

Oversea-Chinese Banking Corporation Limited

**Pillar 3 Disclosures
(OCBC Group – As at 31 March 2023)**



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 2023, 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)	
	Mar-23	Dec-22	Sep-22	Jun-22	Mar-22	
Available Capital (S\$ million)						
1	CET1 Capital	36,926	35,179	34,239	34,573	35,145
2	Tier 1 Capital	38,657	36,909	35,971	36,304	36,377
3	Total Capital	42,629	40,937	40,256	40,539	39,823
Risk Weighted Assets (S\$ million)						
4	Total RWA	231,888	231,648	237,719	231,577	231,144
Risk-based Capital Ratios as a percentage of RWA (%)						
5	CET1 Ratio	15.9	15.2	14.4	14.9	15.2
6	Tier 1 Ratio	16.7	15.9	15.1	15.7	15.7
7	Total Capital Ratio	18.4	17.7	16.9	17.5	17.2
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	0.2	0.2	0.1	0.1	0.1
10	Bank G-SIB and/or D-SIB additional requirements	-	-	-	-	-
11	Total of Bank CET1 specific requirements ^{1/}	2.7	2.7	2.6	2.6	2.6
12	CET1 available after meeting the Reporting Bank's minimum capital requirements	8.4	7.7	6.9	7.5	7.2
Leverage Ratio (S\$ million)						
13	Total Leverage Ratio exposure measure	529,105	512,119	529,619	510,314	506,113
14	Leverage Ratio (%) ^{2/}	7.3	7.2	6.8	7.1	7.2
Liquidity Coverage Ratio (S\$ million) ^{3/}						
15	Total High Quality Liquid Assets	80,359	79,896	76,620	74,042	74,186
16	Total net cash outflow	52,848	50,310	50,093	50,907	49,086
17	Liquidity Coverage Ratio (%)	152	159	153	146	151
Net Stable Funding Ratio (S\$ million)						
18	Total available stable funding	297,412	285,347	287,125	284,915	280,653
19	Total required stable funding	247,699	243,897	249,496	243,876	237,212
20	Net Stable Funding Ratio (%)	120	117	115	117	118

^{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)
		31 Mar 2023
1	Total consolidated assets as per published financial statements	565,808
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(101,598)
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	21,562
5	Adjustment for SFTs	138
6	Adjustment for off-balance sheet items	52,384
7	Other adjustments	(9,189)
8	Exposure measure	529,105

3.2 Leverage Ratio Common Disclosure Table

Item	Amount ¹ (S\$m)		
	31 Mar 2023	31 Dec 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)	443,907	430,625
2	Asset amounts deducted in determining Tier 1 capital	(9,189)	(9,102)
3	Total exposures measures of on-balance sheet items (excluding derivative transactions and SFTs)	434,718	421,523
Derivative exposure measures			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	12,876	15,964
5	Potential future exposure associated with all derivative transactions	21,918	19,468
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	299	186
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	Total derivative exposure measures	35,093	35,618
SFT exposure measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	6,772	7,060
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	138	86
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	Total SFT exposure measures	6,910	7,146
Exposure measures of off-balance sheet items			
17	Off-balance sheet items at notional amount	217,108	209,769
18	Adjustments for calculation of exposure measures of off-balance sheet items	(164,724)	(161,937)
19	Total exposure measures of off-balance sheet items	52,384	47,832
Capital and Total exposures			
20	Tier 1 capital	38,657	36,909
21	Total exposures	529,105	512,119
Leverage Ratio			
22	Leverage ratio	7.3%	7.2%

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. Total RWA remained relatively stable in the first quarter of 2023, with a lower Credit RWA mainly attributed to the migration of selected portfolios to IRB from Standardised Approach largely offset by Corporate loan growth and an increase in Market RWA.

