Company No. 295400-W

OCBC Bank (Malaysia) Berhad
(Incorporated in Malaysia)

Basel II Pillar 3 Market Disclosure
31 December 2025

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 DISCLOSURES – 31 DECEMBER 2025

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ATTESTATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO RISK WEIGHTED CAPITAL ADEQUACY FRAMEWORK (BASEL II) – DISCLOSURE REQUIREMENTS (PILLAR 3)

The risk disclosures set out in the Risk Management Chapter and Basel II Pillar 3 Market Disclosure are generally in conformance with the Bank Negara Malaysia Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (CAFIB-Basel II) – Disclosure Requirements (Pillar 3) for the Group as at 31 December 2025.

TAN CHOR SEN
CHIEF EXECUTIVE OFFICER
Kuala Lumpur

Risk Management

OCBC (M) Group (hereinafter referred to as the Group) consists of OCBC Bank (Malaysia) Berhad (OCBC Bank) and OCBC Al-Amin Bank Berhad (OABB) which are members of the Oversea-Chinese Banking Corporation Group (OCBC Group) in Singapore.

RISK MANAGEMENT IN OCBC (M) GROUP

At OCBC (M) Group, our approach to risk management underpins operational resilience, supports sustainable business growth, and promotes consistent long-term value creation for our customers, shareholders, employees, and communities.

Our Risk Management Approach
Risk ownership is a shared responsibility between the business and risk as well as other support functions. The Group's leadership actively fosters a strong risk culture and sets a clear tone from the top, emphasising risk awareness, accountability, and ownership at every level. This commitment drives our comprehensive and disciplined risk management approach, which addresses all types of risks (financial and non-financial) and upholds the highest ethical standards. We identify risk sources and drivers, set risk appetites and tolerances aligned with business goals, and manage potential impacts under adverse circumstances. Risks are identified, measured and monitored using comprehensive metrics, on a standalone and aggregated basis, with a strong focus on early risk identification and mitigation, and pivoting our risk strategies in response to cyclical and structural changes.

Our risk frameworks define governance structures, roles and responsibilities, with well-documented policies and procedures for taking and managing risks. As risks are increasingly inter-connected, we adopt a holistic approach to risk assessment. Cross-functional teams identify and assess top and emerging risks using stress testing and scenario analysis to evaluate potential impacts of plausible risk factors on our earnings, capital, liquidity, customer segments, and obligations. These insights shape our risk strategies and contingency plans.

We invest in our people and technology to ensure that the right skills, data, systems and infrastructure are in place to support effective risk management.

Risks are categorised into principal risk types, each managed with the appropriate expertise, resources, systems, policies and procedures. Our business, risk and functional support teams work together to actively identify, measure, approve, monitor, and report risks. Limits and triggers are set to ensure timely review and decision making at appropriate authority levels. We also review our frameworks regularly to incorporate best practices and meet regulatory requirements.

Principal Risk Types
We categorise our risks into the following main types:

Table 1: Principal Risk Types

Principal Risks	Definition
Credit Risk	The risk of financial loss due to a borrower/obligor failing to meet their financial/contractual obligations.
Market Risk	The risk of financial loss due to fluctuations in market factors such as interest rates, foreign exchange rates, credit, equity and commodity prices.
Liquidity Risk	The risk of not being able to meet financial and cash outflow obligations as they come due.
Interest Rate Risk in the Banking Book	The risk to income and/or capital arising from exposure to adverse changes in the interest rate environment.

Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. It covers a range of non-financial risks, including fraud, money laundering, terrorism financing and sanctions risk, third-party risk, physical security risk, conduct risk, business continuity risk, regulatory risk and legal risk.
Information Security and Digital Risk	The risk of data loss, financial loss, or disruption to financial services due to data leaks, cyber-attacks or technology failures.

Please refer to the respective sections for more details on how we manage these risks.

Environmental, Social and Governance (ESG) and Climate Risks
Managing ESG and climate risks is vital to our operations, as they can impact other principal risk types such as credit, market, liquidity, operational, and reputational risks. We take an integrated approach to assessing and managing these "cross-cutting" risks, which is part of our overall risk framework. Our practices include monitoring ESG metrics, conducting climate scenario analyses and ensuring that customers in high-risk sectors undergo thorough assessments in managing their ESG, transition, and physical risks. Time-bound action plans or covenants may be imposed and transactions posing significant reputational risks are escalated to the OCBC Group Reputational Risk Review Group for further review and clearance.

