced credit approving officers. The officers will identify and assess the credit risk of these customers, including customer group's interdependencies, management quality, ESG practices as well as business, financial and competitive profiles against industry and economic threats. Collaterals and other credit support are also used to mitigate credit risk. To ensure objectivity in credit extensions, co-grantor approvals and shared risk ownership are required from both business and credit risk units.

STANDARDISED APPROACH FOR CREDIT PORTFOLIOS

Credit portfolios in our bank are under the Standardised approach for credit risk regulatory capital. Regulatory prescribed risk weights based on asset class and external ratings from approved credit rating agencies, where available, are used to determine regulatory capital. Approved external credit rating agencies are Standard and Poor's Rating Services, Moody's Investors Service, Inc., Fitch Ratings and Rating and Investment Information, Inc.

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Template CR1: Credit quality of exposures as at 31st December, 2018

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 31st December 2018:

| | | (a) | (b) | (c) | (d) |
|---|-----------------------------|---------------------------|----------------------------|-----------------------------|------------|
| | | Gross carrying amounts of | | Allowances / impairments | Net values |
| | | Defaulted exposures | Non-defaulted exposures | | |
| 1 | Loans | 694 | 197,516 | 624 | 197,586 |
| 2 | Debt securities | 0 | 71,615 | 28 | 71,587 |
| 3 | Off-balance sheet exposures | 0 | 44,448 | 157 | 44,291 |
| 4 | Total | 694 | 313,579 | 809 | 313,464 |

OCBC Wing Hang Bank Limited

Template CR2: Changes in defaulted loans and debt securities as at 31st December, 2018

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs as at 31st December 2018 and 30th June 2018 respectively:

| | | (a) |
|---|---|--------|
| | | Amount |
| 1 | Defaulted loans and debt securities at end of 30 June 2018 | 646 |
| 2 | Loans and debt securities that have defaulted since the last reporting period | 168 |
| 3 | Returned to non-defaulted status | (26) |
| 4 | Amounts written off | (14) |
| 5 | Repayments | (80) |
| 6 | Defaulted loans and debt securities at end of 31 December 2018 | 694 |

OCBC Wing Hang Bank Limited

Table CRB: Additional disclosure related to credit quality of exposures as at 31st December, 2018

REMEDIAL MANAGEMENT

We have established a process to constantly assess our portfolios to detect potential problem credits at an early stage. As we value long-term customer relationships, we understand that some customers may be facing temporary financial distress. We are prepared to work closely with them at the onset of their difficulties. We recognise the opportunity to promote customer loyalty and retention in such instances, even as we enforce strict discipline and place a priority on remedial management to minimise credit loss.

Our credit exposures are classified according to the borrowers' ability to repay their financial obligations on time and in full from their normal sources of income. Credit exposures are categorized as "Pass" or "Special Mention", while nonperforming loans ("NPLs") are categorized as "Substandard", "Doubtful", or "Loss" in accordance with regulatory requirements. Upgrading of NPL to performing status can only be done when there is an established trend of credit improvement. The upgrade needs to be supported by an assessment of the borrower's repayment capability, cash flows, and financial position. Credit exposures are classified as restructured assets when we have granted concessions in restructured repayment terms to borrowers who are facing difficulties in meeting the original repayment schedules. A restructured credit exposure is classified into the appropriate non-performing grades based on the assessment of the borrower's financial condition and ability to repay under the restructured terms. Such a credit exposure must comply fully with the restructured terms before it can be restored to performing loan status in accordance with regulatory requirements.

Independent and dedicated remedial management units are set up to manage the restructuring, workout and recovery of non-performing assets.

IMPAIRMENT ALLOWANCES FOR LOANS

For non-credit impaired financial exposure, the Expected Credit Loss ("ECL") is assessed and measured based on 12-month ECL if the credit risk of a credit exposure has not increased significantly since initial recognition. However, where there is significant increase in credit risk, the ECL is based on lifetime ECL.

For credit impaired financial exposure, specific allowance is assessed and measured based on lifetime ECL. Specific allowance is based on a reasonable and well documented estimate of the net present value of the future cash flows that the Bank determines to be recoverable from the borrower, guarantor and collateral. The impairment allowances for loans are assessed on a monthly basis.

Our approach for determining impairment of loans and the impairment allowances is explained in note 2(o) of "Notes to the Financial Statements" of the Group's 2018 Annual Report.

The details of the analysis related to credit quality are disclosed in note 14(b), 15(b) and 28 of "Notes to the Financial Statements" and notes (b) to (d) of "Unaudited Supplementary Financial Information" for exposure by geographical area, industry sector, remaining maturity, aging and rescheduled exposure of the Group's 2018 Annual Report.

