

**Oversea-Chinese Banking Corporation Limited**

**Pillar 3 Disclosures  
(OCBC Group – As at 31 March 2020)**



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 2020, 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-20   | Dec-19  | Sep-19  | Jun-19  | Mar-19  |         |
| <b>Available Capital (S\$ million)</b>                                |  |         |         |         |         |         |
| 1   | CET1 Capital   | 32,350  | 31,800  | 30,759  | 30,176  | 29,024  |
| 2   | Tier 1 Capital   | 33,879  | 33,331  | 32,290  | 31,706  | 30,585  |
| 3   | Total Capital  | 37,169  | 35,992  | 36,214  | 35,341  | 34,155  |
| <b>Risk Weighted Assets (S\$ million)</b>                             |  |         |         |         |         |         |
| 4   | Total RWA  | 225,914 | 213,356 | 212,839 | 209,203 | 204,357 |
| <b>Risk-based Capital Ratios as a percentage of RWA (%)</b>           |  |         |         |         |         |         |
| 5   | CET1 Ratio   | 14.3    | 14.9    | 14.4    | 14.4    | 14.2    |
| 6   | Tier 1 Ratio   | 14.9    | 15.6    | 15.1    | 15.1    | 14.9    |
| 7   | Total Capital Ratio  | 16.4    | 16.8    | 17.0    | 16.8    | 16.7    |
| <b>Additional CET1 buffer requirements as a percentage of RWA (%)</b> |  |         |         |         |         |         |
| 8   | Capital conservation buffer requirement  | 2.5     | 2.5     | 2.5     | 2.5     | 2.5     |
| 9   | Countercyclical buffer requirement   | 0.1     | 0.3     | 0.4     | 0.4     | 0.4     |
| 10  | Bank G-SIB and/or D-SIB additional requirements                                | -       | -       | -       | -       | -       |
| 11  | Total of Bank CET1 specific requirements <sup>1/</sup>                         | 2.6     | 2.8     | 2.9     | 2.9     | 2.9     |
| 12  | CET1 available after meeting the Reporting Bank's minimum capital requirements | 6.4     | 6.8     | 7.0     | 6.8     | 6.7     |
| <b>Leverage Ratio (S\$ million)</b>                                   |  |         |         |         |         |         |
| 13  | Total Leverage Ratio exposure measure  | 453,487 | 431,314 | 424,551 | 417,885 | 408,788 |
| 14  | Leverage Ratio (%) <sup>2/</sup>   | 7.4     | 7.7     | 7.6     | 7.5     | 7.4     |
| <b>Liquidity Coverage Ratio (S\$ million) <sup>3/</sup></b>           |  |         |         |         |         |         |
| 15  | Total High Quality Liquid Assets   | 52,738  | 49,769  | 48,677  | 46,894  | 48,930  |
| 16  | Total net cash outflow   | 35,290  | 30,710  | 32,008  | 31,028  | 32,942  |
| 17  | Liquidity Coverage Ratio (%)   | 151     | 163     | 154     | 151     | 150     |
| <b>Net Stable Funding Ratio (S\$ million)</b>                         |  |         |         |         |         |         |
| 18  | Total available stable funding   | 251,828 | 245,245 | 243,501 | 239,480 | 236,498 |
| 19  | Total required stable funding  | 232,323 | 221,410 | 221,422 | 219,417 | 214,338 |
| 20  | Net Stable Funding Ratio (%)   | 108     | 111     | 110     | 109     | 110     |

<sup>1/</sup> Sum of rows 8, 9 and 10

<sup>2/</sup> Computed by row 2 / row 13

<sup>3/</sup> Reported as simple averages of daily observations for the respective quarter

### 3. LEVERAGE RATIO

#### Leverage Ratio Summary Comparison Table

| Item  | Amount (S\$m)  |                |
|---|----------------|----------------|
|   | 31 Mar 2020    | 31 Dec 2019    |
| 1 Total consolidated assets as per published financial statements   | 512,138        | 491,691        |
| 2 Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation                        | (91,107)       | (94,684)       |
| 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              | 0              |
| 4 Adjustment for derivative transactions  | 1,426          | 4,143          |
| 5 Adjustment for SFTs   | 56             | 82             |
| 6 Adjustment for off-balance sheet items  | 38,389         | 36,991         |
| 7 Other adjustments   | (7,415)        | (6,909)        |
| <b>8 Exposure measure</b>   | <b>453,487</b> | <b>431,314</b> |

