

Pillar 3 Disclosure Report

31 March 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 31 March 2023

\$m	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	
Available capital (amounts)¹						
1	CET1 capital	36,101	34,405	33,988	34,460	35,080
2	Tier 1 capital	39,731	37,185	36,768	36,840	37,460
3	Total capital	45,818	43,364	43,129	42,964	42,232
Risk weighted assets (amounts)¹						
4	Total RWA	258,138	259,098	265,961	262,695	267,550
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	14.0	13.3	12.8	13.1	13.1
6	Tier 1 ratio (%)	15.4	14.4	13.8	14.0	14.0
7	Total capital ratio (%)	17.7	16.7	16.2	16.4	15.8
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 (%)	0.1	0.1	0.1	0.1	0.1
10	G-SIB and/or D-SIB additional requirement (%)	-	-	-	-	-
11	Total of CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.6	2.6	2.6	2.6	2.6
12	CET1 available after meeting the Reporting Bank's minimum capital requirements (%)	7.4	6.4	5.8	6.0	5.8
Leverage Ratio²						
13	Total Leverage Ratio exposure measure	564,331	563,583	573,637	558,189	539,273
14	Leverage Ratio (%) (row 2 / row 13)	7.0	6.6	6.4	6.6	6.9
Liquidity Coverage Ratio						
15	Total High Quality Liquid Assets	99,494	94,681	91,324	88,024	78,967
16	Total net cash outflow	64,872	64,713	64,549	62,688	61,097
17	Liquidity Coverage Ratio (%)	154	147	142	141	129
Net Stable Funding Ratio						
18	Total available stable funding	319,742	310,095	304,477	293,662	294,532
19	Total required stable funding	263,679	266,941	267,959	265,477	261,223
20	Net Stable Funding Ratio (%)	121	116	114	111	113

¹ The Group's CET1, Tier 1 and Total CAR as at 31 March 2023 remained well above the regulatory minimum requirements. Compared with last quarter, total capital increased mainly from earnings accretion, perpetual securities and higher fair value reserves. The higher total capital compared against the same quarter last year was largely contributed by earnings and issuance of capital instruments, partially offset by lower reserves and regulatory deductions. RWA declined quarter on quarter and year on year mainly due to lower asset base.

² As at 31 March 2023, the Group's leverage ratio was 7.0%, 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 Measure³

\$m		31 Mar 2023
1	Total consolidated assets as per published financial statements	501,909
2	Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation	(567)
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	5,716
5	Adjustment for SFTs	552
6	Adjustment for off-balance sheet items	62,342
7	Other adjustments	(5,621)
8	Exposure measure	564,331

³ Computed using quarter-end balances

3.2 Leverage Ratio Common Disclosure Template

Exposure Measure Components³

Exposure Measure Components ³		31 Mar 2023	31 Dec 2022
(\$m)			
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)	478,281	478,139
2	Asset amounts deducted in determining Tier 1 capital	(5,621)	(5,587)
3	Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)	472,660	472,552
Derivative exposure measures			
4	Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins)	10,207	11,223
5	Potential future exposure associated with all derivative transactions	7,451	6,935
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	79	80
10	Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives	-	-
11	Total derivative exposure measures	17,737	18,238
SFT exposure measures			
12	Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting	11,040	11,826
13	Eligible netting of cash payables and cash receivables	-	-
14	SFT counterparty exposures	552	879
15	SFT exposure measures where a Reporting Bank acts as an agent in the SFTs	-	-
16	Total SFT exposure measures	11,592	12,705
Exposure measures of off-balance sheet items			
17	Off-balance sheet items at notional amount	277,928	272,150
18	Adjustments for calculation of exposure measures of off-balance sheet items	(215,586)	(212,062)
19	Total exposure measures of off-balance sheet items	62,342	60,088
Capital and Total exposures			
20	Tier 1 capital	39,731	37,185
21	Total exposures	564,331	563,583
Leverage ratio			
22	Leverage ratio	7.0%	6.6%

³ Computed using quarter-end balances

The Group's leverage ratio increased 0.4% point quarter-on-quarter to 7.0% as at 31 March 2023 mainly driven by higher Tier 1 capital.

Pillar 3 Disclosure Report

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 \$1.0 billion lower quarter-on-quarter mainly due to lower asset base offset by increased in market risk from FX positions.