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Table CRC: Qualitative disclosures related to credit risk mitigation as at 31st December, 2018

CREDIT RISK CONTROL

CREDIT RISK MITIGATION

Credit risk assessments are based on the credit worthiness of the borrower, source of repayment and debt servicing ability. To mitigate credit risk, we accept collateral and credit protection such as cash, real estate, marketable securities, inventories and standby letters of credit. We have policies that set out the criteria for collateral to be recognised as eligible credit risk mitigants including legal certainty, priority, correlation, marketability, liquidity and counterparty risk of the protection provider.

The value of collateral is prudently assessed on a regular basis, and valuations are performed by independent qualified appraisers. Appropriate haircuts are applied to the market value of the collateral, reflecting the underlying nature, quality, liquidity and volatility of the collateral. We also accept guarantees from individuals, corporates and institutions as a form of support. To manage counterparty credit risk, eligible financial collaterals may be taken to partially or fully cover mark-to-market exposures on outstanding positions, with a haircut to cover potential adverse market volatility.

Collateral arrangements, typically covered under market standard documentation such as International Swaps and Derivatives Association ("ISDA") agreement, include a minimum threshold amount where additional collateral is to be posted by either party if the mark-to-market exposures exceed the agreed threshold. The credit risk associated with contractual obligations is reduced by the netting agreements to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. Agreements may also contain rating triggers where additional collateral posting is required in the event of a rating downgrade.

MANAGING CREDIT RISK CONCENTRATIONS

Credit risk concentrations may arise from lending to a single borrower, a group of connected borrowers, or diverse groups of borrowers affected by similar economic or market conditions. Where appropriate, limits are set and monitored to control concentrations by borrower, group of connected borrowers, product, industry and country. These limits are aligned with our risk appetite, business strategy, capacity and expertise. Impact on earnings and capital is also considered in limit setting. We have significant exposure to the real estate market in Hong Kong. Regular stress tests are conducted to identify potential vulnerabilities in the real estate portfolio.

The details of the credit risk mitigation are disclosed in note (e)(iv) of "Unaudited Supplementary Financial Information" of the Group's 2018 Annual Report.

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Template CR3: Overview of recognized credit risk mitigation as at 31st December, 2018

The following table presents the extent of credit risk exposures covered by different types of recognised CRM as at 31st December 2018:

| | | (a) | (b1) | (b) | (d) | (f) |
|---|--------------------|--|----------------------------|--|--|---|
| | | Exposures unsecured: carrying amount | Exposures to be secured | Exposures secured by recognized collateral | Exposures secured by recognized guarantees | Exposures secured by recognized credit derivative contracts |
| 1 | Loans | 190,760 | 6,826 | 2,485 | 4,341 | 0 |
| 2 | Debt securities | 70,911 | 676 | 0 | 676 | 0 |
| 3 | Total | 261,671 | 7,502 | 2,485 | 5,017 | 0 |
| 4 | Of which defaulted | 106 | 502 | 462 | 40 | 0 |

OCBC Wing Hang Bank Limited

Table CRD: Qualitative disclosures on use of ECAI ratings under STC approach as at 31st December, 2018

The Group adopts the Standardised approach, which mainly features the risk-weighting of credit risk exposures according to credit ratings provided by External Credit Assessment Institutions ("ECAIs") recognised by the HKMA, in assessing the capital adequacy of credit risk exposures. The Group uses the following external credit assessment institutions ("ECAIs") to calculate its capital adequacy requirements prescribed in the Banking (Capital) Rules:

- Fitch Ratings
- Moody's Investors Service, Inc.
- Standard & Poor's Rating Services
- Rating and Investment Information, Inc.

Credit ratings from the above external credit assessment institutions are used in the Group for risk-weighting credit risk exposures under the following exposure classes:

- Sovereign
- Public sector entity
- Bank
- Securities firm; and
- Corporate

In accordance with the requirements prescribed in Part 4 of the Banking (Capital) Rules in respect of the application of ECAI ratings, for an exposure falling under any of the exposure classes listed in above that consists of a debt obligation issued or undertaken by the obligor or an interest in a collective investment scheme which has one or more than one ECAI issue specific rating, the Group would apply the issue specific rating(s) directly in risk-weighting the exposure; while for an exposure falling under one of five exposure classes listed above which does not have an ECAI issue specific rating and the obligor of which has an ECAI issuer rating but does not have a long-term ECAI issue specific rating assigned to a debt obligation issued or undertaken by the obligor, the Group would use the ECAI issuer rating in risk-weighting the exposure under any of the following circumstances:

- The use of the ECAI issuer rating would result in the allocation of a risk weight to the exposure that would be equal to, or higher than, the risk weight allocated to the exposure on the basis that the obligor has neither an ECAI issuer rating nor an ECAI issue specific rating assigned to a debt obligation issued or undertaken by the obligor; the ECAI issuer rating is only applicable to unsecured exposures to the obligor as an issuer that are not subordinated to other exposures to that obligor; and the exposure to the obligor ranks equally with, or is subordinated to, the unsecured exposures referred to above.
- The use of the ECAI issuer rating would result in the allocation of a risk weight to the exposure that would be lower than the risk weight allocated to the exposure on the basis that the obligor has neither an ECAI issuer rating nor an ECAI issue specific rating assigned to a debt obligation issued or undertaken by the obligor; the ECAI issuer rating is only applicable to unsecured exposures to the obligor as an issuer that are not subordinated to other exposures to that obligor; and the exposure to the obligor is not subordinated to other exposures to the obligor as an issuer.

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Template CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach as at 31st December, 2018

The following table illustrates the effect of any recognised CRM (including recognised collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as at 31st December 2018:

Version for AIs using STC approach ("STC version")

| | | (a) | (b) | (c) | (d) | (e) | (f) |
|----|--|-------------------------------|--------------------------|---------------------------------|--------------------------|---------------------|-------------|
| | | Exposures pre-CCF and pre-CRM | | Exposures post-CCF and post-CRM | | RWA and RWA density | |
| | Exposure classes | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | RWA | RWA density |
| 1 | Sovereign exposures | 20,821 | 0 | 21,152 | 0 | 133 | 0.6% |
| 2 | PSE exposures | 229 | 0 | 2,938 | 2 | 588 | 20.0% |
| 2a | Of which: domestic PSEs | 44 | 0 | 2,782 | 2 | 557 | 20.0% |
| 2b | Of which: foreign PSEs | 185 | 0 | 156 | 0 | 31 | 19.9% |
| 3 | Multilateral development bank exposures | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 4 | Bank exposures | 66,853 | 78 | 68,001 | 78 | 29,432 | 43.2% |
| 5 | Securities firm exposures | 1,632 | 19 | 832 | 0 | 416 | 50.0% |
| 6 | Corporate exposures | 99,613 | 38,484 | 96,815 | 6,777 | 96,391 | 93.0% |
| 7 | CIS exposures | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 8 | Cash items | 1,339 | 0 | 1,339 | 0 | 60 | 4.5% |
| 9 | Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 10 | Regulatory retail exposures | 18,963 | 5,624 | 18,125 | 42 | 13,625 | 75.0% |
| 11 | Residential mortgage loans | 84,334 | 0 | 82,542 | 0 | 33,695 | 40.8% |
| 12 | Other exposures which are not past due exposures | 11,379 | 243 | 11,210 | 0 | 11,210 | 100.0% |
| 13 | Past due exposures | 608 | 0 | 608 | 0 | 627 | 103.1% |
| 14 | Significant exposures to commercial entities | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 15 | Total | 305,771 | 44,448 | 303,562 | 6,899 | 186,177 | 60.0% |

OCBC Wing Hang Bank Limited

Template CR5: Credit risk exposures by asset classes and by risk weights – for STC approach as at 31st December, 2018

The following table presents a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as at 31st December 2018:

Version for AIs using STC approach ("STC version")

| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (ha) | (i) | (j) |
|----------------|--|--------|-----|--------|--------|--------|--------|---------|------|------|--------|--|
| | Risk Weight | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 250% | Others | Total credit risk exposures amount (post CCF and post CRM) |
| Exposure class | | | | | | | | | | | | |
| 1 | Sovereign exposures | 20,487 | 0 | 665 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21,152 |
| 2 | PSE exposures | 0 | 0 | 2,940 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,940 |
| 2a | Of which: domestic PSEs | 0 | 0 | 2,784 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,784 |
| 2b | Of which: foreign PSEs | 0 | 0 | 156 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 156 |
| 3 | Multilateral development bank exposures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Bank exposures | 0 | 0 | 21,219 | 0 | 43,346 | 0 | 3,513 | 1 | 0 | 0 | 68,079 |
| 5 | Securities firm exposures | 0 | 0 | 0 | 0 | 832 | 0 | 0 | 0 | 0 | 0 | 832 |
| 6 | Corporate exposures | 0 | 0 | 629 | 0 | 13,395 | 0 | 89,568 | 0 | 0 | 0 | 103,592 |
| 7 | CIS exposures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | Cash items | 1,277 | 0 | 3 | 0 | 0 | 0 | 59 | 0 | 0 | 0 | 1,339 |
| 9 | Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | Regulatory retail exposures | 0 | 0 | 0 | 0 | 0 | 18,167 | 0 | 0 | 0 | 0 | 18,167 |
| 11 | Residential mortgage loans | 0 | 0 | 0 | 73,187 | 182 | 4,408 | 4,627 | 0 | 0 | 138 | 82,542 |
| 12 | Other exposures which are not past due exposures | 0 | 0 | 0 | 0 | 0 | 0 | 11,210 | 0 | 0 | 0 | 11,210 |
| 13 | Past due exposures | 6 | 0 | 34 | 0 | 0 | 0 | 462 | 106 | 0 | 0 | 608 |
| 14 | Significant exposures to commercial entities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 | Total | 21,770 | 0 | 25,490 | 73,187 | 57,755 | 22,575 | 109,439 | 107 | 0 | 138 | 310,461 |

