

Oversea-Chinese Banking Corporation Limited

**Pillar 3 Disclosures
(OCBC Group – As at 31 March 2024)**



**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 2024, 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-24	Dec-23	Sep-23	Jun-23	Mar-23	
Available Capital (S\$ million)						
1	CET1 Capital	39,534	37,685	36,248	36,664	36,926
2	Tier 1 Capital	41,269	38,970	37,532	38,397	38,657
3	Total Capital	45,119	42,738	41,367	42,164	42,629
Risk Weighted Assets (S\$ million)						
4	Total RWA	244,678	236,694	245,085	237,484	231,888
Risk-based Capital Ratios as a percentage of RWA (%)						
5	CET1 Ratio	16.2	15.9	14.8	15.4	15.9
6	Tier 1 Ratio	16.9	16.5	15.3	16.2	16.7
7	Total Capital Ratio	18.4	18.1	16.9	17.8	18.4
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	0.3	0.3	0.3	0.2	0.2
10	Bank G-SIB and/or D-SIB additional requirements	-	-	-	-	-
11	Total of Bank CET1 specific requirements ^{1/}	2.8	2.8	2.8	2.7	2.7
12	CET1 available after meeting the Reporting Bank's minimum capital requirements	8.4	8.1	6.9	7.8	8.4
Leverage Ratio (S\$ million)						
13	Total Leverage Ratio exposure measure	567,695	543,936	549,579	540,863	529,105
14	Leverage Ratio (%) ^{2/}	7.3	7.2	6.8	7.1	7.3
Liquidity Coverage Ratio (S\$ million) ^{3/}						
15	Total High Quality Liquid Assets	85,611	81,368	87,400	84,862	80,359
16	Total net cash outflow	58,785	56,145	55,253	51,791	52,848
17	Liquidity Coverage Ratio (%)	146	145	159	164	152
Net Stable Funding Ratio (S\$ million)						
18	Total available stable funding	301,939	295,181	298,113	300,546	297,412
19	Total required stable funding	262,011	254,966	256,050	252,946	247,699
20	Net Stable Funding Ratio (%)	115	116	116	119	120

^{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 2024
1	Total consolidated assets as per published financial statements	597,177
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(108,822)
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	27,044
5	Adjustment for SFTs	245
6	Adjustment for off-balance sheet items	61,673
7	Other adjustments	(9,622)
8	Exposure measure	567,695

3.2 Leverage Ratio Common Disclosure Table

	Item	Amount ¹ (S\$m)	
		31 Mar 2024	31 Dec 2023
	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)	467,753	454,417
2	Asset amounts deducted in determining Tier 1 capital	(9,622)	(9,549)
3	Total exposures measures of on-balance sheet items (excluding derivative transactions and SFTs)	458,131	444,868
	Derivative exposure measures		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	14,907	13,643
5	Potential future exposure associated with all derivative transactions	25,487	23,026
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	221	187
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	Total derivative exposure measures	40,615	36,856
	SFT exposure measures		
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	7,031	6,949
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	245	356
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	Total SFT exposure measures	7,276	7,305
	Exposure measures of off-balance sheet items		
17	Off-balance sheet items at notional amount	232,559	223,737
18	Adjustments for calculation of exposure measures of off-balance sheet items	(170,886)	(168,830)
19	Total exposure measures of off-balance sheet items	61,673	54,907
	Capital and Total exposures		
20	Tier 1 capital	41,269	38,970
21	Total exposures	567,695	543,936
	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. The increase in total RWA in the first quarter of 2024 was mainly attributed to Corporate loan growth.

