

Company No. 295400-W



OCBC Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Basel II Pillar 3 Market Disclosure 30 June 2022

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 2022)

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	208	189
Sovereign & Central Bank	20,699	42
Public Sector Entities	854	453
Retail	131	120
Equity	110	110
Securitisation	-	-
Others	569	397
Total Standardised	22,571	1,311
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	41,270	34,836
Bank	6,678	670
Advanced IRB		
Residential Mortgage	24,423	4,101
Qualifying Revolving Retail	1,738	551
Other Retail - Small Business	8,533	3,213
Specialised Lending under Supervisory Slotting Criteria	194	237
Total IRB	82,836	43,608
Total Credit Risk	105,407	44,919
Market Risk		
Standardised Approach		815
Total Market Risk		815
Operational Risk		
Standardised Approach ²		5,303
Total Operational Risk		5,303
Total RWA		51,037

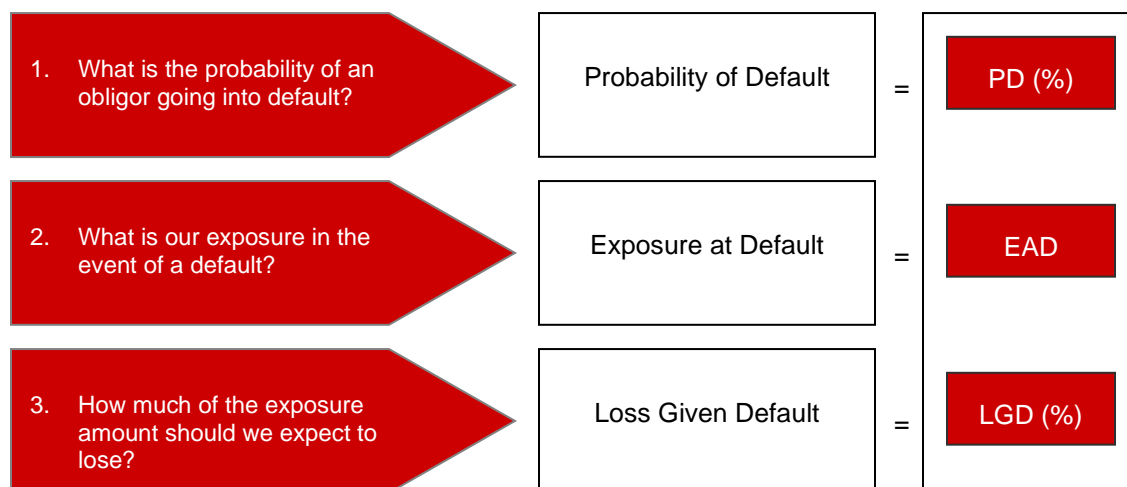
Note:

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%	21,080
20% - 35%	2
50% - 90%	377
100%	1,001
>100%	1
Total	22,461

Rated exposures	21,327
Unrated exposures	1,134

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%	110
Total	110

Securitisation Exposures

There is no securitisation and re-securitisation exposure in the banking and trading books as at 30 June 2022.

Specialised Lending Exposures under Supervisory Slotting Criteria

Specialised lending exposures include project and object financing.

	EAD RM million	Average Risk Weight
Strong	-	-
Good	-	-
Satisfactory	194	122%
Weak	-	-
Default	-	NA
Total	194	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%	353	17%
> 0.05 to 0.5%	14,307	53%
> 0.5 to 2.5%	17,338	95%
> 2.5 to 9%	6,230	128%
> 9%	1,358	206%
Default	1,684	NA
Total	41,270	84%

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	4,230	7%
> 0.05 to 0.5%	2,429	15%
> 0.5 to 2.5%	19	57%
> 2.5 to 9%	-	-
> 9%	-	-
Default	#	NA
Total	6,678	10%

"#" 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%	10,565	1,420	8%	5%
> 0.5 to 3%	10,228	342	10%	15%
> 3 to 10%	585	16	11%	47%
> 10%	1,850	15	13%	71%
100%	1,195	22	18%	36%
Total	24,423	1,815	9%	17%

Qualifying Revolving Retail Exposures

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	1,187	2,070	75%	11%
> 0.5 to 3%	357	384	65%	39%
> 3 to 10%	139	79	75%	127%
> 10%	51	25	75%	210%
100%	4	-	75%	0%
Total	1,738	2,558	73%	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%	4,716	1,553	26%	14%
> 0.5 to 3%	1,960	151	32%	39%
> 3 to 10%	458	23	35%	57%
> 10%	1,029	107	37%	79%
100%	370	9	43%	186%
Total	8,533	1,843	30%	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	83	-	-
Sovereign & Central Bank	-	-	-
Public Sector Entities	-	-	293
Retail	17	-	-
Others	43	-	-
Total	143	-	293
Foundation IRB Approach			
Corporate	883	10,416	167
Bank	356	-	-
Total	1,239	10,416	167

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	1,086
Potential Future Exposure	1,762
Less: Effects of Netting	1,053
EAD under Current Exposure Method	1,795
Analysed by type:	
Foreign Exchange Contracts	1,240
Interest Rate Contracts	440
Equity Contracts	92
Gold and Precious Metals Contracts	-
Other Commodities Contracts	1
Credit Derivative Contracts	22
Less: Eligible Financial Collateral	355
Net Derivatives Credit Exposure	1,440

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	723	694
Total	723	694

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 Assets	Min. Capital Requirement
	Long Position	Short Position		
	RM million	RM million	RM million	RM million
Interest Rate Risk	37,528	36,019	631	50
Foreign Currency Risk	162	176	176	14
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	1	-	8	1
Total	37,691	36,195	815	65

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 30 June 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")	110
Quoted equity exposure - Associates	-
Unquoted equity exposure - Associates	-
Total	110

Realised and Unrealised Gains and Losses

	RM million
Gains/(losses) from disposal of equities	10
Unrealised gains/(losses) included in fair value reserve	97
Total	107

Interest Rate Risk in Banking Book

Based on a 100 bps parallel rise in yield curves, OCBCM's net interest income is estimated to increase by MYR197.0 million, or approximately +24.6% of reported net interest income. The corresponding impact from a 100 bps decrease is an estimated reduction of MYR195.5 million in net interest income, or approximately -24.5% of reported net interest income.