OCBC Wing Hang Bank Limited

Table CCRA: Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs) as at 31st December, 2018

Counterparty Credit Risk Management

CREDIT RISK FROM INVESTMENT AND TRADING ACTIVITIES

Counterparty credit risk arising from our trading, derivatives and debt securities activities is actively managed to protect against potential losses in replacing a contract if a counterparty fails to meet its obligations. Where possible, trading in OTC derivatives is cleared through Central Clearing Counterparties ("CCP"). In most cases, bilateral transactions will be governed under International Swaps and Derivatives Association ("ISDA") agreements as well as Credit Support Annexes ("CSAs") or an equivalent to allow for close-out netting if the counterparty defaults.

Credit limits are established for each counterparty based on our assessment of the counterparty's creditworthiness, the suitability and appropriateness of the product offered and alignment with approved trading programmes and investment strategies. Credit exposures are independently managed through daily limit monitoring, excess escalation and approval, and timely risk reporting. We have established policy and process to manage wrong-way risk which can occur when the credit exposure to a counterparty is adversely correlated with the credit quality of the counterparty.

CREDIT RISK FROM SECURITISATION

There is no exposure to asset backed securities and collateralized debt obligations.

The details of the counterparty credit risk are disclosed in note (e)(iii) of "Unaudited Supplementary Financial Information".

OCBC Wing Hang Bank Limited

Template CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches as at 31st December, 2018

The following table presents a comprehensive breakdown of counterparty default risk exposures (other than those to CCPs), RWAs, and, where applicable, main parameters under the approaches used to calculate default risk exposures in respect of derivative contracts and SFTs as at 31st December 2018:

| | | (a) | (b) | (c) | (d) | (e) | (f) |
|----|-----------------------------------|--------------------------|-------------------|---------------|---|------------------------------------|-------|
| | | Replacement cost (RC) | PFE (restated) | Effective EPE | Alpha (α) used for computing default risk exposure | Default risk exposure after CRM | RWA |
| 1 | SA-CCR (for derivative contracts) | 2,412 | 3,026 | | 0 | 4,918 | 2,767 |
| 1a | CEM | 2,412 | 3,026 | | 0 | 4,918 | 2,767 |
| 2 | IMM (CCR) approach | | | 0 | 0 | 0 | 0 |
| 3 | Simple Approach (for SFTs) | | | | | 0 | 0 |
| 4 | Comprehensive Approach (for SFTs) | | | | | 523 | 108 |
| 5 | VaR (for SFTs) | | | | | 0 | 0 |
| 6 | Total | 2,412 | 3,026 | 0 | 0 | 5,441 | 2,875 |

OCBC Wing Hang Bank Limited

Template CCR2: CVA capital charge as at 31st December, 2018

The following table presents information on portfolios subject to the CVA capital charge and the CVA calculations based on standardised CVA method and advanced CVA method as at 31st December 2018:

| | | (a) | (b) |
|---|--|--------------|-----|
| | | EAD post CRM | RWA |
| | Netting sets for which CVA capital charge is calculated by the advanced CVA method | 0 | 0 |
| 1 | (i) VaR (after application of multiplication factor if applicable) | | 0 |
| 2 | (ii) Stressed VaR (after application of multiplication factor if applicable) | | 0 |
| 3 | Netting sets for which CVA capital charge is calculated by the standardized CVA method | 4,922 | 887 |
| 4 | Total | 4,922 | 887 |

OCBC Wing Hang Bank Limited

Template CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach as at 31st December, 2018

The following table presents a breakdown of default risk exposures as at 31st December 2018, other than those to CCPs, in respect of derivative contracts and SFTs that are subject to the STC approach, by asset classes and risk-weights, irrespective of the approach used to determine the amount of default risk exposures:

