

Company No. 295400-W



OCBC Bank (Malaysia) Berhad  
(Incorporated in Malaysia)

## **Basel II Pillar 3 Market Disclosure 30 June 2024**

*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 2024)

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 <sup>1</sup> RM million	RWA RM million
<b>Credit Risk</b>		
Standardised Approach		
Corporate	870	623
Sovereign & Central Bank	17,048	142
Public Sector Entities	943	349
Retail	76	66
Equity	113	113
Securitisation	-	-
Others	674	509
<b>Total Standardised</b>	<b>19,724</b>	<b>1,802</b>
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	47,252	39,033
Bank	10,843	1,638
Advanced IRB		
Residential Mortgage	20,497	2,588
Qualifying Revolving Retail	1,664	399
Other Retail - Small Business	7,833	2,372
Specialised Lending under Supervisory Slotting Criteria	165	201
<b>Total IRB</b>	<b>88,254</b>	<b>46,231</b>
<b>Total Credit Risk</b>	<b>107,978</b>	<b>48,033</b>
<b>Market Risk</b>		
Standardised Approach		1,481
Amount Absorbed by PSIA		-
<b>Total Market Risk</b>		<b>1,481</b>
<b>Operational Risk</b>		
Standardised Approach <sup>2</sup>		6,061
<b>Total Operational Risk</b>		<b>6,061</b>
<b>Total RWA</b>		<b>55,575</b>

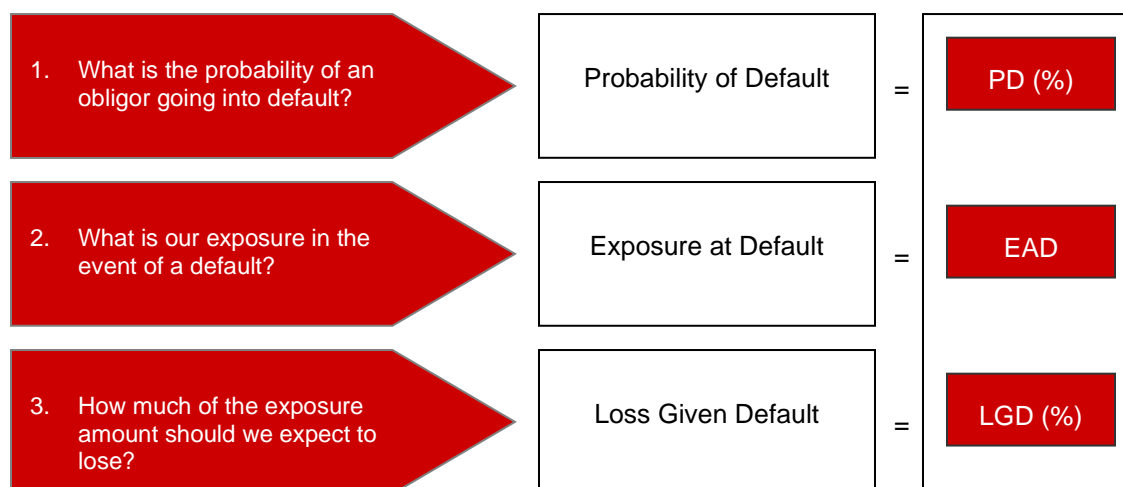
Note:

<sup>1</sup> EAD refers to exposure at default after credit risk mitigation

<sup>2</sup> 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%	17,430
20% - 35%	383
50% - 90%	392
100%	1,405
>100%	1
<b>Total</b>	<b>19,611</b>

Rated exposures	18,394
Unrated exposures	1,217

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

<b>Risk Weight</b>	<b>EAD RM million</b>
100%	113
<b>Total</b>	<b>113</b>

### Securitisation Exposures

There was no securitisation and re-securitisation exposure in the banking and trading books as at 30 June 2024.

### Specialised Lending Exposures under Supervisory Slotting Criteria

Specialised lending exposures include project and object financing.

	<b>EAD RM million</b>	<b>Average Risk Weight</b>
Strong	-	-
Good	-	-
Satisfactory	165	122%
Weak	-	-
Default	-	NA
<b>Total</b>	<b>165</b>	<b>122%</b>

### 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%	482	18%
> 0.05 to 0.5%	17,638	50%
> 0.5 to 2.5%	22,088	99%
> 2.5 to 9%	4,847	132%
> 9%	857	206%
Default	1,340	NA
<b>Total</b>	<b>47,252</b>	<b>83%</b>

#### *Bank Exposures*

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	5,578	11%
> 0.05 to 0.5%	5,250	19%
> 0.5 to 2.5%	15	74%
> 2.5 to 9%	-	-
> 9%	-	-
Default	#	NA
<b>Total</b>	<b>10,843</b>	<b>15%</b>

"#" 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%	12,257	1,405	7%	5%
> 0.5 to 3%	6,102	133	10%	14%
> 3 to 10%	322	3	11%	44%
> 10%	1,001	5	12%	65%
100%	815	22	17%	43%
<b>Total</b>	<b>20,497</b>	<b>1,568</b>	<b>9%</b>	<b>13%</b>

#### Qualifying Revolving Retail Exposures

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	1,256	2,126	75%	10%
> 0.5 to 3%	286	204	60%	37%
> 3 to 10%	92	23	75%	128%
> 10%	26	6	76%	214%
100%	4	-	75%	0%
<b>Total</b>	<b>1,664</b>	<b>2,359</b>	<b>73%</b>	<b>24%</b>

#### Other Retail - Small Business Exposures

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	4,821	1,458	27%	14%
> 0.5 to 3%	1,958	85	30%	36%
> 3 to 10%	266	7	32%	51%
> 10%	543	20	33%	72%
100%	245	8	47%	182%
<b>Total</b>	<b>7,833</b>	<b>1,578</b>	<b>29%</b>	<b>30%</b>

## 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
<b>Standardised Approach</b>			
Corporate	140	-	-
Sovereign & Central Bank	494	-	-
Public Sector Entities	-	-	521
Retail	8	-	-
Others	95	-	-
<b>Total</b>	<b>737</b>	<b>-</b>	<b>521</b>
<b>Foundation IRB Approach</b>			
Corporate	863	9,519	178
Bank	695	-	-
<b>Total</b>	<b>1,558</b>	<b>9,519</b>	<b>178</b>

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	816
Potential Future Exposure	1,785
Less: Effects of Netting	811
<b>EAD under Current Exposure Method</b>	<b>1,790</b>
Analysed by type:	
Foreign Exchange Contracts	1,170
Interest Rate Contracts	518
Equity Contracts	9
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	93
Less: Eligible Financial Collateral	351
<b>Net Derivatives Credit Exposure</b>	<b>1,439</b>

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	637	637
<b>Total</b>	<b>637</b>	<b>637</b>

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 RM million	Min. Capital Requirement RM million
	Long Position RM million	Short Position RM million		
Interest Rate Risk	206	202	1,213	97
Foreign Currency Risk	145	199	199	16
Equity Risk	33	-	41	3
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	28	2
<b>Total</b>	<b>384</b>	<b>401</b>	<b>1,481</b>	<b>118</b>



## 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 2023.

### 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	-
<b>Total</b>	<b>113</b>

### Realised and Unrealised Gains and Losses

	RM million
Gains/(losses) from disposal of equities	-
Unrealised gains/(losses) included in fair value reserve	101
<b>Total</b>	<b>101</b>

### 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 MYR181.9million, or approximately +19.8% of reported net interest income. The corresponding impact from a 100 bps decrease is an estimated reduction of MYR248.7 million in net interest income, or approximately -27.1% of reported net interest income.