

Oversea-Chinese Banking Corporation Limited

**Pillar 3 Disclosures
(OCBC Group – As at 30 September 2021)**



Incorporated in Singapore
Company Registration Number: 193200032W

Table of Contents

1. Introduction	3
2. Key Metrics	4
3. Leverage Ratio	5
3.1 Leverage Ratio Summary Comparison Table	5
3.2 Leverage Ratio Common Disclosure Table	5
4. Overview of Risk Weighted Assets	6
5. RWA Flow Statement for Credit Risk Exposures	7
6. Liquidity Coverage Ratio	7

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 30 September 2021, 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)	
	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20	
Available Capital (S\$ million)						
1	CET1 Capital	35,025	35,293	34,103	33,206	32,322
2	Tier 1 Capital	36,256	36,522	35,333	34,436	33,552
3	Total Capital	40,168	40,384	39,899	38,966	38,261
Risk Weighted Assets (S\$ million)						
4	Total RWA	225,877	219,740	220,150	218,145	224,159
Risk-based Capital Ratios as a percentage of RWA (%)						
5	CET1 Ratio	15.5	16.1	15.5	15.2	14.4
6	Tier 1 Ratio	16.1	16.6	16.0	15.8	15.0
7	Total Capital Ratio	17.8	18.4	18.1	17.9	17.1
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	0.1	0.1	0.1	0.1	0.1
10	Bank G-SIB and/or D-SIB additional requirements	-	-	-	-	-
11	Total of Bank CET1 specific requirements ^{1/}	2.6	2.6	2.6	2.6	2.6
12	CET1 available after meeting the Reporting Bank's minimum capital requirements	7.8	8.4	8.0	7.9	7.1
Leverage Ratio (S\$ million)						
13	Total Leverage Ratio exposure measure	467,213	451,172	451,626	450,084	441,388
14	Leverage Ratio (%) ^{2/}	7.8	8.1	7.8	7.7	7.6
Liquidity Coverage Ratio (S\$ million) ^{3/}						
15	Total High Quality Liquid Assets	65,960	62,172	64,135	60,309	56,599
16	Total net cash outflow	44,007	43,007	42,607	40,135	44,194
17	Liquidity Coverage Ratio (%)	150	145	151	150	128
Net Stable Funding Ratio (S\$ million)						
18	Total available stable funding	271,799	266,099	263,447	263,226	258,230
19	Total required stable funding	217,083	210,990	211,446	210,237	211,686
20	Net Stable Funding Ratio (%)	125	126	125	125	122

^{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 (S\$m)	
	30 Sep 2021	30 Jun 2021
1 Total consolidated assets as per published financial statements	538,539	521,131
2 Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(110,234)	(109,020)
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	3,354	3,377
5 Adjustment for SFTs	202	180
6 Adjustment for off-balance sheet items	43,614	43,380
7 Other adjustments	(8,262)	(7,876)
8 Exposure measure	467,213	451,172

3.2 Leverage Ratio Common Disclosure Table

Item	Amount (S\$m)	
	30 Sep 2021	30 Jun 2021
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)	416,423	400,465
2 Asset amounts deducted in determining Tier 1 capital	(8,262)	(7,876)
3 Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	408,161	392,589
Derivative exposure measures		
4 Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	5,818	6,063
5 Potential future exposure associated with all derivative transactions	6,700	6,429
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	(4)	(4)
8 CCP leg of trade exposures excluded	-	-
9 Adjusted effective notional amount of written credit derivatives	382	189
10 Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11 Total derivative exposure measures	12,896	12,677
SFT exposure measures		
12 Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	2,340	2,346
13 Eligible netting of cash payables and cash receivables	-	-
14 SFT counterparty exposures	202	180
15 SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16 Total SFT exposure measures	2,542	2,526
Exposure measures of off-balance sheet items		
17 Off-balance sheet items at notional amount	191,795	207,121
18 Adjustments for calculation of exposure measures of off-balance sheet items	(148,181)	(163,741)
19 Total exposure measures of off-balance sheet items	43,614	43,380
Capital and Total exposures		
20 Tier 1 capital	36,256	36,522
21 Total exposures	467,213	451,172
Leverage Ratio		
22 Leverage ratio	7.8%	8.1%

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 between June 2021 and September 2021 was mainly due to loan growth.