Version for AIs using the STC approach ("STC version")

| | Exposure class | (a) | (b) | (c) | (ca) | (d) | (e) | (f) | (g) | (ga) | (h) | (i) |
|----|--|-----|-----|-------|------|-------|-----|-------|------|------|--------|---------------------------------------|
| | | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 250% | Others | Total default risk exposure after CRM |
| 1 | Sovereign exposures | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| 2 | PSE exposures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2a | Of which: domestic PSEs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2b | Of which: foreign PSEs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | Multilateral development bank exposures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Bank exposures | 0 | 0 | 1,441 | 0 | 2,818 | 0 | 865 | 0 | 0 | 0 | 5,124 |
| 5 | Securities firm exposures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | Corporate exposures | 0 | 0 | 0 | 0 | 0 | 0 | 302 | 0 | 0 | 0 | 302 |
| 7 | CIS exposures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | Regulatory retail exposures | 0 | 0 | 0 | 0 | 0 | 14 | 0 | 0 | 0 | 0 | 14 |
| 9 | Residential mortgage loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | Other exposures which are not past due exposures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 | Significant exposures to commercial entities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 | Total | 1 | 0 | 1,441 | 0 | 2,818 | 14 | 1,167 | 0 | 0 | 0 | 5,441 |

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Template CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs) as at 31st December, 2018

The following table presents a breakdown of all types of collateral posted or recognised collateral received to support or reduce the exposures to counterparty default risk exposures as at 31st December 2018 in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP:

| | (a) | (b) | (c) | (d) | (e) | (f) |
|-------------------------------|--|-------------------------|---------------------------------|--------------|--|---------------------------------|
| | Derivative contracts | | | | SFTs | |
| | Fair value of recognized collateral received | | Fair value of posted collateral | | Fair value of recognized collateral received | Fair value of posted collateral |
| | Segregated | Unsegregated (restated) | Segregated | Unsegregated | | |
| Cash on deposit with the Bank | 0 | 521 | 0 | 228 | 3,777 | 3,335 |
| Debt securities | 0 | 0 | 0 | 0 | 3,072 | 4,016 |
| Equity securities | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 521 | 0 | 228 | 6,849 | 7,351 |

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Template CCR6: Credit-related derivatives contracts as at 31st December, 2018

The following table presents the amount of credit-related derivative contracts as at 31st December 2018, broken down into credit protection bought and credit protection sold:

| | (a) | (b) |
|---|-------------------|-----------------|
| | Protection bought | Protection sold |
| Notional amounts | | |
| Single-name credit default swaps | 3,046 | 3,046 |
| Index credit default swaps | 0 | 0 |
| Total return swaps | 0 | 0 |
| Credit-related options | 0 | 0 |
| Other credit-related derivative contracts | 0 | 0 |
| Total notional amounts | 3,046 | 3,046 |
| Fair values | | |
| Positive fair value (asset) | 0 | 2 |
| Negative fair value (liability) | 0 | 0 |

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Template CCR8: Exposure to CCPs as at 31st December, 2018

The following table presents a breakdown of the exposures to CCPs.

| | | (a) | (b) |
|-----------|---|--------------------|-----|
| | | Exposure after CRM | RWA |
| 1 | Exposures of the AI as clearing member or client to qualifying CCPs (total) | | 29 |
| 2 | Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which: | 1,373 | 28 |
| 3 | (i) OTC derivative transactions | 1,373 | 28 |
| 4 | (ii) Exchange-traded derivative contracts | 0 | 0 |
| 5 | (iii) Securities financing transactions | 0 | 0 |
| 6 | (iv) Netting sets subject to valid cross-product netting agreements | 0 | 0 |
| 7 | Segregated initial margin | 0 | |
| 8 | Unsegregated initial margin | 20 | 0 |
| 9 | Funded default fund contributions | 8 | 1 |
| 10 | Unfunded default fund contributions | 0 | 0 |
| 11 | Exposures of the AI as clearing member or client to non-qualifying CCPs (total) | | 0 |
| 12 | Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which: | 0 | 0 |
| 13 | (i) OTC derivative transactions | 0 | 0 |
| 14 | (ii) Exchange-traded derivative contracts | 0 | 0 |
| 15 | (iii) Securities financing transactions | 0 | 0 |
| 16 | (iv) Netting sets subject to valid cross-product netting agreements | 0 | 0 |
| 17 | Segregated initial margin | 0 | |
| 18 | Unsegregated initial margin | 0 | 0 |
| 19 | Funded default fund contributions | 0 | 0 |
| 20 | Unfunded default fund contributions | 0 | 0 |

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Table MRA: Qualitative disclosures related to market risk as at 31st December, 2018

Market risk is the risk of loss of income or market value due to fluctuations in factors such as interest rates, foreign exchange rates, credit spreads, equity and commodity prices or changes in volatility or correlations of such factors.

