

**Oversea-Chinese Banking Corporation Limited**

**Pillar 3 Disclosures  
(OCBC Group – As at 31 March 2019)**



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 2019, 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-19	Dec-18	Sep-18	Jun-18	Mar-18	
<b>Available Capital (S\$ million)</b>						
1	CET1 Capital	29,024	28,068	27,377	26,641	26,206
2	Tier 1 Capital	30,585	29,640	28,948	28,714	28,277
3	Total Capital	34,155	32,986	32,300	32,075	31,440
<b>Risk Weighted Assets (S\$ million)</b>						
4	Total RWA	204,357	200,248	200,322	200,786	198,817
<b>Risk-based Capital Ratios as a percentage of RWA (%)</b>						
5	CET1 Ratio	14.2	14.0	13.6	13.2	13.1
6	Tier 1 Ratio	14.9	14.8	14.4	14.3	14.2
7	Total Capital Ratio	16.7	16.4	16.1	15.9	15.8
<b>Additional CET1 buffer requirements as a percentage of RWA (%)</b>						
8	Capital conservation buffer requirement <sup>1/</sup>	2.5	1.875	1.875	1.875	1.875
9	Countercyclical buffer requirement	0.4	0.3	0.3	0.3	0.2
10	Bank G-SIB and/or D-SIB additional requirements	-	-	-	-	-
11	Total of Bank CET1 specific requirements <sup>2/</sup>	2.9	2.2	2.1	2.1	2.1
12	CET1 available after meeting the Reporting Bank's minimum capital requirements	6.7	6.4	6.1	5.9	5.8
<b>Leverage Ratio (S\$ million)</b>						
13	Total Leverage Ratio exposure measure	408,788	409,993	406,022	408,204	401,030
14	Leverage Ratio (%) <sup>3/</sup>	7.4	7.2	7.1	7.0	7.0
<b>Liquidity Coverage Ratio (S\$ million) <sup>4/</sup></b>						
15	Total High Quality Liquid Assets	48,930	49,751	47,630	50,536	50,644
16	Total net cash outflow	32,942	32,124	36,885	36,956	34,368
17	Liquidity Coverage Ratio (%)	150	156	130	138	149
<b>Net Stable Funding Ratio (S\$ million)</b>						
18	Total available stable funding	236,498	231,631	228,607	227,516	218,729
19	Total required stable funding	214,338	213,274	211,715	210,220	207,022
20	Net Stable Funding Ratio (%)	110	109	108	108	106

<sup>1/</sup> 2.5% from 1 Jan 2019

<sup>2/</sup> Sum of rows 8, 9 and 10

<sup>3/</sup> Computed by row 2 / row 13

<sup>4/</sup> Reported as simple averages of daily observations for the respective quarter

### 3. LEVERAGE RATIO

#### 3.1 Leverage Ratio Summary Comparison Table

	Item	Amount (S\$m)	
		31 Mar 2019	31 Dec 2018
1	Total consolidated assets as per published financial statements	469,513	467,543
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(87,395)	(83,352)
3	Adjustment for fiduciary assets recognised on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of exposure measure	-	-
4	Adjustment for derivative transactions	4,733	4,325
5	Adjustment for SFTs	4	5
6	Adjustment for off-balance sheet items	28,946	28,356
7	Other adjustments	(7,013)	(6,884)
<b>8</b>	<b>Exposure measure</b>	<b>408,788</b>	<b>409,993</b>

