Company No. 295400-W

OCBC Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Basel II Pillar 3 Market Disclosure
30 June 2011

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 2011)

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. This supplements the related information in the Notes to the Financial Statements.

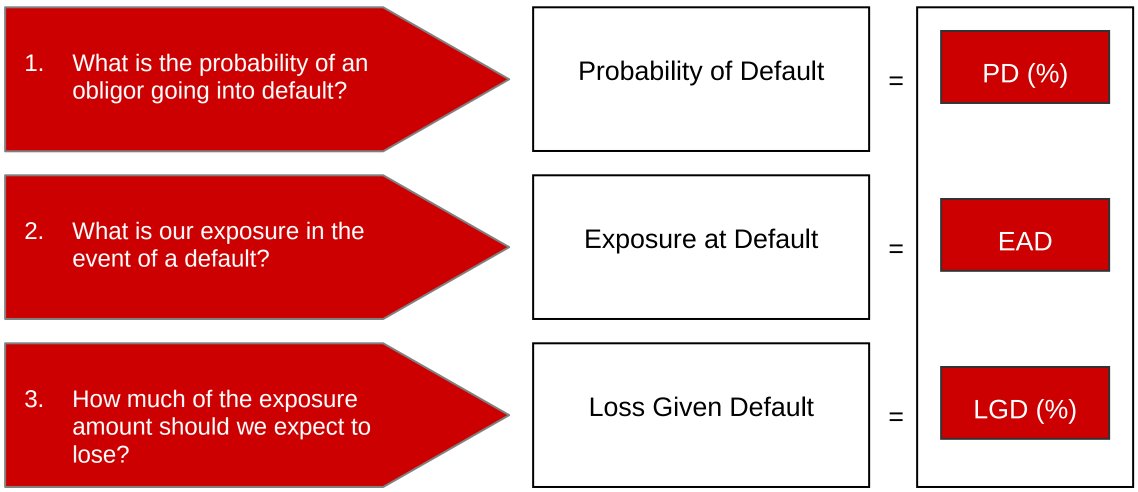
Exposures and Risk Weighted Assets (RWA) by Portfolio

	EAD[1] after CRM[2] RM million	RWA RM million
Credit Risk		
Standardised Approach		
Corporate	61	56
Sovereign and Bank	12,355	24
Retail & Residential Mortgage	6,435	4,918
Equity & PE/VC	100	100
Securitisation	1	#
Others	643	646
Total Standardised	**19,595**	**5,744**
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	17,964	17,010
Bank	12,589	2,120
Advanced IRB		
Residential Mortgage	14,383	1,973
Qualifying Revolving Retail	813	348
Other Retail	-	-
Specialised Lending	2,920	3,514
Total IRB	**48,669**	**24,965**
Amount Absorbed by PSIA (IRB Approach)	145	169
Total Credit Risk After Effects of PSIA[3]	**68,409**	**30,878**
Large Exposure Risk Requirement		203
Market Risk		
Standardised Approach		1,562
Amount Absorbed by PSIA		-
Total Market Risk After Effects of PSIA		**1,562**
Operational Risk		
Basic Indicator Approach		3,111
Total Operational Risk		**3,111**
Additional RWA due to Application of Capital Floor		4,632
Total RWA		**40,386**

Note:
[1] EAD refers to exposure at default after credit risk mitigation in this entire document
[2] Refers to credit risk mitigation
[3] Refers to Profit Sharing Investment Account
"#" represents amount less than RM0.5 million

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, debt securities, commercial property loans and lending to small businesses.

Risk Weight	EAD RM million
0%	12,236
20% - 35%	121
50% - 75%	6,261
100%	729
>100%	148
Total	**19,495**
Rated exposures	12,366
Unrated exposures	7,129

Note: Excludes Equity and PE/VC.

Equity and PE/VC Exposures under Standardised Approach

Equities and private equity venture capital (PE/VC) investments for regulatory capital computation were risk weighted in accordance with BNM Risk-Weighted Capital Adequacy Framework (Basel II – Risk-Weighted Assets Computation) under the standardised approach.

Risk Weight	EAD RM million
100%	100
200%	-
Total	**100**

Securitisation Exposures Purchased

Risk Weight	EAD RM million	RWA RM million
up to 20%	1	#
> 20% to 50%	-	-
> 50% to 100%	-	-
> 100% to 500%	-	-
> 500%	-	-
Deductions from Tier 1 and Tier 2 Capital	-	-
Total	**1**	#

"#" represents amount less than RM0.5 million

Specialised Lending Exposures under Supervisory Slotting Criteria

Specialised lending exposures include financing of income-producing real estate as well as project and object finance. Currently a simplified approach of slotting all specialised lending exposure to the 'Satisfactory' category has been adopted as an interim measure.