#### Leverage Ratio Common Disclosure Table

| Item   | Amount (S\$m)  |                |
|--|----------------|----------------|
|  | 31 Mar 2020    | 31 Dec 2019    |
| <b>Exposure measures of on-balance sheet items</b>   |                |                |
| 1 On-balance sheet items (excluding derivative transactions and SFTs, but including on-balance sheet collateral for derivative transactions or SFTs) | 401,421        | 387,105        |
| 2 Asset amounts deducted in determining Tier 1 capital   | (7,415)        | (6,909)        |
| <b>3 Total exposures measures of on-balance sheet items (excluding derivative transactions and SFTs)</b>   | <b>394,006</b> | <b>380,196</b> |
| <b>Derivative exposure measures</b>  |                |                |
| 4 Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)                               | 10,293         | 4,910          |
| 5 Potential future exposure associated with all derivative transactions  | 6,967          | 6,225          |
| 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  | (11)           | (10)           |
| 8 CCP leg of trade exposures excluded  | -              | -              |
| 9 Adjusted effective notional amount of written credit derivatives   | 608            | 355            |
| 10 Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives                    | -              | -              |
| <b>11 Total derivative exposure measures</b>   | <b>17,857</b>  | <b>11,480</b>  |
| <b>SFT exposure measures</b>   |                |                |
| 12 Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting  | 3,179          | 2,565          |
| 13 Eligible netting of cash payables and cash receivables  | -              | -              |
| 14 SFT counterparty exposures  | 56             | 82             |
| 15 SFT exposure measures where a Reporting Bank acts as an agent in the SFTs   | -              | -              |
| <b>16 Total SFT exposure measures</b>  | <b>3,235</b>   | <b>2,647</b>   |
| <b>Exposure measures of off-balance sheet items</b>  |                |                |
| 17 Off-balance sheet items at notional amount  | 198,023        | 192,087        |
| 18 Adjustments for calculation of exposure measures of off-balance sheet items   | (159,634)      | (155,096)      |
| <b>19 Total exposure measures of off-balance sheet items</b>   | <b>38,389</b>  | <b>36,991</b>  |
| <b>Capital and Total exposures</b>   |                |                |
| <b>20 Tier 1 capital</b>   | <b>33,879</b>  | <b>33,331</b>  |
| <b>21 Total exposures</b>  | <b>453,487</b> | <b>431,314</b> |
| <b>Leverage Ratio</b>  |                |                |
| <b>22 Leverage ratio</b>   | <b>7.4%</b>    | <b>7.7%</b>    |

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.

| S\$ million  | RWA            |                | Minimal Capital Requirements <sup>1/</sup> |
|--|----------------|----------------|--|
|  | (a)<br>Mar-20  | (b)<br>Dec-19  | (c)<br>Mar-20                              |
| <b>1</b> Credit Risk (excluding Counterparty Credit Risk)              | 174,542        | 168,683        | 17,454                                     |
| <b>2</b> Of which: Standardised Approach                               | 50,935         | 49,085         | 5,094                                      |
| <b>3</b> Of which: Foundation Internal Ratings-Based Approach (F-IRBA) | 105,178        | 101,825        | 10,518                                     |
| <b>4</b> Of which: Supervisory Slotting Approach                       | 3,425          | 2,999          | 342  |
| <b>5</b> Of which: Advanced Internal Ratings-Based Approach (A-IRBA)   | 15,004         | 14,774         | 1,500                                      |
| <b>6</b> Credit Risk: Counterparty Credit Risk (CCR)                   | 4,320          | 2,670          | 432  |
| <b>7</b> Of which: Current Exposure Method                             | 3,253          | 2,085          | 325  |
| <b>8</b> Of which: Internal Models Method                              | -              | -              | -  |
| <b>9</b> Of which: Other CCR   | 338            | 158            | 34   |
| <b>9a</b> Of which: Central Counterparties (CCP)                       | 729            | 427            | 73   |
| <b>10</b> Credit Valuation Adjustments (CVA)                           | 5,737          | 3,093          | 573  |
| <b>11</b> Equity exposures under Simple Risk Weight Method             | -              | -              | -  |
| <b>11a</b> Equity exposures under Internal Models Method               | -              | -              | -  |
| <b>12</b> Equity investments in funds - Look Through Approach          | 116            | 121            | 12   |
| <b>13</b> Equity investments in funds - Mandate-Based Approach         | 148            | 150            | 15   |
| <b>14</b> Equity investments in funds - Fall Back Approach             | 20             | 27             | 2  |
| <b>14a</b> Equity investments in funds - Partial Use of an Approach    | 119            | 133            | 12   |
| <b>15</b> Unsettled Transactions                                       | 50             | 10             | 5  |
| <b>16</b> Securitisation exposures in banking book                     | -              | -              | -  |
| <b>17</b> Of which: SEC-IRBA   | -              | -              | -  |
| <b>18</b> Of which: SEC-ERBA, including IAA                            | -              | -              | -  |
| <b>19</b> Of which: SEC-SA   | -              | -              | -  |
| <b>20</b> Market Risk  | 16,750         | 14,751         | 1,675                                      |
| <b>21</b> Of which: Standardised Approach                              | 16,750         | 14,751         | 1,675                                      |
| <b>22</b> Of which: Internal Models Approach                           | -              | -              | -  |
| <b>23</b> Operational Risk   | 15,348         | 15,166         | 1,535                                      |
| <b>24</b> Credit RWA pursuant to paragraph 6.1.3(p)(iii) <sup>2/</sup> | 8,764          | 8,552          | 876  |
| <b>25</b> Floor Adjustment   | -              | -              | -  |
| <b>26 Total</b>  | <b>225,914</b> | <b>213,356</b> | <b>22,591</b>                              |