S\$ million	(a) RWA		(c) Minimal Capital Requirements ^{1/}	
	Mar-23	Dec-22	Mar-23	
1	Credit Risk (excluding Counterparty Credit Risk)	181,008	184,445	18,100
2	Of which: Standardised Approach	26,834	33,194	2,683
3	Of which: Foundation Internal Ratings-Based Approach (F-IRBA)	136,639	133,624	13,664
4	Of which: Supervisory Slotting Approach	3,873	3,930	387
5	Of which: Advanced Internal Ratings-Based Approach (A-IRBA)	13,662	13,697	1,366
6	Credit Risk: Counterparty Credit Risk (CCR)	5,794	5,234	580
7	Of which: SA-CCR	3,296	2,767	330
8	Of which: Internal Models Method	-	-	-
9	Of which: Other CCR	546	465	55
9a	Of which: Central Counterparties (CCP)	1,952	2,002	195
10	Credit Valuation Adjustments (CVA)	2,778	2,598	278
11	Equity exposures under Simple Risk Weight Method	-	-	-
11a	Equity exposures under Internal Models Method	-	-	-
12	Equity investments in funds - Look Through Approach	145	148	15
13	Equity investments in funds - Mandate-Based Approach	227	227	23
14	Equity investments in funds - Fall Back Approach	9	9	1
14a	Equity investments in funds - Partial Use of an Approach	140	132	14
15	Unsettled Transactions	61	#	6
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	10,473	8,587	1,047
21	Of which: Standardised Approach	10,473	8,587	1,047
22	Of which: Internal Models Approach	-	-	-
23	Operational Risk	20,865	20,348	2,086
24	Credit RWA pursuant to paragraph 6.1.3(p)(iii) ^{2/}	10,388	9,920	1,039
25	Floor Adjustment	-	-	-
26	Total	231,888	231,648	23,189

^{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 first quarter of 2023 was primarily due to the Corporate loan growth and the adoption of IRB Approach for selected portfolios.

S\$ million	(a) RWA
1 RWA as at 31 December 2022 ^{1/}	151,251
2 Asset Size ^{2/}	4,933
3 Asset Quality ^{3/}	(1,788)
4 Model Updates ^{4/}	534
5 Methodology and Policy ^{5/}	-
6 Acquisitions and Disposals ^{6/}	-
7 Foreign exchange movements ^{7/}	(756)
8 Other ^{8/}	-
9 RWA as at 31 March 2023 ^{1/} (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8)	154,174

^{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 1Q23, the average SGD and all-currency LCRs for the Group were 390% and 152% respectively. Compared to 4Q22, the average SGD LCR increased by 82 percentage points largely driven by higher inflow from derivatives. The average all-currency LCR decreased by 7 percentage points due to higher outflow from debt issuances.

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 1Q23

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 90.

Group - ALL Currency (\$m)		Total Unweighted Value (average)	Total Weighted Value (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		80,359
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	171,656	14,599
3	Stable deposits	51,020	2,551
4	Less stable deposits	120,636	12,048
5	Unsecured wholesale funding, of which:	125,837	59,757
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	40,484	9,775
7	Non-operational deposits (all counterparties)	77,042	41,671
8	Unsecured debt	8,311	8,311
9	Secured wholesale funding		539
10	Additional requirements, of which:	82,839	46,565
11	Outflows related to derivative exposures and other collateral requirements	41,586	41,489
12	Outflows related to loss of funding on debt products	370	370
13	Credit and liquidity facilities	40,883	4,706
14	Other contractual funding obligations	1,367	1,367
15	Other contingent funding obligations	16,995	510
16	TOTAL CASH OUTFLOWS		123,337
CASH INFLOWS			
17	Secured lending (eg reverse repos)	3,384	865
18	Inflows from fully performing exposures	48,471	29,748
19	Other cash inflows	39,987	39,876
20	TOTAL CASH INFLOWS	91,842	70,489
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		80,359
22	TOTAL NET CASH OUTFLOWS		52,848
23	LIQUIDITY COVERAGE RATIO (%)		152

6. Liquidity Coverage Ratio (continued)

Average Group SGD LCR for 1Q23

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 90.

Group - SGD (\$m)		Total Unweighted Value (average)	Total Weighted Value (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		37,994
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	100,548	7,894
3	Stable deposits	43,207	2,160
4	Less stable deposits	57,341	5,734
5	Unsecured wholesale funding, of which:	25,335	9,829
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	10,791	2,604
7	Non-operational deposits (all counterparties)	14,530	7,212
8	Unsecured debt	14	14
9	Secured wholesale funding		-
10	Additional requirements, of which:	35,045	19,329
11	Outflows related to derivative exposures and other collateral requirements	17,831	17,831
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	17,213	1,498
14	Other contractual funding obligations	901	901
15	Other contingent funding obligations	1,973	59
16	TOTAL CASH OUTFLOWS		38,013
CASH INFLOWS			
17	Secured lending (eg reverse repos)	1,094	-
18	Inflows from fully performing exposures	5,256	2,908
19	Other cash inflows	26,869	26,860
20	TOTAL CASH INFLOWS	33,219	29,768
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		37,994
22	TOTAL NET CASH OUTFLOWS		9,796
23	LIQUIDITY COVERAGE RATIO (%)		390