The Group is exposed to market risk from its trading, client servicing and balance sheet management activities.

GOVERNANCE

The board level Risk Management Committee ("RMC") reviews and approves the Group's framework and limits for the management of market risk and trading authorities. The Asset and Liability Management Committee ("ALCO") is the senior management group that supports the RMC in managing market risk. The ALCO oversees the market risk management objectives and policies governing prudent market risk taking, which are backed by risk methodologies, measurement systems and internal controls. The ALCO is chaired by the Chief Executive and supported by the Market Risk & Asset Liability Management ("MRM") and Treasury Financial Control ("TFC") Units. MRM is the independent risk-control unit responsible for operationalising the market risk management framework to support business growth while ensuring adequate risk control and oversight.

The Group's objective is to manage and control market risk exposures while maintaining a risk profile consistent with risk appetite and business strategies, taking into account macroeconomic and market conditions.

MARKET RISK IDENTIFICATION

Risk identification is addressed via our internal New Product Approval Process ("NPAP") at product inception. Market risk is also identified by our risk managers from their ongoing interactions with the business units.

MARKET RISK MEASUREMENTS

Value-At-Risk

Value-at-risk ("VaR"), as a key market risk measure for the Group's trading activities, is a component of aggregate market risk appetite. VaR is measured and monitored by its individual market risk components, namely interest rate risk, foreign exchange risk, equity risk and credit spread risk as well as at the consolidated level. Our VaR model is based on a historical simulation at a 99% confidence level, and over a one-day holding period. As VaR is a statistical measure based on historical market fluctuations, past changes in market risk factors may not accurately predict forward looking market conditions all the time. Under the defined confidence threshold, losses on a single trading day may exceed VaR, on average, once every 100 days.

Sensitivity Analysis

As the Group's main market risk is interest rate fluctuations, Present Value of a Basis Point ("PV01"), which measures the change in value of interest rate sensitive exposures resulting from a one basis point increase across the entire yield curve, is an important measure monitored on a daily basis. Other than VaR and PV01, other risk measurements used include notional positions, Profit & Loss ("P&L") for One Basis Point Move in Credit Spreads ("CS01") and derivative greeks for specific exposure types.

Stress Testing and Scenario Analysis

We perform stress testing and scenario analysis to quantify and assess potential losses arising from low probability but plausible extreme market conditions. The stress scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to the Group's trading activities and risk profile as well as prevailing and forecasted economic conditions. These analyses determine if potential losses from such extreme market conditions are within the Group's risk tolerance.

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Table MRA: Qualitative disclosures related to market risk as at 31st December, 2018

RISK MONITORING AND CONTROL

Limits

Only authorised trading activities for approved products may be undertaken by the various trading units. All trading risk positions are monitored on a daily basis against approved and allocated limits by independent support units. Trading activities are conducted within approved mandates and dynamically hedged to remain within limits. Hedge effectiveness is implicit in ensuring compliance with market risk limits and enforced through independent limits monitoring. Limits are approved to reflect available and anticipated trading opportunities, with clearly defined exception escalation procedures. Exceptions, including any temporary breaches, are promptly reported and escalated to senior management for resolution. Multiple risk limits (VaR and risk sensitivities), P&L Management Action Triggers and other measures are also used to manage market risk exposures holistically.

Model Validation

Model validation is also an integral part of our risk control process. Financial models are used to price financial instruments and to calculate VaR. We adopt the models provided and validated by the OCBC Group and leverage on their expertise to ensure that the models used are fit for our intended purposes through validation and assessment. Market rates used for risk measurement and valuation are sourced independently, thereby enhancing the integrity of the trading P&L and risk measures generated by the financial models used in managing market risk exposures.

Back-testing

To ensure the continued integrity of the VaR model, we regularly back-test the VaR estimates against actual daily trading P&Ls and theoretical P&Ls to confirm that the VaR model does not underestimate market risk exposures.

For reporting of market risk, key risk indicator reports are prepared and delivered to business units and senior management on a daily basis. A summary of market risk measures is submitted to ALCO monthly and the key highlights of market risk measures are submitted to RMC for review. For regulatory reporting, the Group calculates the market risk capital requirements using the STM approach which are disclosed in following Table MR1.

