

# Pillar 3 Disclosure Report

## 31 March 2019

## Contents

1	INTRODUCTION.....	3
2	KEY METRICS .....	4
3	LEVERAGE RATIO .....	5
4	OVERVIEW OF RWA.....	7
5	IRBA – RWA FLOW STATEMENT FOR CREDIT RISK EXPOSURES .....	8
6	SUMMARY OF DISCLOSURE EXCLUDED.....	8
7	ABBREVIATIONS.....	9

### Notes:

- 1 The pillar 3 disclosure report is presented in Singapore dollars.
- 2 Certain figures in this report may not add up to the respective totals due to rounding.
- 3 Amounts less than \$500,000 in absolute term are shown as "0".

## 1 INTRODUCTION

UOB Group's Pillar 3 Disclosure Report ("The Report") is prepared in accordance with the Monetary Authority of Singapore ("MAS") Notice to Banks No. 637 "Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore".

The Report is governed by the Group Pillar 3 Disclosure Policy which specifies the Group's Pillar 3 disclosure requirements, frequency of disclosure, medium of disclosure, and the roles and responsibilities of various parties involved in the disclosure reporting. The Policy is reviewed at least annually and approved by the Board.

The Report facilitates an assessment of the Group's capital adequacy and provides an overview of the Group's risk profile.

## 2 KEY METRICS

The table below provides an overview of the Group's key prudential metrics related to regulatory capital, leverage ratio and liquidity standards.

\$m		31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018
	<b>Available capital (amounts)<sup>1</sup></b>					
1	CET1 capital	32,013	30,750	29,902	29,921	30,206
2	Tier 1 capital	34,142	32,879	32,030	32,897	33,182
3	Total capital	38,914	37,542	36,895	37,803	37,986
	<b>Risk weighted assets (amounts)<sup>1</sup></b>					
4	Total RWA	229,515	220,568	212,502	205,704	202,286
	<b>Risk-based capital ratios as a percentage of RWA</b>					
5	CET1 ratio (%)	13.9	13.9	14.1	14.5	14.9
6	Tier 1 ratio (%)	14.9	14.9	15.1	16.0	16.4
7	Total capital ratio (%)	17.0	17.0	17.4	18.4	18.8
	<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8	Capital conservation buffer requirement (%)	2.5	1.875	1.875	1.875	1.875
9	Countercyclical buffer requirement (%)	0.3	0.2	0.2	0.2	0.2
10	Bank G-SIB and/or D-SIB additional requirement (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.8	2.1	2.1	2.1	2.0
12	CET1 available after meeting the Reporting Bank's minimum capital requirements (%)	6.9	6.9	7.1	8.0	8.4
	<b>Leverage Ratio<sup>1</sup></b>					
13	Total Leverage Ratio exposure measure	448,511	434,732	430,329	428,845	406,608
14	Leverage Ratio (%) (row 2/ row 13)	7.6	7.6	7.4	7.7	8.2
	<b>Liquidity Coverage Ratio</b>					
15	Total High Quality Liquid Assets	60,256	49,847	45,706	44,722	42,773
16	Total net cash outflow	41,439	39,109	32,385	31,627	33,524
17	Liquidity Coverage Ratio <sup>1</sup> (%)	146	127	142	142	128
	<b>Net Stable Funding Ratio</b>					
18	Total available stable funding	240,458	230,739	230,052	224,709	218,198
19	Total required stable funding	220,953	215,097	209,023	205,090	197,079
20	Net Stable Funding Ratio <sup>1</sup> (%)	109	107	110	110	111

<sup>1</sup> For Capital Adequacy, Leverage, Liquidity Coverage and Net Stable Funding Ratios' commentaries, please refer to the Group Financial Report and Liquidity Coverage Ratio Disclosure available on UOB's website at [www.UOBGroup.com/investor/financial/overview.html](http://www.UOBGroup.com/investor/financial/overview.html)

### 3 LEVERAGE RATIO

The Basel III framework introduced Leverage Ratio as a non-risk-based backstop limit to supplement the risk-based capital requirements. It aims to constrain the build-up of excess leverage in the banking sector, with additional safeguards against model risk and measurement errors. Leverage ratio is expressed as Tier 1 Capital against Exposure Measure, which comprises on- and off-balance sheet items. Other than the difference in scope for consolidation and aggregation under SFRS and MAS Notice 637, there are no material differences between total balance sheet assets (net of on-balance sheet derivative and SFT assets) as reported in the financial statements and Exposure Measure of on-balance sheet items.

The following disclosure is presented in prescribed templates under MAS Notice 637 Annex 11F and 11G.

