

Company No. 295400-W



OCBC Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Basel II Pillar 3 Market Disclosure 30 June 2023

The disclosure in this section refers to OCBC Bank (M) Berhad Group position. OCBC Bank (M) Berhad Group consists of OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad which are members of the Overseas-Chinese Banking Corporation Group in Singapore.

Basel II Pillar 3 Market Disclosure

(OCBC Bank (M) Berhad Group – Position as at 30 June 2023)

The purpose of this disclosure is to provide the information in accordance with BNM Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Bank (CAFIB - Basel II) – Disclosure Requirements (Pillar 3) Guidelines.

Exposures and Risk Weighted Assets (RWA) by Portfolio

	EAD ¹ RM million	RWA RM million
Credit Risk		
Standardised Approach		
Corporate	358	307
Sovereign & Central Bank	16,820	227
Public Sector Entities	1,550	430
Retail	94	85
Equity	113	113
Securitisation	-	-
Others	523	395
Total Standardised	19,458	1,557
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	42,372	37,034
Bank	7,960	838
Advanced IRB		
Residential Mortgage	22,213	2,811
Qualifying Revolving Retail	1,741	416
Other Retail - Small Business	8,114	2,488
Specialised Lending under Supervisory Slotting Criteria	183	223
Total IRB	82,583	43,810
Total Credit Risk	102,041	45,367
Market Risk		
Standardised Approach		1,239
Total Market Risk		1,239
Operational Risk		
Standardised Approach ²		5,688
Total Operational Risk		5,688
Total RWA		52,294

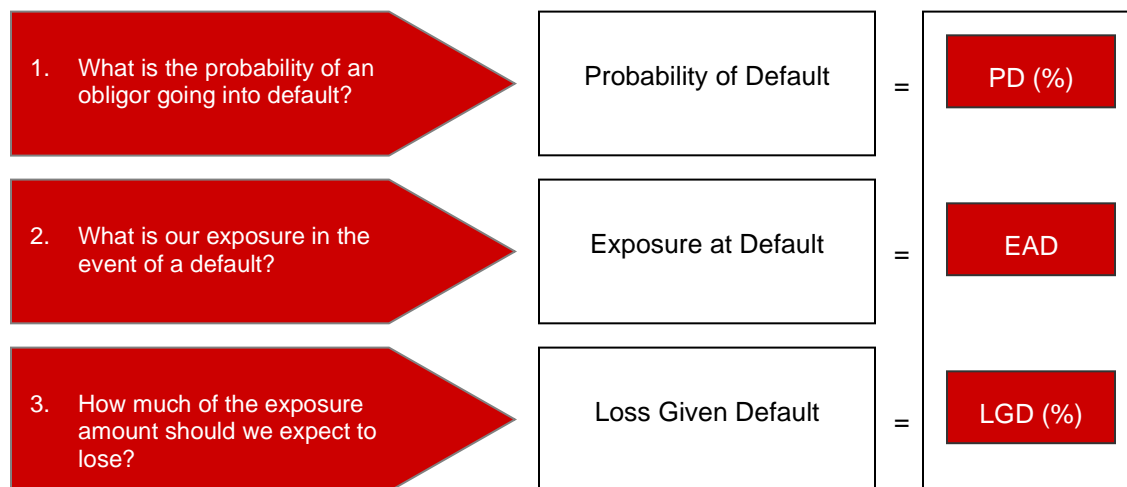
Note:

¹ EAD refers to exposure at default after credit risk mitigation

² OCBC Bank (M) Berhad Group and OCBC Bank (M) Berhad have adopted the Standardised Approach, while OCBC Al-Amin Bank Berhad is on the Basic Indicator Approach.

CREDIT RISK

With Basel II implementation, OCBC Bank (M) Berhad Group has adopted the Internal Ratings-Based (IRB) Approach for major credit portfolios, where 3 key parameters – Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) are used to quantify credit risk.



Credit Exposures under Standardised Approach

Credit exposures under standardised approach are mainly exposures to sovereign and central bank. Rated exposures relate mainly to sovereign and central bank while unrated exposures relate mainly to Islamic personal financing and other assets.

Risk Weight	EAD RM million
0%	17,614
20% - 35%	29
50% - 90%	544
100%	1,157
>100%	1
Total	19,345

Rated exposures	18,175
Unrated exposures	1,171

Note: Excludes Equity

Equity Exposures under Standardised Approach

Equity exposures for regulatory capital computation are risk weighted in accordance with BNM Risk-Weighted Capital Adequacy Framework (Basel II – Risk-Weighted Assets Computation) under the standardised approach.

Equity Exposures under Standardised Approach

Risk Weight	EAD RM million
100%	113
Total	113

Securitisation Exposures

There was no securitisation and re-securitisation exposure in the banking and trading books as at 30 June 2023.

Specialised Lending Exposures under Supervisory Slotting Criteria

Specialised lending exposures include project and object financing.