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Template MR1: Market risk under Standardised (market risk) approach (STM approach) as at 31st December, 2018

The table below provides the components of the market risk capital requirements calculated using the STM approach exposures as at 31st December 2018:

| | | (a) |
|---|---|---------------|
| | | RWA |
| | Outright product exposures | |
| 1 | Interest rate exposures (general and specific risk) | 3,985 |
| 2 | Equity exposures (general and specific risk) | 0 |
| 3 | Foreign exchange (including gold) exposures | 11,041 |
| 4 | Commodity exposures | 0 |
| | Option exposures | |
| 5 | Simplified approach | 0 |
| 6 | Delta-plus approach | 0 |
| 7 | Other approach | 0 |
| 8 | Securitization exposures | 0 |
| 9 | Total | 15,026 |

OCBC Wing Hang Bank Limited

International Claims

Analysis of the Bank's international claims by location and by type of counterparty is as follows:

| 2018 | | | | | |
|--------------------------------------|---------------|-----------------|---------------------------------|------------------------------|----------------|
| | Banks | Official sector | Non-bank private sector | | Total |
| | | | Non-bank financial institutions | Non-financial private sector | |
| Offshore centres, of which | | | | | |
| - Hong Kong | 3,585 | 7,760 | 11,486 | 130,496 | 153,327 |
| - Macau | 157 | 2,780 | 62 | 22,133 | 25,132 |
| - Singapore | 17,773 | 0 | 196 | 310 | 18,279 |
| Developing Asia-Pacific, of which | | | | | |
| - Mainland China | 44,395 | 8,162 | 14,094 | 31,215 | 97,866 |
| | 65,910 | 18,702 | 25,838 | 184,154 | 294,604 |
| 2017 | | | | | |
| | Banks | Official sector | Non-bank private sector | | Total |
| | | | Non-bank financial institutions | Non-financial private sector | |
| Offshore centres, of which | | | | | |
| - Hong Kong | 1,379 | 5,463 | 11,332 | 118,900 | 137,074 |
| - Macau | 53 | 4,945 | 60 | 20,391 | 25,449 |
| - Singapore | 7,228 | 0 | 0 | 692 | 7,920 |
| Developing Asia-Pacific, of which | | | | | |
| - Mainland China | 69,199 | 9,752 | 13,515 | 30,103 | 122,569 |
| | 77,859 | 20,160 | 24,907 | 170,086 | 293,012 |

The above analysis is disclosed on a net basis after taking into account the effect of any recognised risk transfer.

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Mainland Activities

The analysis on non-bank Mainland China exposures includes exposures of the Bank and certain of its subsidiaries on the basis agreed with the HKMA.

2018

| | On-balance sheet exposures | Off-balance sheet exposures | Total exposures |
|--|-------------------------------|--------------------------------|-----------------|
| (i) Central government, central government-owned entities and their subsidiaries and Joint Ventures (“JVs”) | 14,734 | 1,493 | 16,227 |
| (ii) Local government, local government-owned entities and their subsidiaries and JVs | 2,811 | 679 | 3,490 |
| (iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 25,589 | 3,081 | 28,670 |
| (iv) Other entities of central government not reported in item (i) above | 937 | 0 | 937 |
| (v) Other entities of local government not reported in item (ii) above | 1,251 | 14 | 1,265 |
| (vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in the Mainland China | 3,061 | 414 | 3,475 |
| (vii) Other counterparties where the exposures are considered by the Group to be non-bank Mainland China exposures | 3,424 | 1 | 3,425 |
| Total | 51,807 | 5,682 | 57,489 |
| Total assets after provisions | 300,349 | | |
| On-balance sheet exposures as a percentage of total assets | 17.25% | | |

2017

| | On-balance sheet exposures | Off-balance sheet exposures | Total exposures |
|--|-------------------------------|--------------------------------|-----------------|
| (i) Central government, central government-owned entities and their subsidiaries and JVs | 10,218 | 2,299 | 12,517 |
| (ii) Local government, local government-owned entities and their subsidiaries and JVs | 1,871 | 588 | 2,459 |
| (iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 25,410 | 1,600 | 27,010 |
| (iv) Other entities of central government not reported in item (i) above | 287 | 0 | 287 |
| (v) Other entities of local government not reported in item (ii) above | 950 | 161 | 1,111 |
| (vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in the Mainland China | 2,061 | 497 | 2,558 |
| (vii) Other counterparties where the exposures are considered by the Group to be non-bank Mainland China exposures | 4,311 | 7 | 4,318 |
| Total | 45,108 | 5,152 | 50,260 |
| Total assets after provisions | 299,786 | | |
| On-balance sheet exposures as a percentage of total assets | 15.05% | | |

OCBC Wing Hang Bank Limited

Capital Buffer

Countercyclical Capital Buffer Ratio

| | 31st December, 2018 | 31st December, 2017 |
|--------------------------------------|----------------------------|---------------------|
| Countercyclical capital buffer ratio | 1.142% | 0.750% |

The relevant disclosures pursuant to section 16FG of the Banking (Disclosure) Rules can be found in Template CCyB1 in this Banking Disclosure Statement.