<sup>1/</sup> Minimum capital requirements are calculated at 10% of RWA

<sup>2/</sup> 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)

The increase in total RWA between December 2019 and March 2020 was mainly driven by higher Credit RWA (CRWA) and Market RWA (MRWA).

The increase in CRWA was attributed mainly to Asset growth, Foreign Exchange (FX) movements and CVA, while MRWA increased primarily from higher FX, Interest Rate and Equity Risk.

## 5. RWA FLOW STATEMENT FOR CREDIT RISK EXPOSURES

This table provides an overview of the quarter-on-quarter movement of Credit Risk RWA attributed to the key drivers from rows 2 to 8.

The increase in RWA during first quarter of 2020 was primarily due to Asset growth and FX movements, partially offset by enhancements to Margin Lending Model and CRWA Optimisation initiatives.

| S\$ million  | (a)<br>RWA     |
|--|----------------|
| <b>1 RWA as at 31 December 2019 <sup>1/</sup></b>                                  | <b>119,598</b> |
| <b>2 Asset Size <sup>2/</sup></b>  | <b>3,670</b>   |
| <b>3 Asset Quality <sup>3/</sup></b>   | <b>645</b>     |
| <b>4 Model Updates <sup>4/</sup></b>   | <b>(1,150)</b> |
| <b>5 Methodology and Policy <sup>5/</sup></b>                                      | <b>(1,733)</b> |
| <b>6 Acquisitions and Disposals <sup>6/</sup></b>                                  | <b>-</b>       |
| <b>7 Foreign exchange movements <sup>7/</sup></b>                                  | <b>2,577</b>   |
| <b>8 Other <sup>8/</sup></b>   | <b>-</b>       |
| <b>9 RWA as at 31 March 2020 <sup>1/</sup><br/>(1 + 2 + 3 + 4 + 5 + 6 + 7 + 8)</b> | <b>123,607</b> |

<sup>1/</sup> Refers to RWA of Credit Risk (excluding Counterparty Credit Risk) exposures under IRB Approach and Supervisory Slotting Approach

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

<sup>3/</sup> Refers to changes in the assessed quality of the bank's assets due to changes in borrower risk, such as rating grade migration or similar effects

<sup>4/</sup> Refers to changes due to model implementation, changes in model scope, or any model enhancements

<sup>5/</sup> Refers to changes driven by methodological changes such as regulatory policy changes

<sup>6/</sup> Refers to changes in book size due to acquisition and disposal of entities or portfolios

<sup>7/</sup> Refers to changes driven by market movements such as foreign exchange movements

<sup>8/</sup> Refers to changes that cannot be attributed to any other category

## 6. LIQUIDITY COVERAGE RATIO

OCBC Group (the "Group") has been subjected to the Liquidity Coverage Ratio ("LCR") requirements under the Monetary Authority of Singapore ("MAS") Notice 649 effective from 1 Jan 2015. 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 ensures 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 1Q20, the average SGD and all-currency LCR for the Group were 306% and 151% respectively. Compared to 4Q19, the average SGD LCR increased by 28 percentage points from an increase in HQLA. The average all-currency LCR was lower by 12 percentage points as a result of an increase in net cash outflows from unsecured wholesale funding, partially offset by higher 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 1Q20

