

Oversea-Chinese Banking Corporation Limited

**Pillar 3 Disclosures
(OCBC Group – As at 31 March 2017)**



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 31 March 2017, an overview of the Risk Weighted Assets (“RWA”) and explanation of the drivers behind significant differences of RWA compared to the previous quarter are provided. Disclosure for information related to capital and capital adequacy ratios are detailed under the Capital Adequacy section of this document. 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”)

For qualitative description of the Group’s capital and risk management objectives and policies, and disclosures on remuneration, please refer to the Capital Management, Risk Management and Corporate Governance sections of the 2016 Annual Report.

2. CAPITAL ADEQUACY

Disclosures on the Group’s capital adequacy ratios and the capital positions for the Group’s significant banking subsidiaries as at 31 March 2017 are presented in the Capital Adequacy Ratios section of the First Quarter 2017 Financial Results. (<http://www.ocbc.com/group/investors/index.html>)

Disclosures on the composition of the Group’s regulatory capital, including reconciliation between balance sheet and regulatory capital elements, as well as terms and conditions and main features of capital instruments can be found under the Capital and Regulatory Disclosures sections of the Bank’s Investor Relations website. (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html)

Disclosures on the Group’s leverage ratio are presented in the Leverage Ratio section of the First Quarter 2017 Financial Results (<http://www.ocbc.com/group/investors/index.html>) and under the Capital and Regulatory Disclosures section of the Bank’s Investor Relations website. (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html)

3. OVERVIEW OF RWA

The table provides an overview of the Group's RWA, with the stipulated breakdown for disclosure under MAS Notice 637.

The higher total RWA between December 2016 and March 2017 was largely attributed to the increase in RWA reported under:

- IRB Approach for Credit and Equity exposures, driven by higher bank placements and trade bills;
- Equity investments in funds which were risk-weighted under the Fall Back Approach effective 1 January 2017; and
- Market Risk due to higher Foreign Exchange ("FX") and Interest Rate Risk.

S\$ million	RWA		Minimal Capital Requirements ^{1/}
	(a) Mar-17	(b) Dec-16	(c) Mar-17
1 Credit Risk (excluding Counterparty Credit Risk)	149,343	146,582	14,934
2 Of which: Standardised Approach for Credit and Equity exposures	52,860	52,277	5,286
3 Of which: IRB Approach for Credit and Equity exposures ^{2/}	96,483	94,305	9,648
4 Credit Risk: Counterparty Credit Risk	4,428	4,530	443
5 Of which: Current Exposure Method ^{3/}	4,428	4,530	443
6 Of which: Internal Models Method	-	-	-
7 Equity exposures under Simple Risk Weight Method	5,072	5,142	507
8 Equity investments in funds - Look Through Approach	-	-	-
9 Equity investments in funds - Mandate-Based Approach	-	-	-
10 Equity investments in funds - Fall Back Approach	3,852	-	385
10a Equity investments in funds - Partial Use of an Approach	-	-	-
11 Unsettled Transactions	1	#	#
12 Securitisation exposures in banking book	-	-	-
13 Of which: Ratings-Based and Internal Assessment Methods	-	-	-
14 Of which: Supervisory Formula	-	-	-
15 Of which: Standardised Approach	-	-	-
16 Market Risk	23,202	20,186	2,320
17 Of which: Standardised Approach	23,202	20,186	2,320
18 Of which: Internal Models Approach	-	-	-
19 Operational Risk	13,326	13,257	1,333
20 Of which: Basic Indicator Approach	2,437	2,373	244
21 Of which: Standardised Approach	10,889	10,884	1,089
22 Of which: Advanced Measurement Approach	-	-	-
23 Credit RWA pursuant to paragraph 6.1.3(p)(iii) ^{4/}	8,000	8,066	800
24 Floor Adjustment	-	-	-
25 Total	207,224	197,763	20,722

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

^{2/} Refers to Equity exposures under the Probability of Default ("PD")/Loss Given Default ("LGD") Method

^{3/} CCR RWA includes Credit Valuation Adjustments ("CVA") and Central Counterparties ("CCP") RWA

^{4/} Refers to Credit RWA for the investments in the ordinary shares of unconsolidated major stake companies that are financial institutions which are within the prescribed threshold amount in accordance with MAS Notice 637 paragraph 6.1.3 (p)(iii)

represents amounts less than S\$0.5 million