

Oversea-Chinese Banking Corporation Limited

**Pillar 3 Disclosures
(OCBC Group – As at 30 September 2022)**



Incorporated in Singapore
Company Registration Number: 193200032W

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1. INTRODUCTION

This document presents the information in accordance with Pillar 3 (“P3”) disclosure requirements under Monetary Authority of Singapore (“MAS”) Notice 637 on Risk Based Capital Adequacy Requirements for banks incorporated in Singapore. The P3 requirements specify reporting templates for most of the quantitative disclosures to enable market participants to better compare the capital adequacy and risk profile across banks via improved consistency in public disclosure.

For purpose of the quarterly disclosure for OCBC Group (“Group”) as at 30 September 2022, explanations of the drivers behind significant differences between reporting periods for the respective sections are provided where appropriate. The disclosure on the RWA flow statements for the following are omitted as there is no exposure treated under these approaches:

- Counterparty Credit Risk (“CCR”) under the Internal Models Method (“IMM”)
- Market Risk exposures under the Internal Models Approach (“IMA”)

2. KEY METRICS

The table below provides an overview of the Group's prudential regulatory metrics, as stipulated by MAS Notice 637.

	(a)	(b)	(c)	(d)	(e)	
	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	
Available Capital (S\$ million)						
1	CET1 Capital	34,239	34,573	35,145	34,845	35,025
2	Tier 1 Capital	35,971	36,304	36,377	36,076	36,256
3	Total Capital	40,256	40,539	39,823	39,573	40,168
Risk Weighted Assets (S\$ million)						
4	Total RWA	237,719	231,577	231,144	224,866	225,877
Risk-based Capital Ratios as a percentage of RWA (%)						
5	CET1 Ratio	14.4	14.9	15.2	15.5	15.5
6	Tier 1 Ratio	15.1	15.7	15.7	16.0	16.1
7	Total Capital Ratio	16.9	17.5	17.2	17.6	17.8
Additional CET1 buffer requirements as a percentage of RWA (%)						
8	Capital conservation buffer requirement	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement	0.1	0.1	0.1	0.1	0.1
10	Bank G-SIB and/or D-SIB additional requirements	-	-	-	-	-
11	Total of Bank CET1 specific requirements ^{1/}	2.6	2.6	2.6	2.6	2.6
12	CET1 available after meeting the Reporting Bank's minimum capital requirements	6.9	7.5	7.2	7.6	7.8
Leverage Ratio (S\$ million)						
13	Total Leverage Ratio exposure measure	529,619	510,314	506,113	469,537	467,213
14	Leverage Ratio (%) ^{2/}	6.8	7.1	7.2	7.7	7.8
Liquidity Coverage Ratio (S\$ million) ^{3/}						
15	Total High Quality Liquid Assets	76,620	74,042	74,186	70,437	65,960
16	Total net cash outflow	50,093	50,907	49,086	44,368	44,007
17	Liquidity Coverage Ratio (%)	153	146	151	159	150
Net Stable Funding Ratio (S\$ million)						
18	Total available stable funding	287,125	284,915	280,653	274,655	271,799
19	Total required stable funding	249,496	243,876	237,212	227,629	217,083
20	Net Stable Funding Ratio (%)	115	117	118	121	125

^{1/} Sum of rows 8, 9 and 10

^{2/} Computed by row 2 / row 13

^{3/} Reported as simple averages of daily observations for the respective quarter

3. LEVERAGE RATIO

3.1 Leverage Ratio Summary Comparison Table

	Item	Amount ¹ (S\$m)
		30 Sep 2022
1	Total consolidated assets as per published financial statements	571,244
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(104,202)
3	Adjustment for fiduciary assets recognised on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of exposure measure	0
4	Adjustment for derivative transactions	20,363
5	Adjustment for SFTs	307
6	Adjustment for off-balance sheet items	51,436
7	Other adjustments	(9,529)
8	Exposure measure	529,619