We are committed to integrating quantitative ESG and climate risk metrics into our practices while enhancing climate scenario analysis methodologies. Our approach is guided by industry developments, data availability and ongoing dialogue with regulators. We have also taken steps to enhance our understanding of nature-related financial risks as we recognise the need to manage environmental risks holistically, and the increased saliency of nature degradation.

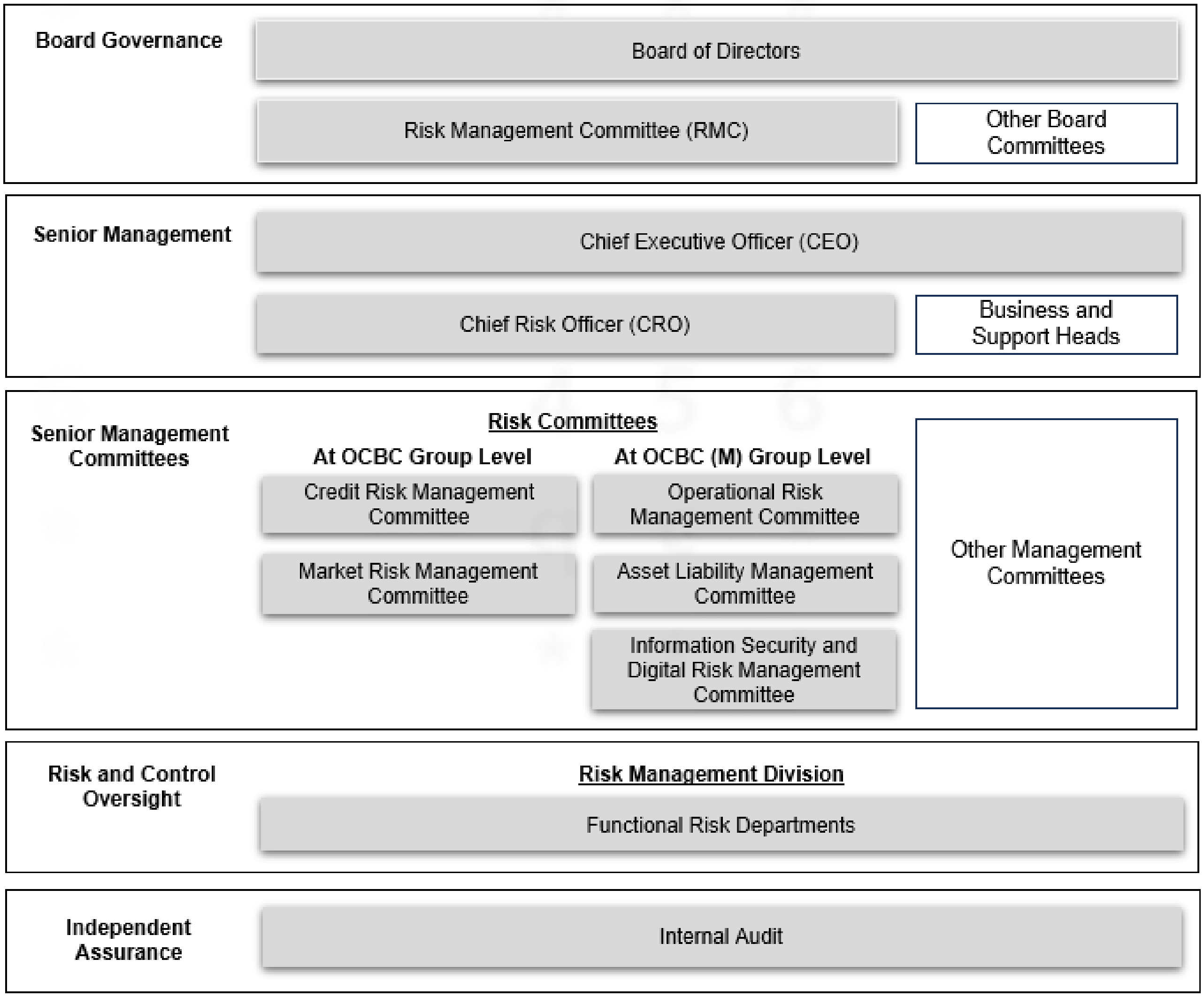
Responsible Use of Artificial Intelligence (AI)
The Group continues to explore and identify opportunities to embed AI across key use cases to deepen data insights and support decision making. These aim to improve productivity and operational efficiency, uplift customer experience, and enhance risk management processes.

