

Pillar 3 Disclosure Report

30 September 2023

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 Template	6
4	Overview of RWA.....	7
5	Credit Risk.....	8
5.1	IRBA - RWA Flow Statement for Credit Risk Exposures.....	8
6	Counterparty Credit Risk (CCR).....	8
6.1	RWA flow statements under CCR internal models method.....	8
7	Market Risk.....	8
7.1	RWA Flow Statements of Market Risk Exposures under IMA.....	8
8	Liquidity Coverage Ratio Disclosures.....	9
8.1	Liquidity Coverage Ratio.....	9
8.2	Average Group All Currency LCR.....	10
8.3	Average Group SGD Currency LCR.....	11
9	Abbreviations.....	12

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 "#".

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.

Pillar 3 Disclosure Report

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.

Components as at 30 September 2023

\$m	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	
Available capital (amounts)¹						
1	CET1 capital	35,345	35,842	36,101	34,405	33,988
2	Tier 1 capital	38,974	39,472	39,731	37,185	36,768
3	Total capital	45,005	45,643	45,818	43,364	43,129
Risk weighted assets (amounts)¹						
4	Total RWA	271,558	263,399	258,138	259,098	265,961
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	13.0	13.6	14.0	13.3	12.8
6	Tier 1 ratio (%)	14.4	15.0	15.4	14.4	13.8
7	Total capital ratio (%)	16.6	17.3	17.7	16.7	16.2
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement (%)	0.2	0.1	0.1	0.1	0.1
10	G-SIB and/or D-SIB additional requirement (%) ²	-	-	-	-	-
11	Total of CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.7	2.6	2.6	2.6	2.6
12	CET1 available after meeting the Reporting Bank's minimum capital requirements (%)	6.4	7.0	7.4	6.4	5.8
Leverage Ratio³						
13	Total Leverage Ratio exposure measure	576,838	563,133	564,331	563,583	573,637
14	Leverage Ratio (%) (row 2/ row 13)	6.8	7.0	7.0	6.6	6.4
Liquidity Coverage Ratio						
15	Total High Quality Liquid Assets	106,133	106,110	99,494	94,681	91,324
16	Total net cash outflow	69,231	63,661	64,872	64,713	64,549
17	Liquidity Coverage Ratio (%)	153	167	154	147	142
Net Stable Funding Ratio						
18	Total available stable funding	324,126	320,131	319,742	310,095	304,477
19	Total required stable funding	268,515	265,384	263,679	266,941	267,959
20	Net Stable Funding Ratio (%)	121	121	121	116	114

¹ The Group's CET1, Tier 1 and Total CAR as at 30 September 2023 remained well above the regulatory minimum requirements. Compared with last quarter, total capital decreased mainly attributed to interim dividend payment and lower reserves arising from market volatilities, while RWA grew from asset growth and changes in asset quality. Total capital higher year on year largely contributed by earnings and perpetual capital securities issue. RWA increased year on year mainly from asset growth and changes in asset quality.

² Even though the Group is not a G-SIB, it is required under MAS Notice 637 to disclose the G-SIB indicators.

Please refer to www.UOBgroup.com/investor-relations/financial/index.html for the Group's G-SIB indicator disclosure.

³ As at 30 September 2023, the Group's leverage ratio was 6.8%, comfortably above the regulatory minimum requirement of 3%.

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.

3.1 Leverage Ratio Summary Comparison Table

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

Reconciliation of Balance Sheet Assets to Exposure Measure⁴

\$m		30 Sep 2023
1	Total consolidated assets as per published financial statements	515,887
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(530)
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	4,287
5	Adjustment for SFTs	595
6	Adjustment for off-balance sheet items	62,311
7	Other adjustments	(5,712)
8	Exposure measure	576,838

⁴ Computed using quarter-end balances

3.2 Leverage Ratio Common Disclosure Template

Exposure Measure Components⁴

\$m		30 Sep 2023	30 Jun 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)	490,663	482,619
2	Asset amounts deducted in determining Tier 1 capital	(5,712)	(5,649)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	484,951	476,970
Derivative exposure measures			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	10,832	11,796
5	Potential future exposure associated with all derivative transactions	7,267	6,930
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	81	126
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	Total derivative exposure measures	18,180	18,852
SFT exposure measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	10,801	8,016
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	595	606
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	Total SFT exposure measures	11,396	8,622
Exposure measures of off-balance sheet items			
17	Off-balance sheet items at notional amount	288,715	275,167
18	Adjustments for calculation of exposure measures of off-balance sheet items	(226,404)	(216,478)
19	Total exposure measures of off-balance sheet items	62,311	58,689
Capital and Total exposures			
20	Tier 1 capital	38,974	39,472
21	Total exposures	576,838	563,133
Leverage ratio			
22	Leverage ratio	6.8%	7.0%

⁴ Computed using quarter-end balances

The Group's leverage ratio decreased 0.2% point quarter-on-quarter to 6.8% as at 30 September 2023, mainly driven by lower Tier 1 capital and higher asset base.