	EAD RM million	Average Risk Weight
Strong	-	-
Good	-	-
Satisfactory	183	122%
Weak	-	-
Default	-	NA
Total	183	122%

Credit Exposures under Foundation Internal Ratings-Based Approach (F-IRBA)

Corporate exposures are mainly exposures to corporate and institutional customers, major non-bank financial institutions as well as financing of income-producing real estate. Bank exposures are mainly exposures to commercial banks.

Corporate Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	209	10%
> 0.05 to 0.5%	14,126	52%
> 0.5 to 2.5%	18,399	95%
> 2.5 to 9%	6,587	130%
> 9%	1,649	212%
Default	1,402	NA
Total	42,372	87%

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	6,648	8%
> 0.05 to 0.5%	1,267	20%
> 0.5 to 2.5%	45	56%
> 2.5 to 9%	-	-
> 9%	#	182%
Default	#	NA
Total	7,960	11%

"#" represents amount less than RM0.5 million

Credit Exposures under Advanced Internal Ratings-Based Approach (A-IRBA)

Residential Mortgages are loans to individuals secured by residential properties. Qualifying Revolving Retail exposures are credit card facilities to individuals. Other Retail – Small Business exposures include lending to small businesses and commercial property loans to individuals.

Residential Mortgages

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	12,658	1,480	7%	5%
> 0.5 to 3%	7,100	151	10%	14%
> 3 to 10%	350	2	11%	46%
> 10%	947	8	12%	67%
100%	1,158	22	18%	36%
Total	22,213	1,663	9%	13%

Qualifying Revolving Retail Exposures

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	1,331	2,265	75%	10%
> 0.5 to 3%	281	205	59%	37%
> 3 to 10%	95	26	76%	128%
> 10%	29	9	76%	214%
100%	5	-	75%	1%
Total	1,741	2,505	73%	24%

Other Retail - Small Business Exposures

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	5,391	1,605	26%	13%
> 0.5 to 3%	1,599	64	31%	37%
> 3 to 10%	262	8	32%	52%
> 10%	515	37	36%	77%
100%	347	10	45%	186%
Total	8,114	1,724	29%	31%

Exposures Covered by Credit Risk Mitigation

	Eligible Financial Collateral RM million	Other Eligible Collateral RM million	Amount by which credit exposures have been reduced by eligible credit protection RM million
Standardised Approach			
Corporate	108	-	-
Sovereign & Central Bank	-	-	-
Public Sector Entities	-	-	1,120
Retail	12	-	-
Others	73	-	-
Total	193	-	1,120
Foundation IRB Approach			
Corporate	920	9,559	178
Bank	408	-	-
Total	1,328	9,559	178

Note:

1. Not all forms of collateral or credit risk mitigation are included for regulatory capital calculations.
2. Does not include collateral for exposures under Advanced IRB Approach and Specialised Lending.

Counterparty Credit Risk Exposures

Counterparty Credit Risk Exposures

	RM million
Replacement Cost	1,436
Potential Future Exposure	1,767
Less: Effects of Netting	1,122
EAD under Current Exposure Method	2,081
Analysed by type:	
Foreign Exchange Contracts	1,651
Interest Rate Contracts	399
Equity Contracts	31
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	#
Less: Eligible Financial Collateral	408
Net Derivatives Credit Exposure	1,673

Note: Not all forms of collateral or credit risk mitigation are included for regulatory capital calculations.

"#" represents amount less than RM0.5 million

Credit Derivatives

	Notional Amount RM million	
	Bought	Sold
Credit Derivatives Swap		
for own credit portfolio	-	-
for intermediation activities	945	921
Total	945	921

Note: Credit derivatives for own credit portfolio include trading portfolio and hedges, if any.

MARKET RISK

Exposure, Risk Weighted Assets and Capital Requirement by Market Risk Type under Standardised Approach

	<u>Gross Exposure</u>		Risk Weighted	Min. Capital
	Long Position	Position	Assets	Requirement
	RM million	RM million	RM million	RM million
Interest Rate Risk	141	107	794	63
Foreign Currency Risk	103	401	401	32
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	44	4
Total	244	508	1,239	99

EQUITY EXPOSURES

Equity exposures comprised investments in quoted and unquoted equity instruments.

Disclosures on accounting policy and fair value measurement of equity securities are the same with the audited financial statements for the financial year ended 31 December 2022.

Carrying Value of Equity Exposures

	RM million
Quoted equity exposure - Fair value through profit or loss ("FVTPL")	-
Unquoted equity exposure - Fair value through other comprehensive income ("FVOCI")	113
Quoted equity exposure - Associates	-
Unquoted equity exposure - Associates	-
Total	113

Realised and Unrealised Gains and Losses

	RM million
Gains/(losses) from disposal of equities	-
Unrealised gains/(losses) included in fair value reserve	100
Total	100

Interest Rate Risk in Banking Book

Based on a 100 bps parallel rise in yield curves on the OCBCM's exposure to major currency i.e. Malaysian Ringgit and US Dollar, net interest income is estimated to increase by MYR213.6million, or approximately +23.7% of reported net interest income. The corresponding impact from a 100 bps decrease is an estimated reduction of MYR259.1 million in net interest income, or approximately -28.8% of reported net interest income.