Capital Conservation Buffer Ratio

Under section 3M of the Capital Rules, the capital conservation buffer ratio for calculating the Bank's buffer level is 1.875 % for 2018 and 1.250% for 2017.

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Table IRRBB: Interest rate exposures in banking book as at 31st December, 2018

The impacts of interest rate movements from an earnings perspective and from an economic value perspective, in respect of the interest rate exposures arising from the banking book positions of OCBC Wing Hang Bank Limited (the “Bank”) are calculated with reference to the methodology set out in the completion instructions for the Return of Interest Rate Risk Exposures (MA(BS)12) issued by the Hong Kong Monetary Authority (the “HKMA”).

The interest rate risk in banking book positions as at 31 December 2017 and 31 December 2018 were compiled in accordance with the Banking (Disclosure) Rules (“BDR”) issued by the HKMA. The below tables illustrate the impacts as at the aforementioned financial year end dates’ positions.

Variation in earnings for a period of 12 months

| | Up 100 basis points | | | | Down 100 basis points | | | |
|------------|---------------------|------|--------|----------|-----------------------|------|--------|----------|
| | 2018 | 2017 | change | % change | 2018 | 2017 | change | % change |
| Aggregate | 68 | 231 | -164 | -71% | -68 | -231 | 164 | -71% |
| HK dollars | 85 | 173 | -87 | -51% | -85 | -173 | 87 | -51% |
| US dollars | -5 | -44 | 39 | -89% | 5 | 44 | -39 | -89% |

Variation in economic value

| | Up 100 basis points | | | | Down 100 basis points | | | |
|------------|---------------------|------|--------|----------|-----------------------|------|--------|----------|
| | 2018 | 2017 | change | % change | 2018 | 2017 | change | % change |
| Aggregate | 740 | 611 | 129 | 21% | -740 | -611 | -129 | 21% |
| HK dollars | 287 | 263 | 24 | 9% | -287 | -263 | -24 | 9% |
| US dollars | 134 | 182 | -48 | -26% | -134 | -182 | 48 | -26% |

The Bank’s interest rate exposures in banking book mainly arise from lending, deposit-taking and treasury activities, including investment of surplus fund in debt securities for the purposes of liquidity risk management and optimisation of the Bank’s financial position. Interest rate risk arising from interest-bearing assets, liabilities, commitments and derivatives has several aspects: basis risk arising from different interest rate benchmarks, gap risk arising from the term structure of banking book instruments, and the timing of interest rate changes and option risk arising from the option derivative positions or from embedded optionalities. It also relates to positions from non-interest-bearing assets and liabilities including shareholder's funds and current accounts, as well as from interest-bearing loans and liabilities. The Bank uses interest rate swaps and other derivatives to manage interest rate risk in banking book.

The Bank’s interest rate risk is monitored by the Asset and Liability Management Committee (“ALCO”) on limits, including product limit and present value of a basis point (“PV01”) limit as approved by the Board. The Bank also refers to the methodology set out in the Banking Return (MA(BS)12) to measure the variations in net interest income (“NII”) and economic value under various stressed scenarios, including the scenario described in the above table. The simulation results are reported to the ALCO on a monthly basis. All the interest rate positions are slotted into the appropriate time bands according to the earliest interest repricing date to estimate the variation in NII over the next 12-month period and economic value of the interest rate positions in banking book. Managed rate items, including but not limited to (i) those interest-bearing liabilities, e.g. current and saving accounts, which have no fixed maturity and (ii) those interest-bearing assets, e.g. selected HKD prime rate linked mortgage loans, which have no fixed repricing dates, of which interest rates can be adjusted at any time at the discretion of the Bank, are slotted into the shortest time band of the Bank’s NII simulation process. The Bank plans to model and measure interest rate risk in banking book based on clients’ behaviour, including but not limited to the assumptions on loan prepayments and behavioural maturities of non-maturing liabilities, from July 2019 onward.

As compared with the variation results in NII and economic value in 2017 under the scenario that all interest rate curves were parallel shifted by 100 basis points, the results in 2018 changed relatively significantly on an aggregated basis. The Bank had replenished some of its short-term certificates of deposit with fixed rate debt securities with tenor longer than 1 year.