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.

Total RWA was \$8.2 billion higher quarter-on-quarter mainly due to asset growth and changes in asset quality.

\$m		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 Sept 2023	As at 30 Jun 2023	As at 30 Sept 2023
1	Credit risk (excluding CCR)	226,855	219,688	22,685
2	<i>of which: Standardised Approach</i>	36,046	36,220	3,605
3	<i>of which: F-IRBA</i>	168,194	160,986	16,819
4	<i>of which: supervisory slotting</i>	5,325	5,395	532
5	<i>of which: A-IRBA</i>	17,290	17,087	1,729
6	CCR	5,371	5,212	537
7	<i>of which: SA-CCR</i>	4,181	4,131	418
8	<i>of which: CCR internal models method</i>	-	-	-
9	<i>of which: other CCR</i>	573	403	57
9a	<i>of which: CCP</i>	617	678	62
10	CVA	2,220	2,312	222
11	Equity exposures under the simple risk weight method	-	-	-
11a	Equity exposures under the IMM	-	-	-
12	Equity investments in funds - look through approach	7	8	1
13	Equity investments in funds - mandate-based approach	2,956	3,051	296
14	Equity investments in funds - fall back approach	#	#	#
14a	Equity investment in funds - partial use of an approach	-	-	-
15	Unsettled transactions	-	-	-
16	Securitisation exposures in the banking book	459	453	46
17	<i>of which: SEC-IRBA</i>	-	-	-
18	<i>of which: SEC-ERBA, including IAA</i>	302	302	30
19	<i>of which: SEC-SA</i>	157	151	16
20	Market risk	9,823	9,524	982
21	<i>of which: SA(MR)</i>	9,823	9,524	982
22	<i>of which: IMA</i>	-	-	-
23	Operational risk	20,069	19,461	2,007
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	3,798	3,690	380
25	Floor adjustment	-	-	-
26	Total	271,558	263,399	27,156

5 Credit Risk

5.1 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.

Compared to June 2023, the increase in Group's RWA was mainly due to asset growth and changes in asset quality.

As at 30 September 2023

		(a)
		RWA amounts
\$m		
1	RWA as at end of previous quarter	183,468
2	Asset size	4,475
3	Asset quality	3,312
4	Model updates	2
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	(448)
8	Other	-
9	RWA as at end of quarter	190,809

6 Counterparty Credit Risk (CCR)

6.1 RWA flow statements under CCR internal models method

UOB does not use CCR Internal Models Method.

7 Market Risk

7.1 RWA Flow Statements of Market Risk Exposures under IMA

This disclosure is not applicable as the Group has not adopted IMA for market risk regulatory capital requirements.

8 Liquidity Coverage Ratio Disclosures

8.1 Liquidity Coverage Ratio

The Liquidity Coverage Ratio ("LCR") ensures that a bank has sufficient unencumbered high quality liquid assets ("HQLA") to survive a significant stress scenario for the next 30 days. The Group's LCR disclosure is as per MAS Notice 651 "Liquidity Coverage Ratio Disclosure".

Quarterly average All Currency LCR and Singapore Dollar LCR of 153% and 398% respectively were comfortably above the regulatory requirements of 100%. Compared to 2Q2023, decrease in All Currency LCR was mainly due to increase in wholesale funding and decrease in inflows from fully performing exposures within 30days. Increase in SGD Currency LCR was mainly due to increase in other cash inflows partially offset by increase in wholesale funding and decrease in HQLA. The main drivers of LCR are the net cumulative outflow driven mainly by deposit profile and the portfolio of high-quality liquid assets which would cause some volatility on a day-to-day basis.

The Group's HQLA composition comprised largely Level 1 HQLA which include balances with central bank and sovereign bonds etc and the remaining in Level 2A and 2B HQLA. Deposit strategies are regularly discussed in Group ALCO with monitoring of deposit concentration and currency mismatch etc. The Group's exposures to derivatives and potential collateral calls were incorporated into the LCR outflows.