3.2 Leverage Ratio Common Disclosure Table

	Item	Amount ¹ (S\$m)	
		30 Sep 2022	30 Jun 2022
	Exposure measures of on-balance sheet items		
1	On-balance sheet items (excluding derivative transactions and SFTs, but including on-balance sheet collateral for derivative transactions or SFTs)	439,555	430,031
2	Asset amounts deducted in determining Tier 1 capital	(9,529)	(9,435)
3	Total exposures measures of on-balance sheet items (excluding derivative transactions and SFTs)	430,026	420,596
	Derivative exposure measures		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	22,321	13,162
5	Potential future exposure associated with all derivative transactions	20,333	20,285
6	Gross-up for derivative collaterals provided where deducted from the balance sheet assets in accordance with the Accounting Standards	-	-
7	Deductions of receivables for the cash portion of variation margins provided in derivative transactions	-	-
8	CCP leg of trade exposures excluded	-	-
9	Adjusted effective notional amount of written credit derivatives	167	160
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	Total derivative exposure measures	42,821	33,607
	SFT exposure measures		
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	5,029	3,963
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	307	334
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	Total SFT exposure measures	5,336	4,297
	Exposure measures of off-balance sheet items		
17	Off-balance sheet items at notional amount	218,690	209,017
18	Adjustments for calculation of exposure measures of off-balance sheet items	(167,254)	(157,203)
19	Total exposure measures of off-balance sheet items	51,436	51,814
	Capital and Total exposures		
20	Tier 1 capital	35,971	36,304
21	Total exposures	529,619	510,314
	Leverage Ratio		
22	Leverage ratio	6.8%	7.1%

¹Computed using quarter-end balances

SFT: Securities Financing Transactions
CCP: Central Counterparty

4. OVERVIEW OF RISK WEIGHTED ASSETS

The table below provides an overview of the Group's total RWA, broken down by the approaches with which the RWA are computed, as stipulated by MAS Notice 637. The increase in total RWA between June 2022 and September 2022 was mainly due to corporate loan growth.

S\$ million	(a)	(b)	(c)
	RWA		Minimal Capital Requirements ^{1/}
	Sep-22	Jun-22	Sep-22
1 Credit Risk (excluding Counterparty Credit Risk)	188,752	182,858	18,875
2 Of which: Standardised Approach	41,160	39,795	4,116
3 Of which: Foundation Internal Ratings-Based Approach (F-IRBA)	128,805	124,051	12,880
4 Of which: Supervisory Slotting Approach	3,500	3,491	350
5 Of which: Advanced Internal Ratings-Based Approach (A-IRBA)	15,287	15,521	1,529
6 Credit Risk: Counterparty Credit Risk (CCR)	5,322	4,608	532
7 Of which: SA-CCR	3,018	2,985	302
8 Of which: Internal Models Method	-	-	-
9 Of which: Other CCR	365	207	36
9a Of which: Central Counterparties (CCP)	1,939	1,416	194
10 Credit Valuation Adjustments (CVA)	2,987	3,509	299
11 Equity exposures under Simple Risk Weight Method	-	-	-
11a Equity exposures under Internal Models Method	-	-	-
12 Equity investments in funds - Look Through Approach	150	170	15
13 Equity investments in funds - Mandate-Based Approach	257	267	26
14 Equity investments in funds - Fall Back Approach	9	9	1
14a Equity investments in funds - Partial Use of an Approach	123	131	12
15 Unsettled Transactions	167	43	17
16 Securitisation exposures in banking book	-	-	-
17 Of which: SEC-IRBA	-	-	-
18 Of which: SEC-ERBA, including IAA	-	-	-
19 Of which: SEC-SA	-	-	-
20 Market Risk	10,215	10,449	1,021
21 Of which: Standardised Approach	10,215	10,449	1,021
22 Of which: Internal Models Approach	-	-	-
23 Operational Risk	19,989	19,700	1,999
24 Credit RWA pursuant to paragraph 6.1.3(p)(iii) ^{2/}	9,748	9,833	975
25 Floor Adjustment	-	-	-
26 Total	237,719	231,577	23,772

^{1/} Minimum capital requirements are calculated at 10% of RWA

^{2/} Refers to Credit RWA attributed to investments in the ordinary shares of unconsolidated major stake companies that are financial institutions, within the prescribed threshold amount in accordance with MAS Notice 637 paragraph 6.1.3 (p)(iii)

Represents amounts of less than \$0.5 million

5. RWA FLOW STATEMENT FOR CREDIT RISK EXPOSURES

This table provides an overview of the quarter-on-quarter movement of Credit RWA (“CRWA”) attributed to the key drivers from rows 2 to 8.

The increase in CRWA during third quarter of 2022 was primarily due to corporate loan growth.