#### Reconciliation of Balance Sheet Assets to Exposure Measure

\$m		31 Mar 2019
1	Total consolidated assets as per published financial statements	400,467
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(600)
3	Adjustment for fiduciary assets recognised on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of the exposure measure	-
4	Adjustment for derivative transactions	5,967
5	Adjustment for SFTs	390
6	Adjustment for off-balance sheet items	46,850
7	Other adjustments	(4,563)
<b>8</b>	<b>Exposure measure</b>	<b>448,511</b>

### 3 LEVERAGE RATIO (cont'd)

#### Exposure Measure Components

\$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)	377,465	364,662
2	Asset amounts deducted in determining Tier 1 capital	(4,563)	(4,489)
3	<b>Total exposure measures of on-balance sheet items</b> (excluding derivative transactions and SFTs)	<b>372,902</b>	<b>360,173</b>
<b>Derivative exposure measures</b>			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	4,221	4,499
5	Potential future exposure associated with all derivative transactions	6,459	5,408
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	233	234
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>10,913</b>	<b>10,141</b>
<b>SFT exposure measures</b>			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	17,456	17,175
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	390	373
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	<b>Total SFT exposure measures</b>	<b>17,846</b>	<b>17,549</b>
<b>Exposure measures of off-balance sheet items</b>			
17	Off-balance sheet items at notional amount	206,763	212,479
18	Adjustments for calculation of exposure measures of off-balance sheet items	(159,913)	(165,610)
19	<b>Total exposure measures of off-balance sheet items</b>	<b>46,850</b>	<b>46,870</b>
<b>Capital and Total exposures</b>			
20	<b>Tier 1 capital</b>	<b>34,142</b>	<b>32,879</b>
21	<b>Total exposures</b>	<b>448,511</b>	<b>434,732</b>
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>7.6%</b>	<b>7.6%</b>

As at 31 March 2019, the Group's leverage ratio was 7.6%, unchanged quarter-on-quarter.

#### 4 OVERVIEW OF RWA

The table below lists the Group's RWA by risk type and approach, as prescribed under MAS Notice 637. The minimum capital requirement is stated at 10.0% of RWA.

The Group's RWA comprises credit RWA (88.8%), operational RWA (6.5%) and market RWA (4.7%). Total RWA at 31 March 2019 was \$229.5 billion, or \$8.9 billion higher quarter-on-quarter mainly due to corporate loans growth.

\$m		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 31 Mar 2019	As at 31 Dec 2018	As at 31 Mar 2019
1	<b>Credit risk (excluding CCR)</b>	<b>190,139</b>	<b>182,300</b>	<b>19,014</b>
2	<i>of which Standardised Approach</i>	23,337	22,846	2,334
3	<i>of which F-IRBA</i>	144,483	137,532	14,448
4	<i>of which supervisory slotting approach</i>	4,529	4,234	453
5	<i>of which A-IRBA</i>	17,790	17,688	1,779
6	<b>CCR</b>	<b>3,268</b>	<b>3,172</b>	<b>327</b>
7	<i>of which Current Exposure Method</i>	2,267	1,919	227
8	<i>of which CCR internal models method</i>	-	-	-
9	<i>of which other CCR</i>	575	980	58
9a	<i>of which CCP</i>	426	272	43
10	<b>CVA</b>	<b>1,644</b>	<b>1,288</b>	<b>164</b>
11	<b>Equity exposures under the simple risk weight method</b>	-	-	-
11a	<b>Equity exposures under the IMM</b>	-	-	-
12	<b>Equity investments in funds – look through approach</b>	<b>119</b>	<b>122</b>	<b>12</b>
13	<b>Equity investments in funds – mandate-based approach</b>	<b>2,587</b>	<b>2,558</b>	<b>259</b>
14	<b>Equity investments in funds – fall back approach</b>	<b>0</b>	<b>0</b>	<b>0</b>
14a	<b>Equity investment in funds – partial use of an approach</b>	-	-	-
15	<b>Unsettled transactions</b>	-	-	-
16	<b>Securitisation exposures in the banking book</b>	<b>265</b>	<b>235</b>	<b>27</b>
17	<i>of which SEC-IRBA</i>	-	-	-
18	<i>of which SEC-ERBA, including IAA</i>	146	116	15
19	<i>of which SEC-SA</i>	26	26	3
20	<b>Market risk</b>	<b>10,808</b>	<b>10,344</b>	<b>1,081</b>
21	<i>of which SA(MR)</i>	10,808	10,344	1,081
22	<i>of which IMA</i>	-	-	-
23	<b>Operational risk</b>	<b>14,981</b>	<b>14,882</b>	<b>1,498</b>
24	<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>	<b>5,704</b>	<b>5,667</b>	<b>570</b>
25	<b>Floor adjustment</b>	-	-	-
26	<b>Total</b>	<b>229,515</b>	<b>220,568</b>	<b>22,952</b>

## 5 IRBA – RWA FLOW STATEMENT FOR CREDIT RISK EXPOSURES

The following table presents changes in RWA corresponding to credit risk only (excluding CCR) over the quarterly reporting period for each of the key drivers.