### 3.2 Leverage Ratio Common Disclosure Table

	Item	Amount (S\$m)	
		31 Mar 2019	31 Dec 2018
	<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)	374,091	372,310
2	Asset amounts deducted in determining Tier 1 capital	(7,013)	(6,884)
3	<b>Total exposures measures of on-balance sheet items</b> (excluding derivative transactions and SFTs)	<b>367,077</b>	<b>365,426</b>
	<b>Derivative exposure measures</b>		
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	3,712	4,521
5	Potential future exposure associated with all derivative transactions	6,411	6,514
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)	(12)
8	CCP leg of trade exposures excluded	-	-
9	Adjusted effective notional amount of written credit derivatives	431	497
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	<b>Total derivative exposure measures</b>	<b>10,546</b>	<b>11,520</b>
	<b>SFT exposure measures</b>		
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	2,214	4,686
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	4	5
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	<b>Total SFT exposure measures</b>	<b>2,218</b>	<b>4,691</b>
	<b>Exposure measures of off-balance sheet items</b>		
17	Off-balance sheet items at notional amount	133,000	132,540
18	Adjustments for calculation of exposure measures of off-balance sheet items	(104,054)	(104,184)
19	<b>Total exposure measures of off-balance sheet items</b>	<b>28,946</b>	<b>28,356</b>
	<b>Capital and Total exposures</b>		
20	<b>Tier 1 capital</b>	<b>30,585</b>	<b>29,640</b>
21	<b>Total exposures</b>	<b>408,788</b>	<b>409,993</b>
	<b>Leverage Ratio</b>		
22	<b>Leverage ratio</b>	<b>7.4%</b>	<b>7.2%</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) Mar-19	(b) Dec-18	(c) Mar-19
<b>1</b> Credit Risk (excluding Counterparty Credit Risk)	161,471	158,908	16,147
<b>2</b> Of which: Standardised Approach	46,254	46,500	4,625
<b>3</b> Of which: Foundation Internal Ratings-Based Approach (F-IRBA)	97,803	94,693	9,780
<b>4</b> Of which: Supervisory Slotting Approach	1,966	1,938	197
<b>5</b> Of which: Advanced Internal Ratings-Based Approach (A-IRBA)	15,448	15,777	1,545
<b>6</b> Credit Risk: Counterparty Credit Risk (CCR)	2,404	2,567	240
<b>7</b> Of which: Current Exposure Method	2,065	2,279	206
<b>8</b> Of which: Internal Models Method	-	-	-
<b>9</b> Of which: Other CCR	-	-	-
<b>9a</b> Of which: Central Counterparties (CCP)	339	288	34
<b>10</b> Credit Valuation Adjustments (CVA)	2,284	2,010	229
<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	108	12
<b>13</b> Equity investments in funds - Mandate-Based Approach	155	154	15
<b>14</b> Equity investments in funds - Fall Back Approach	-	-	-
<b>14a</b> Equity investments in funds - Partial Use of an Approach	122	111	12
<b>15</b> Unsettled Transactions	12	29	1
<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	15,627	14,669	1,563
<b>21</b> Of which: Standardised Approach	15,627	14,669	1,563
<b>22</b> Of which: Internal Models Approach	-	-	-
<b>23</b> Operational Risk	14,287	14,092	1,429
<b>24</b> Credit RWA pursuant to paragraph 6.1.3(p)(iii) <sup>2/</sup>	7,879	7,600	788
<b>25</b> Floor Adjustment	-	-	-
<b>26 Total</b>	<b>204,357</b>	<b>200,248</b>	<b>20,436</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 2018 and March 2019 was largely due to higher Credit RWA attributed to loan growth and increase in Market RWA attributed to higher Foreign Exchange MRWA.

## 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 the first quarter of 2019 was primarily due to asset growth particularly in corporate loans, partially offset by asset quality.

S\$ million	(a) RWA
<b>1 RWA as at 31 December 2018 <sup>1/</sup></b>	<b>112,408</b>
<b>2 Asset Size <sup>2/</sup></b>	4,229
<b>3 Asset Quality <sup>3/</sup></b>	(1,242)
<b>4 Model Updates <sup>4/</sup></b>	(103)
<b>5 Methodology and Policy <sup>5/</sup></b>	128
<b>6 Acquisitions and Disposals <sup>6/</sup></b>	-
<b>7 Foreign exchange movements <sup>7/</sup></b>	(203)
<b>8 Other <sup>8/</sup></b>	-
<b>9 RWA as at 31 March 2019 <sup>1/</sup> (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8)</b>	<b>115,217</b>

<sup>1/</sup> Refers to RWA of Credit Risk exposures under IRB Approach and Equity exposures under PD/LGD method (excluding Counterparty Credit Risk)

<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