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<br>(average) | Total Weighted Value<br>(average) |
|-----------------------------------|---|-------------------------------------|-----------------------------------|
| <b>HIGH-QUALITY LIQUID ASSETS</b> |   |                                     |                                   |
| 1                                 | Total high-quality liquid assets (HQLA)   |                                     | 52,738                            |
| <b>CASH OUTFLOWS</b>              |   |                                     |                                   |
| 2                                 | Retail deposits and deposits from small business customers, of which:                   | 141,225                             | 11,876                            |
| 3                                 | Stable deposits   | 44,928                              | 2,246                             |
| 4                                 | Less stable deposits  | 96,297                              | 9,630                             |
| 5                                 | Unsecured wholesale funding, of which:  | 107,294                             | 51,486                            |
| 6                                 | Operational deposits (all counterparties) and deposits in networks of cooperative banks | 28,865                              | 6,934                             |
| 7                                 | Non-operational deposits (all counterparties)   | 70,429                              | 36,553                            |
| 8                                 | Unsecured debt  | 8,000                               | 8,000                             |
| 9                                 | Secured wholesale funding   |                                     | 313                               |
| 10                                | Additional requirements, of which:  | 55,778                              | 33,400                            |
| 11                                | Outflows related to derivative exposures and other collateral requirements              | 30,567                              | 30,513                            |
| 12                                | Outflows related to loss of funding on debt products                                    | -                                   | -                                 |
| 13                                | Credit and liquidity facilities   | 25,211                              | 2,887                             |
| 14                                | Other contractual funding obligations   | 1,494                               | 1,494                             |
| 15                                | Other contingent funding obligations  | 14,364                              | 431                               |
| 16                                | <b>TOTAL CASH OUTFLOWS</b>  |                                     | 99,000                            |
| <b>CASH INFLOWS</b>               |   |                                     |                                   |
| 17                                | Secured lending (eg reverse repos)  | 1,594                               | 337                               |
| 18                                | Inflows from fully performing exposures   | 54,200                              | 33,055                            |
| 19                                | Other cash inflows  | 30,373                              | 30,318                            |
| 20                                | <b>TOTAL CASH INFLOWS</b>   | 86,166                              | 63,710                            |
|                                   |   |                                     | TOTAL ADJUSTED VALUE              |
| 21                                | <b>TOTAL HQLA</b>   |                                     | 52,738                            |
| 22                                | <b>TOTAL NET CASH OUTFLOWS</b>  |                                     | 35,290                            |
| 23                                | <b>LIQUIDITY COVERAGE RATIO (%)</b>   |                                     | 151                               |



## 6. Liquidity Coverage Ratio (continued)

### Average Group SGD LCR for 1Q20

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<br>(average) | Total Weighted Value<br>(average) |
|-----------------------------------|---|-------------------------------------|-----------------------------------|
| <b>HIGH-QUALITY LIQUID ASSETS</b> |   |                                     |                                   |
| 1                                 | Total high-quality liquid assets (HQLA)   |                                     | 22,806                            |
| <b>CASH OUTFLOWS</b>              |   |                                     |                                   |
| 2                                 | Retail deposits and deposits from small business customers, of which:                   | 75,022                              | 5,652                             |
| 3                                 | Stable deposits   | 37,006                              | 1,850                             |
| 4                                 | Less stable deposits  | 38,016                              | 3,802                             |
| 5                                 | Unsecured wholesale funding, of which:  | 20,464                              | 8,120                             |
| 6                                 | Operational deposits (all counterparties) and deposits in networks of cooperative banks | 7,924                               | 1,900                             |
| 7                                 | Non-operational deposits (all counterparties)   | 12,531                              | 6,211                             |
| 8                                 | Unsecured debt  | 9                                   | 9                                 |
| 9                                 | Secured wholesale funding   |                                     | -                                 |
| 10                                | Additional requirements, of which:  | 22,792                              | 15,259                            |
| 11                                | Outflows related to derivative exposures and other collateral requirements              | 14,518                              | 14,518                            |
| 12                                | Outflows related to loss of funding on debt products                                    | -                                   | -                                 |
| 13                                | Credit and liquidity facilities   | 8,274                               | 742                               |
| 14                                | Other contractual funding obligations   | 667                                 | 667                               |
| 15                                | Other contingent funding obligations  | 2,080                               | 62                                |
| 16                                | <b>TOTAL CASH OUTFLOWS</b>  |                                     | 29,760                            |
| <b>CASH INFLOWS</b>               |   |                                     |                                   |
| 17                                | Secured lending (eg reverse repos)  | 566                                 | -                                 |
| 18                                | Inflows from fully performing exposures   | 7,083                               | 4,232                             |
| 19                                | Other cash inflows  | 20,979                              | 20,971                            |
| 20                                | <b>TOTAL CASH INFLOWS</b>   | 28,628                              | 25,204                            |
|                                   |   |                                     | TOTAL ADJUSTED VALUE              |
| 21                                | <b>TOTAL HQLA</b>   |                                     | 22,806                            |
| 22                                | <b>TOTAL NET CASH OUTFLOWS</b>  |                                     | 7,484                             |
| 23                                | <b>LIQUIDITY COVERAGE RATIO (%)</b>   |                                     | 306                               |