As we expand AI adoption across the Group, we remain vigilant of the associated risks and committed to ethical and responsible AI deployment with close oversight. We recognise that threat actors are increasingly exploiting AI through deepfakes, sophisticated malware, and advanced phishing techniques, creating new avenues for fraud against the organisation and our customers.

To address these challenges, we maintain a robust governance framework supported by policies and guardrails to ensure proper oversight on ethical and responsible AI use. Strong controls are in place to identify, manage and mitigate potential harm from AI misuse. We also continue to collaborate with industry stakeholders to strengthen our frameworks, recognising the fast-evolving nature of AI and its regulatory landscape and the need for collective action. This disciplined approach reflects our commitment to continuously innovate with integrity – harnessing AI to deliver value, capture new opportunities, and uphold trust and accountability.

RISK GOVERNANCE AND ORGANISATION

A robust risk governance structure ensures that we have effective oversight and accountability of risk. Our Board of Directors (Board) have ultimate responsibility for the effective management of risk. The Board establishes the corporate strategy and approves the risk appetite within which senior management executes the strategy. The Group's risk governance and oversight structure is outlined below.



The Risk Management Committee (RMC) oversees all risk management matters and ensures that our enterprise-wide risk management philosophy, principles and risk appetite align with the corporate strategy. The RMC has oversight of credit, market, liquidity, information security and digital, operational, conduct, money laundering and terrorism financing, fraud, legal, regulatory, strategic, ESG and fiduciary risks, as well as any other risk category delegated by the Board or deemed necessary by the Committee.

The RMC provides quantitative and qualitative guidance to major business units and risk functions to guide risk-taking. Together with senior management, it regularly reviews risk drivers, profiles, frameworks and policies, and compliance matters.

Senior management from risk-taking and risk control functions form dedicated functional risk committees to facilitate close risk oversight and governance. These committees are supported by the functional risk management units under the Risk Management Division (RMD).

RMD, led by the Chief Risk Officer (CRO), provides independent risk control and manages credit, market, liquidity, information security and digital, operational and ESG risks. RMD delivers regular risk reports, monitors material risk drivers, identifies potential vulnerabilties and recommends mitigating actions to senior management, risk committees, RMC and the Board.

Three Lines of Defence

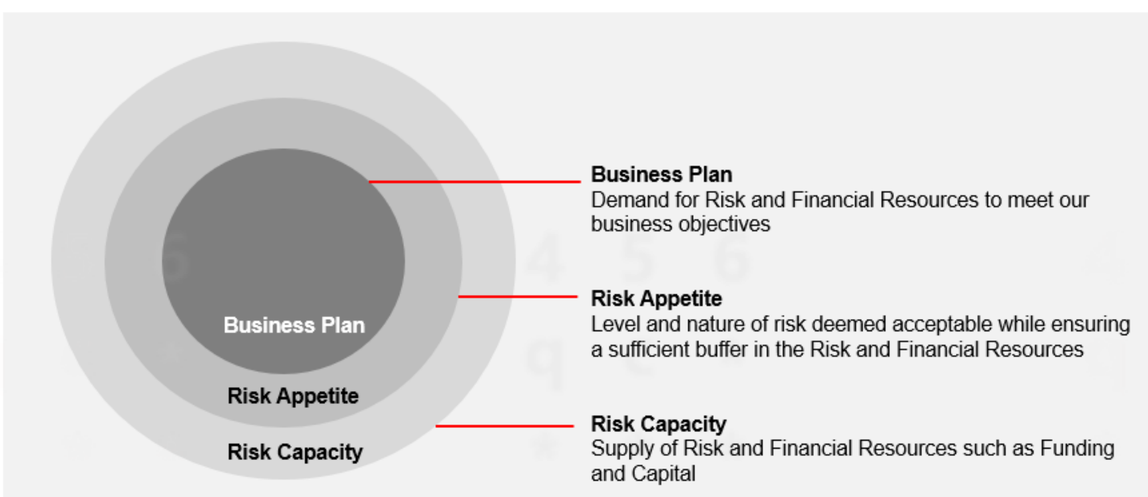
All employees are responsible for identifying and managing risk, a responsibility embedded in our corporate culture and robust internal control environment. This is operationalised via a three-line defence structure that distinctly outlines the roles, responsibilities and accountability of risk.