S\$ million	RWA		Minimal Capital Requirements ^{1/}	
	(a) Mar-24	(b) Dec-23	(c) Mar-24	
1	Credit Risk (excluding Counterparty Credit Risk)	194,453	189,867	19,445
2	Of which: Standardised Approach	26,387	25,915	2,639
3	Of which: Foundation Internal Ratings-Based Approach (F-IRBA)	151,894	147,843	15,189
4	Of which: Supervisory Slotting Approach	3,339	3,367	334
5	Of which: Advanced Internal Ratings-Based Approach (A-IRBA)	12,833	12,742	1,283
6	Credit Risk: Counterparty Credit Risk (CCR)	4,762	4,469	477
7	Of which: SA-CCR	3,837	3,454	384
8	Of which: Internal Models Method	-	-	-
9	Of which: Other CCR	460	350	46
9a	Of which: Central Counterparties (CCP)	465	665	47
10	Credit Valuation Adjustments (CVA)	2,964	2,814	296
11	Equity exposures under Simple Risk Weight Method	-	-	-
11a	Equity exposures under Internal Models Method	-	-	-
12	Equity investments in funds - Look Through Approach	159	117	16
13	Equity investments in funds - Mandate-Based Approach	168	142	17
14	Equity investments in funds - Fall Back Approach	34	43	3
14a	Equity investments in funds - Partial Use of an Approach	125	127	13
15	Unsettled Transactions	#	#	#
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	11,793	9,850	1,179
21	Of which: Standardised Approach	11,793	9,850	1,179
22	Of which: Internal Models Approach	-	-	-
23	Operational Risk	19,088	18,624	1,909
24	Credit RWA pursuant to paragraph 6.1.3(p)(iii) ^{2/}	11,132	10,641	1,113
25	Floor Adjustment	-	-	-
26	Total	244,678	236,694	24,468

^{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 2024 was primarily due to Corporate loan growth.

S\$ million	(a) RWA
1 RWA as at 31 December 2023 ^{1/}	163,952
2 Asset Size ^{2/}	4,667
3 Asset Quality ^{3/}	(1,533)
4 Model Updates	-
5 Methodology and Policy	-
6 Acquisitions and Disposals	-
7 Foreign exchange movements ^{4/}	980
8 Other	-
9 RWA as at 31 March 2024 ^{1/} (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8)	168,066

^{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 driven by market movements such as foreign exchange movements

6. LIQUIDITY COVERAGE RATIO

The Group is subjected to the Liquidity Coverage Ratio (“LCR”) requirements under the MAS Notice 649. Starting from 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 1Q24, the average SGD and all-currency LCRs for the Group were 292% and 146% respectively. Compared to 4Q23, the average SGD LCR decreased by 63 percentage points largely driven by an increase in net cash outflow. The average all-currency LCR increased by 1 percentage point due to 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 Markets 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 1Q24

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 91.

Group - ALL Currency (\$m)		Total Unweighted Value (average)	Total Weighted Value (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		85,611
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	178,108	15,144
3	Stable deposits	51,791	2,590
4	Less stable deposits	126,317	12,555
5	Unsecured wholesale funding, of which:	125,402	61,431
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	37,392	9,016
7	Non-operational deposits (all counterparties)	78,008	42,413
8	Unsecured debt	10,002	10,002
9	Secured wholesale funding		1,020
10	Additional requirements, of which:	53,980	15,465
11	Outflows related to derivative exposures and other collateral requirements	10,217	10,103
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	43,763	5,362
14	Other contractual funding obligations	1,485	1,485
15	Other contingent funding obligations	17,854	536
16	TOTAL CASH OUTFLOWS		95,081
CASH INFLOWS			
17	Secured lending (eg reverse repos)	3,392	1,319
18	Inflows from fully performing exposures	41,360	25,445
19	Other cash inflows	9,602	9,532
20	TOTAL CASH INFLOWS	54,354	36,296
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		85,611
22	TOTAL NET CASH OUTFLOWS		58,785
23	LIQUIDITY COVERAGE RATIO (%)		146

6. Liquidity Coverage Ratio (continued)

Average Group SGD LCR for 1Q24

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 91.

Group - SGD (\$m)		Total Unweighted Value (average)	Total Weighted Value (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		42,549
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	100,720	7,891
3	Stable deposits	43,610	2,181
4	Less stable deposits	57,110	5,711
5	Unsecured wholesale funding, of which:	27,285	10,524
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	11,687	2,830
7	Non-operational deposits (all counterparties)	15,570	7,665
8	Unsecured debt	28	28
9	Secured wholesale funding		-
10	Additional requirements, of which:	27,350	13,921
11	Outflows related to derivative exposures and other collateral requirements	12,489	12,489
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	14,861	1,432
14	Other contractual funding obligations	1,001	1,001
15	Other contingent funding obligations	2,172	65
16	TOTAL CASH OUTFLOWS		33,402
CASH INFLOWS			
17	Secured lending (eg reverse repos)	892	3
18	Inflows from fully performing exposures	5,593	3,230
19	Other cash inflows	15,469	15,439
20	TOTAL CASH INFLOWS	21,954	18,672
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		42,549
22	TOTAL NET CASH OUTFLOWS		14,730
23	LIQUIDITY COVERAGE RATIO (%)		292