Daily liquidity management is centrally managed under Global Markets-Portfolio & Liquidity Management with regular discussion with Central Treasury and relevant Business Units. Liquidity limits and triggers were established to limit the Group's liquidity exposure. Balance Sheet Risk Management oversees the liquidity risk management in the Group. Contingency funding plans are in place to identify potential liquidity crisis using a series of early warning indicators as well as crisis escalation process and related funding strategies.

Please refer to:

- UOB Annual Report 2022, Risk Management section - Liquidity Risk for governance of liquidity risk management, funding strategy and liquidity risk mitigation techniques.
- UOB Annual Report 2022, Note 45 Financial Risk Management section for Balance sheet and off-balance sheet items broken down into maturity buckets and resultant liquidity gaps.

8.2 Average Group All Currency LCR

For the quarter ended 30 September 2023

92 calendar days' data points were used in calculating the average figures.

\$m		Total Unweighted Value Average	Total Weighted Value Average
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		106,133
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	169,090	14,389
3	Stable deposits	45,745	2,287
4	Less stable deposits	123,346	12,102
5	Unsecured wholesale funding, of which:	140,269	69,919
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	35,277	8,544
7	Non-operational deposits (all counterparties)	99,205	55,589
8	Unsecured debt	5,786	5,786
9	Secured wholesale funding		1,601
10	Additional requirements, of which:	49,754	16,604
11	Outflows related to derivative exposures and other collateral requirements	10,942	10,382
12	Outflows related to loss of funding on debt products	231	231
13	Credit and liquidity facilities	38,580	5,991
14	Other contractual funding obligations	4,537	4,537
15	Other contingent funding obligations	12,889	849
16	TOTAL CASH OUTFLOWS		107,899
CASH INFLOWS			
17	Secured lending (eg reverse repos)	6,090	2,200
18	Inflows from fully performing exposures	43,080	26,711
19	Other cash inflows	10,326	9,757
20	TOTAL CASH INFLOWS	59,496	38,668
			Total Adjusted Value
21	TOTAL HQLA		106,133
22	TOTAL NET CASH OUTFLOWS		69,231
23	LIQUIDITY COVERAGE RATIO (%)		153

8.3 Average Group SGD Currency LCR

For the quarter ended 30 September 2023

92 calendar days' data points were used in calculating the average figures.

\$m		Total Unweighted Value Average	Total Weighted Value Average
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		63,273
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	125,661	10,438
3	Stable deposits	42,558	2,128
4	Less stable deposits	83,103	8,310
5	Unsecured wholesale funding, of which:	39,249	15,768
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	12,775	3,031
7	Non-operational deposits (all counterparties)	26,232	12,495
8	Unsecured debt	242	242
9	Secured wholesale funding		0
10	Additional requirements, of which:	21,788	9,864
11	Outflows related to derivative exposures and other collateral requirements	8,831	8,400
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	12,957	1,464
14	Other contractual funding obligations	1,389	1,389
15	Other contingent funding obligations	124	94
16	TOTAL CASH OUTFLOWS		37,552
CASH INFLOWS			
17	Secured lending (eg reverse repos)	439	10
18	Inflows from fully performing exposures	10,994	6,010
19	Other cash inflows	15,636	15,417
20	TOTAL CASH INFLOWS	27,070	21,437
			Total Adjusted Value
21	TOTAL HQLA		63,273
22	TOTAL NET CASH OUTFLOWS		16,115
23	LIQUIDITY COVERAGE RATIO (%)		398

9 Abbreviations

The following abbreviated terms are used throughout this document.

A		R	
A-IRBA	Advanced Internal Ratings-Based Approach	RWA	Risk-Weighted Assets
ALCO	Asset and Liability Committee	S	
C		SA(MR)	Standardised Approach to Market Risk
CAR	Capital Adequacy Ratio	SEC-IRBA	Securitisation Internal Ratings-Based Approach
CCP	Central Counterparty	SEC-ERBA	Securitisation External Ratings-Based Approach
CCR	Counterparty Credit Risk	SEC-SA	Securitisation Standardised Approach
CET1	Common Equity Tier 1	SFRS	Singapore Financial Reporting Standards
CVA	Credit Valuation Adjustment	SFTs	Securities Financing Transactions
D			
D-SIB	Domestic Systemically Important Bank		
F			
F-IRBA	Foundation Internal Ratings-Based Approach		
G			
G-SIB	Global Systemically Important Bank		
I			
IAA	Internal Assessment Approach		
IMA	Internal Models Approach		
IMM	Internal Models Method		
IRBA	Internal Ratings-Based Approach		