Table 2: Three Lines of Defence

First Line	Second Line	Third Line
Day-to-day Risk Management	**Risk and Control Oversight**	**Independent Assurance**
Business and Support Units: • Owns and manages risks arising from their business activities on a day-to-day basis. • Carries out business activities that are consistent with Group's strategy and risk appetite. • Operates within the approved boundaries of our policies and limits and comply with applicable laws and regulations.	**Risk and Control Function:** • Independently and objectively identifies and assesses the risk-taking activities of the first line. • Establishes relevant risk management frameworks, policies, processes and systems. • Provides independent identification, assessment, monitoring and reporting of the Group's risk profiles, portfolio concentrations and material risk issues.	**Internal Audit:** • Independently assures the CEO, Audit Committee and the Board on the adequacy and effectiveness of our risk management and internal control systems. • Evaluates the overall risk awareness and control consciousness of the management in discharging its supervisory and oversight responsibilities.

RISK APPETITE

Our aim is to manage risks in a prudent and sustainable manner to ensure the Group's long-term viability. The Board sets the Group's risk appetite, defining the level and nature of risks that we can undertake on behalf of our shareholders while maintaining our commitments to customers, employees, regulators and other stakeholders. Business plans consider the corporate strategy, the forward-looking operating environment and potential risks assessed against our risk appetite. We operationalize our risk appetite across the Group through our policies, processes and limits to manage both financial and non-financial risks



Senior business and risk managers meet regularly to review the macroeconomic and financial developments, discuss operating conditions and event risks, and potential “dark clouds” that may significantly impact our earnings or solvency. These risks are measured via stress tests as well as sector/segment-specific and ad hoc event-specific portfolio reviews. The results are used to assess the potential impact of various scenarios on our earnings and capital, and to identify vulnerabilities of material portfolios and trigger appropriate risk management actions.

We conduct an annual Internal Capital Adequacy Assessment Process (ICAAP) that incorporates the results of stress tests for various risk types. The aim is to assess if we are capable of maintaining sufficient capital levels under a forward-looking operating environment and in severe stress scenarios. Appropriate risk-mitigating actions are taken to manage potential risks.

CREDIT RISK MANAGEMENT

Credit risk arises from our lending activities to retail, corporate and institutional customers. It also includes counterparty and issuer credit risks arising from our underwriting, trading and investment banking activities.

Credit Risk Management Approach

Our credit risk management framework adopts a proactive strategy to oversee credit risk across the Group’s lending business, setting clear objectives and minimum standards. We apply a disciplined, balanced approach to manage credit risks and mitigate potential losses as we support sustainable, quality growth of our credit underwriting activities. The framework defines the credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters and guidelines for managing distressed exposures

We manage risk through a combination of expert judgment and data-driven insights. Credit specialists apply their expertise to manage the risks of the different portfolios and customer segments. All credit exposures require approval by credit approving officers, with approval authority levels delegated to officers based on their experience, seniority and track record. Specific policies and procedures that govern major customer segments is in Table 3.

Table 3: Credit Risk Management Approach for Major Customer Segments	
Consumers and Small Businesses	**Corporate and Institutional Customers**
• Evaluate credits using established program lending parameters, a structured risk-return framework and targeted customer selection criteria. • Employ advanced credit models for consistent credit decisioning, monitor the level of deviations from credit criteria and escalate exceptions for review to maintain robust risk controls. • Enhance portfolio oversight by leveraging advanced analytics, behavioural models and regular stress testing to identify emerging risks and potential weak credits for timely intervention.	• Conduct thorough individual credit assessments through independent evaluations by experienced credit risk managers, adhering to target market and risk acceptance criteria, and base decisions on detailed qualitative and quantitative analyses including a range of rating models. • Ensure joint credit approvals between business and credit risk units for objectivity, while conducting regular portfolio reviews and stress tests to monitor credit quality and identify potential weaknesses early.

Counterparty Credit Risk Management

Counterparty credit risk arises from the potential default of a counterparty, borrower or obligor during our trading and/or banking activities including OTC derivatives transactions, repo-style transactions, credit derivative contracts and debt securities. We measure counterparty credit exposure based on both current replacement cost and potential future exposures arising from market price fluctuations. The risk also includes settlement risk, which is the potential loss incurred if a counterparty fails to fulfil its obligation after the Bank has performed its obligation under a contract or agreement at the settlement date.