\$m		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 31 Mar 2023	As at 31 Dec 2022	As at 31 Mar 2023
1	Credit risk (excluding CCR)	215,010	216,891	21,501
2	<i>of which: Standardised Approach</i>	36,595	36,749	3,660
3	<i>of which: F-IRBA</i>	156,106	157,479	15,611
4	<i>of which: supervisory slotting approach</i>	5,114	5,384	511
5	<i>of which: A-IRBA</i>	17,195	17,279	1,719
6	CCR	5,500	5,942	550
7	<i>of which: SA-CCR</i>	4,085	4,424	408
8	<i>of which: CCR internal models method</i>	-	-	-
9	<i>of which: other CCR</i>	709	813	71
9a	<i>of which: CCP</i>	706	705	71
10	CVA	2,473	2,306	247
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	3,015	3,464	301
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	431	393	43
17	<i>of which: SEC-IRBA</i>	-	-	-
18	<i>of which: SEC-ERBA, including IAA</i>	287	297	29
19	<i>of which: SEC-SA</i>	144	96	14
20	Market risk	8,866	7,824	887
21	<i>of which: SA(MR)</i>	8,866	7,824	887
22	<i>of which: IMA</i>	-	-	-
23	Operational risk	18,895	18,229	1,890
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	3,941	4,041	394
25	Floor adjustment	-	-	-
26	Total	258,138	259,098	25,814

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 December 2022, the decrease in Group's RWA was mainly due to weakening of USD against SGD and improvement in asset quality of corporate exposures.

As at 31 March 2023

		(a)
		RWA amounts
\$m		
1	RWA as at end of previous quarter	180,142
2	Asset size	284
3	Asset quality	(960)
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	(1,051)
8	Other	-
9	RWA as at end of quarter	178,415

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 154% and 280% respectively were comfortably above the regulatory requirements of 100%. Compared to 4Q2022, increases in All Currency LCR and SGD Currency LCR were mainly due to higher HQLA. The main drivers of LCR were the net cumulative outflow driven mainly by the deposit profile, and the portfolio of high-quality liquid asset which would cause some volatility on a day-to-day basis.

The Group’s HQLA composition comprised largely Level 1 HQLA which includes balances with central bank and sovereign bonds and the remaining in Level 2A and 2B HQLA. Deposit strategies are regularly discussed in Group ALCO with monitoring on 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.

Pillar 3 Disclosure Report

8.2 Average Group All Currency LCR

For the quarter ended 31 March 2023

90 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)		99,494
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	161,276	13,808
3	Stable deposits	41,821	2,091
4	Less stable deposits	119,455	11,717
5	Unsecured wholesale funding, of which:	138,960	69,625
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	36,432	8,802
7	Non-operational deposits (all counterparties)	95,374	53,668
8	Unsecured debt	7,155	7,155
9	Secured wholesale funding		617
10	Additional requirements, of which:	51,788	15,685
11	Outflows related to derivative exposures and other collateral requirements	9,945	9,258
12	Outflows related to loss of funding on debt products	191	191
13	Credit and liquidity facilities	41,651	6,236
14	Other contractual funding obligations	5,209	5,209
15	Other contingent funding obligations	12,237	841
16	TOTAL CASH OUTFLOWS		105,785
CASH INFLOWS			
17	Secured lending (eg reverse repos)	7,794	2,501
18	Inflows from fully performing exposures	45,088	28,063
19	Other cash inflows	10,829	10,349
20	TOTAL CASH INFLOWS	63,710	40,913
			Total Adjusted Value
21	TOTAL HQLA		99,494
22	TOTAL NET CASH OUTFLOWS		64,872
23	LIQUIDITY COVERAGE RATIO (%)		154

Pillar 3 Disclosure Report

8.3 Average Group SGD Currency LCR

For the quarter ended 31 March 2023

90 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)		56,131
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	115,662	9,617
3	Stable deposits	38,978	1,949
4	Less stable deposits	76,684	7,668
5	Unsecured wholesale funding, of which:	33,229	13,468
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	13,014	3,061
7	Non-operational deposits (all counterparties)	20,181	10,372
8	Unsecured debt	34	34
9	Secured wholesale funding		-
10	Additional requirements, of which:	25,873	12,473
11	Outflows related to derivative exposures and other collateral requirements	11,379	10,929
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	14,494	1,545
14	Other contractual funding obligations	1,567	1,567
15	Other contingent funding obligations	121	90
16	TOTAL CASH OUTFLOWS		37,215
CASH INFLOWS			
17	Secured lending (eg reverse repos)	520	-
18	Inflows from fully performing exposures	11,580	6,136
19	Other cash inflows	11,012	10,760
20	TOTAL CASH INFLOWS	23,113	16,896
			Total Adjusted Value
21	TOTAL HQLA		56,131
22	TOTAL NET CASH OUTFLOWS		20,319
23	LIQUIDITY COVERAGE RATIO (%)		280

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		