

Company No. 295400-W



OCBC Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Basel II Pillar 3 Market Disclosure 30 June 2021

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 2021)

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	256	193
Sovereign & Central Bank	18,714	115
Public Sector Entities	1,124	748
Retail	147	148
Equity	116	116
Securitisation	-	-
Others	561	416
Total Standardised	20,918	1,736
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	39,528	35,948
Bank	4,684	681
Advanced IRB		
Residential Mortgage	26,375	3,217
Qualifying Revolving Retail	1,781	578
Other Retail - Small Business	9,203	3,531
Specialised Lending under Supervisory Slotting Criteria	209	255
Total IRB	81,780	44,210
Total Credit Risk	102,698	45,946
Market Risk		
Standardised Approach		1,233
Total Market Risk		1,233
Operational Risk		
Standardised Approach ²		5,100
Total Operational Risk		5,100
Total RWA		52,279

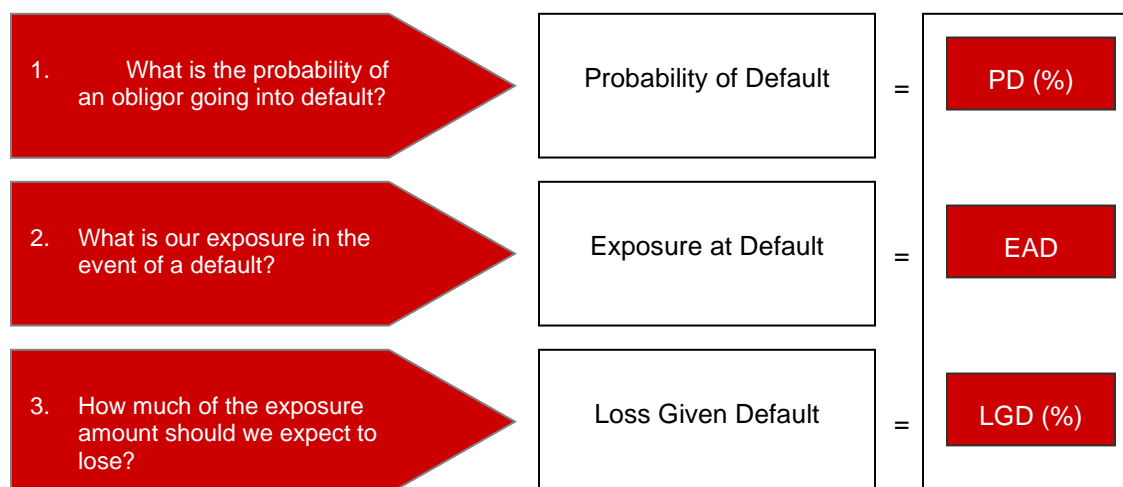
Note:

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%	18,935
20% - 35%	31
50% - 90%	459
100%	1,369
>100%	8
Total	20,802
Rated exposures	19,287
Unrated exposures	1,515

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.

Risk Weight	EAD RM million
100%	116
Total	116

Securitisation Exposures

There is no securitisation and re-securitisation exposure in the banking and trading books as at 30 June 2021.

Specialised Lending Exposures under Supervisory Slotting Criteria

Specialised lending exposures include project and object financing.

	EAD RM million	Average Risk Weight
Strong	-	-
Good	-	-
Satisfactory	209	122%
Weak	-	-
Default	-	NA
Total	209	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%	509	19%
> 0.05 to 0.5%	11,724	48%
> 0.5 to 2.5%	15,829	100%
> 2.5 to 9%	7,854	134%
> 9%	1,953	199%
Default	1,659	NA
Total	39,528	91%

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	2,453	11%
> 0.05 to 0.5%	2,198	18%
> 0.5 to 2.5%	33	98%
> 2.5 to 9%	-	-
> 9%	#	194%
Default	-	NA
Total	4,684	15%

"#" 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%	18,479	1,620	9%	5%
> 0.5 to 3%	4,500	306	10%	15%
> 3 to 10%	945	20	12%	43%
> 10%	1,651	18	11%	62%
100%	800	17	19%	21%
Total	26,375	1,981	9%	12%

Qualifying Revolving Retail Exposures

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	1,229	2,153	75%	11%
> 0.5 to 3%	344	355	68%	41%
> 3 to 10%	143	75	75%	127%
> 10%	61	27	75%	210%
100%	4	-	75%	0%
Total	1,781	2,610	74%	32%

Other Retail - Small Business Exposures

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	5,340	1,629	31%	17%
> 0.5 to 3%	2,127	170	40%	48%
> 3 to 10%	476	63	42%	68%
> 10%	945	25	43%	96%
100%	315	6	37%	116%
Total	9,203	1,893	35%	38%

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	16	-	-
Sovereign & Central Bank	-	-	-
Public Sector Entities	-	-	303
Retail	22	-	-
Others	#	-	-
Total	38	-	303
Foundation IRB Approach			
Corporate	930	9,906	111
Bank	174	-	-
Total	1,104	9,906	111

"#" represents amount less than RM0.5 million

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

	RM million
Replacement Cost	928
Potential Future Exposure	1,693
Less: Effects of Netting	911
EAD under Current Exposure Method	1,710
Analysed by type:	
Foreign Exchange Contracts	890
Interest Rate Contracts	710
Equity Contracts	94
Gold and Precious Metals Contracts	-
Other Commodities Contracts	3
Credit Derivative Contracts	13
Less: Eligible Financial Collateral	175
Net Derivatives Credit Exposure	1,535

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

Credit Derivatives

	Notional Amount RM million	
	Bought	Sold
Credit Derivatives Swap		
for own credit portfolio	-	-
for intermediation activities	386	385
Total	386	385

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

	Gross Exposure		Risk Weighted Assets RM million	Min. Capital Requirement RM million
	Long Position RM million	Short Position RM million		
Interest Rate Risk	23,836	21,110	1,065	85
Foreign Currency Risk	150	112	152	12
Equity Risk	-	9	11	1
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	#	#	5	#
Total	23,986	21,231	1,233	98

"#" represents amount less than RM0.5 million

EQUITY EXPOSURES

Equity exposures comprised investments in quoted and unquoted equity instruments.

Disclosures on accounting policy and fair value measurement of equity securities in these unaudited condensed interim financial statements are the same with the audited financial statements for the financial year ended 31 December 2020.

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")	116
Quoted equity exposure - Associates	-
Unquoted equity exposure - Associates	-
Total	116

Realised and Unrealised Gains and Losses

	RM million
Gains/(losses) from disposal of equities	-
Unrealised gains/(losses) included in fair value reserve	103
Total	103

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 MYR150.5 million, or approximately +19.0% of reported net interest income. The corresponding impact from a 100 bps decrease is an estimated reduction of MYR148.1 million in net interest income, or approximately -18.8% of reported net interest income.