	EAD RM million	Average Risk Weight
Strong	-	-
Good	-	-
Satisfactory	2,883	122%
Weak	-	-
Default	37	NA
Total	**2,920**	**120%**

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

Corporate exposures are mainly exposures to corporate and institutional customers as well as major non-bank financial institutions. Bank exposures are exposures to banks and eligible public sector entities.

Corporate Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	859	20%
> 0.05 to 0.5%	2,365	32%
> 0.5 to 2.5%	9,019	89%
> 2.5 to 9%	4,003	131%
> 9%	1,353	222%
Default	510	NA
Total	**18,109**	**95%**

Note: Corporate EAD includes amount absorbed by PSIA of RM145 million.

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	9,132	8%
> 0.05 to 0.5%	2,564	27%
> 0.5 to 2.5%	701	55%
> 2.5 to 9%	#	113%
> 9%	192	185%
Default	-	NA
Total	**12,589**	**17%**

“#” 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.

Residential Mortgages

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	**RM million**	**RM million**	**LGD**	**Risk Weight**
up to 0.5%	11,173	1,875	13%	7%
> 0.5 to 3%	2,167	312	16%	28%
> 3 to 10%	503	27	14%	52%
> 10%	251	5	15%	83%
100%	289	-	22%	39%
Total	**14,383**	**2,219**	**14%**	**14%**

Qualifying Revolving Retail Exposures

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	**RM million**	**RM million**	**LGD**	**Risk Weight**
up to 0.5%	500	375	84%	10%
> 0.5 to 3%	186	82	90%	47%
> 3 to 10%	66	17	90%	129%
> 10%	54	14	90%	228%
100%	7	-	90%	0%
Total	**813**	**488**	**86%**	**43%**

Exposures Covered by Credit Risk Mitigation

	Eligible Financial Collateral RM million	Other Eligible IRB Collateral RM million	Amount by which credit exposures have been reduced by eligible credit protection RM million
Standardised Approach			
Corporate	#	-	-
Sovereign and Bank	-	-	-
Retail	308	-	#
Others	-	-	-
Total	**309**	**-**	#
Foundation IRB Approach			
Corporate	482	2,806	833
Bank	-	-	-
Total	**482**	**2,806**	**833**

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.

"#" represents amount less than RM0.5 million

Counterparty Credit Risk Exposures

	RM million
Replacement Cost	505
Potential Future Exposure	1,402
Less: Effects of Netting	-
EAD under Current Exposure Method	**1,907**
Analysed by type:	
Foreign Exchange Contracts and Gold	1,223
Interest Rate Contracts	660
Equity Contracts	20
Precious Metals Contracts	-
Other Commodities Contracts	4
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
Net Derivatives Credit Exposure	**1,907**

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

MARKET RISK

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

	Gross Exposure		Risk Weighted	Min. Capital
	Long Position	Short Position	Assets	Requirement
	RM million	RM million	RM million	RM million
Interest Rate Risk	37,487	36,892	779	62
Foreign Currency Risk	82	42	83	7
Equity Risk	266	130	597	48
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	5	3	103	8
Total	**37,840**	**37,067**	**1,562**	**125**

Interest Rate Risk in Banking Book

The interest rate risk in the banking book is monitored on a monthly basis and behavioural assumptions for indeterminate deposits have been implemented. The impact on net interest income of the banking book is simulated under various interest rate assumptions for major currencies (i.e. MYR, USD). As at end-Jun 2011, based on a 50-basis point increase in MYR interest rate, the net interest income is estimated to increase by RM72 million. The corresponding impact from a 50-basis point decrease is an estimated reduction of RM71 million in net interest income.

EQUITY EXPOSURES

Equity exposures comprise investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Carrying Value of Equity Exposures

	RM million
Quoted equity exposure - AFS	-
Unquoted equity exposure - AFS	118
Quoted equity exposure - Associates	-
Unquoted equity exposure - Associates	-
Total	**118**

Realised and Unrealised Gains and Losses

	RM million
Gains/(losses) from disposal of AFS equities	2
Unrealised gains/(losses) included in fair value reserve	1
Total	**3**