S\$ million		RWA		Minimal Capital Requirements ^{1/}
		Sep-21	Jun-21	Sep-21
1	Credit Risk (excluding Counterparty Credit Risk)	179,867	174,415	17,987
2	Of which: Standardised Approach	37,683	35,101	3,768
3	Of which: Foundation Internal Ratings-Based Approach (F-IRBA)	122,684	120,609	12,268
4	Of which: Supervisory Slotting Approach	4,945	4,877	495
5	Of which: Advanced Internal Ratings-Based Approach (A-IRBA)	14,555	13,828	1,456
6	Credit Risk: Counterparty Credit Risk (CCR)	2,969	3,183	297
7	Of which: Current Exposure Method	2,131	2,312	213
8	Of which: Internal Models Method	-	-	-
9	Of which: Other CCR	177	250	18
9a	Of which: Central Counterparties (CCP)	661	621	66
10	Credit Valuation Adjustments (CVA)	3,836	4,105	384
11	Equity exposures under Simple Risk Weight Method	-	-	-
11a	Equity exposures under Internal Models Method	-	-	-
12	Equity investments in funds - Look Through Approach	209	199	21
13	Equity investments in funds - Mandate-Based Approach	221	168	22
14	Equity investments in funds - Fall Back Approach	9	9	1
14a	Equity investments in funds - Partial Use of an Approach	160	166	16
15	Unsettled Transactions	15	11	1
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	13,000	11,892	1,300
21	Of which: Standardised Approach	13,000	11,892	1,300
22	Of which: Internal Models Approach	-	-	-
23	Operational Risk	15,906	15,923	1,591
24	Credit RWA pursuant to paragraph 6.1.3(p)(iii) ^{2/}	9,685	9,669	968
25	Floor Adjustment	-	-	-
26	Total	225,877	219,740	22,588

^{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)

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 third quarter of 2021 was primarily due to corporate loan growth.

S\$ million	(a) RWA
1 RWA as at 30 June 2021 ^{1/}	139,314
2 Asset Size ^{2/}	5,802
3 Asset Quality ^{3/}	(3,064)
4 Model Updates ^{4/}	-
5 Methodology and Policy ^{5/}	-
6 Acquisitions and Disposals ^{6/}	-
7 Foreign exchange movements ^{7/}	132
8 Other ^{8/}	-
9 RWA as at 30 September 2021 ^{1/} (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8)	142,184

^{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 has been subjected to the Liquidity Coverage Ratio (“LCR”) requirements under the 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 3Q21, the average SGD and all-currency LCR for the Group were 319% and 150% respectively. Compared to 2Q21, the average SGD LCR increased by 29 percentage points largely driven by lower outflow from derivatives and higher HQLA. The average all-currency LCR increased by 5 percentage points primarily from 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 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 3Q21

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 92.

Group - ALL Currency (\$m)		Total Unweighted Value (average)	Total Weighted Value (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		65,960
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	153,854	12,909
3	Stable deposits	49,541	2,477
4	Less stable deposits	104,312	10,432
5	Unsecured wholesale funding, of which:	116,352	53,069
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	36,719	8,853
7	Non-operational deposits (all counterparties)	74,102	38,685
8	Unsecured debt	5,531	5,531
9	Secured wholesale funding		220
10	Additional requirements, of which:	73,469	43,489
11	Outflows related to derivative exposures and other collateral requirements	39,388	39,313
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	34,081	4,176
14	Other contractual funding obligations	1,286	1,286
15	Other contingent funding obligations	15,660	470
16	TOTAL CASH OUTFLOWS		111,443
CASH INFLOWS			
17	Secured lending (eg reverse repos)	1,915	202
18	Inflows from fully performing exposures	48,048	28,505
19	Other cash inflows	38,832	38,730
20	TOTAL CASH INFLOWS	88,795	67,437
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		65,960
22	TOTAL NET CASH OUTFLOWS		44,007
23	LIQUIDITY COVERAGE RATIO (%)		150

6. Liquidity Coverage Ratio (continued)

Average Group SGD LCR for 3Q21

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 92.

Group - SGD (\$m)		Total Unweighted Value (average)	Total Weighted Value (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		25,154
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	90,135	6,938
3	Stable deposits	41,502	2,075
4	Less stable deposits	48,634	4,863
5	Unsecured wholesale funding, of which:	25,963	9,942
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	11,462	2,783
7	Non-operational deposits (all counterparties)	14,494	7,153
8	Unsecured debt	7	7
9	Secured wholesale funding		-
10	Additional requirements, of which:	26,866	13,820
11	Outflows related to derivative exposures and other collateral requirements	12,531	12,531
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	14,335	1,288
14	Other contractual funding obligations	820	820
15	Other contingent funding obligations	1,660	50
16	TOTAL CASH OUTFLOWS		31,570
CASH INFLOWS			
17	Secured lending (eg reverse repos)	570	-
18	Inflows from fully performing exposures	5,086	2,690
19	Other cash inflows	26,727	26,711
20	TOTAL CASH INFLOWS	32,383	29,402
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		25,154
22	TOTAL NET CASH OUTFLOWS		7,892
23	LIQUIDITY COVERAGE RATIO (%)		319