The Group's RWA increased by \$7.3 billion quarter-on-quarter, mainly driven by corporate loans growth.

		(a)
		RWA amounts
\$m		
1	<b>RWA as at end of previous quarter</b>	<b>159,454</b>
2	Asset size	6,418
3	Asset quality	935
4	Model updates	1
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	(8)
8	Other	-
9	<b>RWA as at end of quarter</b>	<b>166,801</b>

## 6 SUMMARY OF DISCLOSURE EXCLUDED

<u>Disclosures Description</u>	<u>Rationale</u>
RWA flow statements under CCR IMM	UOB not using CCR IMM
RWA flow statements of market risk exposures under IMA	UOB not using IMA for market risk



## 7 ABBREVIATIONS

The following abbreviated terms are used throughout this document.

<b>A</b>		<b>G</b>	
A-IRBA	Advanced Internal Ratings-Based Approach	G-SIB	Global Systemically Important Bank
ALCO	Asset and Liability Committee	<b>H</b>	
AMA	Advanced Measurement Approach	HVCRE	High-Volatility Commercial Real Estate
AT1 capital	Additional Tier 1 capital	<b>I</b>	
<b>B</b>		IAA	Internal Assessment Approach
BIA	Basic Indicator Approach	IAM	Internal Assessment Method
<b>C</b>		IMA	Internal Models Approach
CAR	Capital Adequacy Ratio	IMM	Internal Models Method
CCF	Credit Conversion Factor	IPRE	Income-Producing Real Estate
CCP	Central Counterparty	IRBA	Internal Ratings-Based Approach
CCR	Counterparty Credit Risk	IRBA (EQ)	Internal Ratings-Based Approach for Equity Exposures
CCyB	Countercyclical Buffer	<b>L</b>	
CET1	Common Equity Tier 1	LGD	Loss Given Default
CF	Commodities Finance	<b>M</b>	
CR	Credit Risk	MDB	Multilateral Development Bank
CRE	Commercial Real Estate	MR	Market Risk
CRM	Credit Risk Mitigation	<b>N</b>	
CVA	Credit Valuation Adjustment	NBFI	Non Bank Financial Institutions
<b>E</b>		NCI	Non-Controlling Interests
EAD	Exposure at Default	<b>O</b>	
EL	Expected Loss	OF	Object Finance
EPE	Expected Positive Exposure	OR	Operational Risk
EQ	Equity Exposures	<b>P</b>	
EVE	Economic Value of Equity	PD	Probability of Default
<b>F</b>		PE/VC	Private Equity/Venture Capital
FC(SA)	Financial Collateral Simple Approach	PF	Project Finance
FC(CA)	Financial Collateral Comprehensive Approach	PSE	Public Sector Entity
F-IRBA	Foundation Internal Ratings-Based Approach		

**Q**

QRRE	Qualifying Revolving Retail Exposures
------	---------------------------------------

**R**

RBM	Ratings-Based Method
-----	----------------------

RW	Risk Weight
----	-------------

RWA	Risk-Weighted Assets
-----	----------------------

**S**

SA	Standardised Approach
----	-----------------------

SA(CR)	Standardised Approach to Credit Risk
--------	--------------------------------------

SA(EQ)	Standardised Approach for Equity Exposures
--------	--

SA(SE)	Standardised Approach for Securitisation Exposures
--------	--

SA(MR)	Standardised Approach to Market Risk
--------	--------------------------------------

SA(OR)	Standardised Approach to Operational Risk
--------	---

SE	Securitisation Exposures
----	--------------------------

SEC-IRBA	Securitisation Internal Ratings-Based Approach
----------	--

SEC-ERBA	Securitisation External Ratings-Based Approach
----------	--

SEC-SA	Securitisation Standardised Approach
--------	--------------------------------------

SF	Supervisory Formula
----	---------------------

SFRS	Singapore Financial Reporting Standards
------	---

SFTs	Securities Financing Transactions
------	-----------------------------------

SME	Small-and Medium-sized Enterprises
-----	------------------------------------

**T**

T1 capital	Tier 1 capital
------------	----------------

T2 capital	Tier 2 capital
------------	----------------

TEP	Total Eligible Provisions
-----	---------------------------

**V**

VaR	Value at Risk
-----	---------------