S\$ million	(a) RWA
1 RWA as at 30 June 2022 ^{1/}	143,063
2 Asset Size ^{2/}	6,187
3 Asset Quality ^{3/}	(1,798)
4 Model Updates ^{4/}	-
5 Methodology and Policy ^{5/}	-
6 Acquisitions and Disposals ^{6/}	-
7 Foreign exchange movements ^{7/}	140
8 Other ^{8/}	-
9 RWA as at 30 September 2022 ^{1/} (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8)	147,592

^{1/} Refers to RWA of Credit Risk (excluding Counterparty Credit Risk) exposures under IRB Approach and Supervisory Slotting Approach

^{2/} Refers to organic changes in book size and composition (origination of new businesses and maturing loans), excluding acquisitions and disposal of entities

^{3/} Refers to changes in the assessed quality of the bank’s assets due to changes in borrower risk, residual maturity or similar effects

^{4/} Refers to changes due to model implementation, changes in model scope, or any model enhancements

^{5/} Refers to changes driven by methodological changes such as regulatory policy changes

^{6/} Refers to changes in book size due to acquisition and disposal of entities or portfolios

^{7/} Refers to changes driven by market movements such as foreign exchange movements

^{8/} Refers to changes that cannot be attributed to any other category

6. LIQUIDITY COVERAGE RATIO

The Group is subjected to the Liquidity Coverage Ratio (“LCR”) requirements under the MAS Notice 649. As at 1 January 2019, the Group is required to maintain daily all-currency and Singapore dollar (“SGD”) LCR of at least 100% on an ongoing basis.

LCR aims to ensure that a Bank maintains an adequate level of unencumbered High Quality Liquid Assets (“HQLA”) that can be quickly and easily converted into cash to meet any liquidity needs for a 30-calendar day liquidity stress scenario.

6. Liquidity Coverage Ratio (continued)

The following quarterly disclosures are made pursuant to the MAS Notice 651 “Liquidity Coverage Ratio Disclosure”.

For 3Q22, the average SGD and all-currency LCRs for the Group were 360% and 153% respectively. Compared to 2Q22, the average SGD LCR increased by 34 percentage points and the average all-currency LCR increased by 7 percentage points. These were largely driven by an increase in HQLA.

The Group continues to focus on acquiring stable deposits and on maintaining a mix of HQLA comprising mainly of Level 1 central bank reserves and liquid sovereign bonds. The Asset & Liability Management Desk in Global Treasury manages the day-to-day liquidity needs of the Group and is subject to liquidity limits and triggers that serve as risk control on the Group’s liquidity exposure.

Average Group All Currency LCR for 3Q22

The data presented in the quantitative disclosure are simple averages of daily observations over the quarter. The number of data points in calculating the average figures is 92.

Group - ALL Currency (\$m)		Total Unweighted Value (average)	Total Weighted Value (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		76,620
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	164,848	13,931
3	Stable deposits	50,997	2,550
4	Less stable deposits	113,851	11,381
5	Unsecured wholesale funding, of which:	131,111	59,947
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	41,997	10,150
7	Non-operational deposits (all counterparties)	83,391	44,073
8	Unsecured debt	5,724	5,724
9	Secured wholesale funding		588
10	Additional requirements, of which:	74,157	40,619
11	Outflows related to derivative exposures and other collateral requirements	36,183	36,036
12	Outflows related to loss of funding on debt products	199	199
13	Credit and liquidity facilities	37,775	4,384
14	Other contractual funding obligations	1,514	1,514
15	Other contingent funding obligations	17,345	520
16	TOTAL CASH OUTFLOWS		117,120
CASH INFLOWS			
17	Secured lending (eg reverse repos)	3,028	507
18	Inflows from fully performing exposures	51,740	31,624
19	Other cash inflows	35,013	34,896
20	TOTAL CASH INFLOWS	89,781	67,027
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		76,620
22	TOTAL NET CASH OUTFLOWS		50,093
23	LIQUIDITY COVERAGE RATIO (%)		153

6. Liquidity Coverage Ratio (continued)

Average Group SGD LCR for 3Q22

The data presented in the quantitative disclosure are simple averages of daily observations over the quarter. The number of data points in calculating the average figures is 92.

Group - SGD (\$m)		Total Unweighted Value (average)	Total Weighted Value (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		34,213
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	95,493	7,413
3	Stable deposits	42,728	2,136
4	Less stable deposits	52,765	5,277
5	Unsecured wholesale funding, of which:	26,950	10,406
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	10,702	2,586
7	Non-operational deposits (all counterparties)	16,241	7,813
8	Unsecured debt	7	7
9	Secured wholesale funding		-
10	Additional requirements, of which:	33,719	18,337
11	Outflows related to derivative exposures and other collateral requirements	16,838	16,838
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	16,881	1,499
14	Other contractual funding obligations	1,028	1,028
15	Other contingent funding obligations	1,875	56
16	TOTAL CASH OUTFLOWS		37,239
CASH INFLOWS			
17	Secured lending (eg reverse repos)	1,093	8
18	Inflows from fully performing exposures	5,198	2,730
19	Other cash inflows	26,385	26,372
20	TOTAL CASH INFLOWS	32,675	29,109
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		34,213
22	TOTAL NET CASH OUTFLOWS		9,555
23	LIQUIDITY COVERAGE RATIO (%)		360