Counterparty credit risk is managed across multiple dimensions at both individual and portfolio levels. The Group uses a Potential Future Exposure (PFE) model to measure potential credit exposure arising from traded derivative products. The PFE model provides a quantitative estimate of potential future credit exposure movements driven by market rates, prices, and volatilities at certain confidence level over different time horizons based on transactions tenure. This forward-looking model, based on Monte-Carlo simulation and full revaluation, aligns with regulatory expectations, enhances risk transparency and optimises credit limit resource utilisations.

Credit Risk Mitigation

Credit risk mitigation is mitigated through various measures such as holding collateral, buying credit protection and setting netting arrangements to reduce credit risk exposures. These measures complement and do not replace our proper assessment of the obligor's ability to repay, which remains the primary source of repayment. Our credit policies define eligibility criteria for credit risk mitigants, including legal certainty and enforceability, correlation, liquidity, marketability, counterparty risk of the credit protection provider and collateral-specific minimum operational requirements. Eligible collateral includes cash, real estate, equipment, marketable securities, standby letters of credit and credit insurance.

Where collateral is taken, appropriate haircuts are made to the value to reflect its inherent nature, quality, liquidity and volatility. Regular independent valuations of the collateral are conducted. We also monitor our collateral holdings to maintain diversification across asset classes and markets. We accept guarantees from individuals, corporates, and institutions as a form of support. Where guarantees are recognised as credit risk mitigants via the probability of default (PD) substitution approach, we have established eligibility criteria and guidelines.

Netting, collateral arrangements, early termination options and central clearing mechanisms are common risk mitigation tools to manage counterparty credit risk. In approved netting jurisdictions, netting agreements allow us to offset our obligations against what is due from the counterparty in the event of a default, thereby reducing credit risk exposure.

Collateral arrangements are typically governed under market standard documentation such as International Swaps and Derivatives Association (ISDA) and Credit Support Annexes (CSA) or Global Master Repurchase Agreements (GMRA). These arrangements require additional collateral if the mark-to-market exposures exceed the agreed threshold amount. We apply a haircut to the value of the eligible collateral to cover potential adverse market volatility. Regulatory margin requirements may apply to the agreed threshold amount. ISDA agreements may also include rating triggers to allow for transaction termination or require additional collateral if a rating downgrade occurs.

Credit Portfolio Management

Credit portfolio management focuses on managing the collective or aggregate risk of our credit portfolios, instead of the credit risk of individual borrowers. We have developed and implemented a range of capabilities to identify, measure and monitor credit risk at a portfolio level. These capabilities include:

- **Portfolio Segmentation**
  This is the process of grouping credit exposures that are similar in nature. It involves using attributes that represent common business drivers such as geography, industry and business segment, as well as common risk drivers such as exposure to material downside risks like a property price correction, a sharp hike in interest rates, or a country risk event.

- **Portfolio Modelling**
  This includes using internal rating models to quantify the exposure risk, default risk and potential losses of our borrowers. Please refer to Table 4 for information on our internal rating models. We also use stress test models to simulate the potential increase in our credit losses and Credit Risk-Weighted Assets (CRWA) under stressed scenarios.

For credit portfolios where there are no internally developed models such as sovereign exposures, the standardised approach is adopted. Under this approach, regulatory-prescribed risk weights based on asset class and external ratings from approved credit rating agencies, where available, are used to determine the risk-weighted assets and regulatory capital. Approved external rating agencies include Standard & Poor's, Moody's, Fitch, RAM and MARC.

Overview of Internal Rating Models
Approval has been obtained from Bank Negara Malaysia (BNM) to utilise internally developed credit rating models for the assessment and measurement of the majority of our credit exposures.

Internal credit rating models and their components such as PD, loss given default (LGD) and exposure at default (EAD) are used in limit setting, credit approval, portfolio monitoring and reporting, remedial management, stress testing and assessment of capital adequacy and portfolio allowances.

The model risk management framework governs the development, validation, application and maintenance of rating models. Models are developed with the active participation of credit experts from both the risk taking and risk control units. They are subject to independent validation before implementation. The models are also subject to annual reviews and independent validations to ensure that performance standards are aligned with regulatory requirements and industry best practices are consistently met. In addition, Internal Audit conducts an annual assessment of the robustness of the rating process and the effectiveness of the independent validation framework. Models are assessed against internal and regulatory requirements and approved by regulators for use in capital assessment. Approval for the adoption and continued use of material models rests with the RMC.

While our internal risk grades are not explicitly mapped to external credit ratings, they may correlate with external credit ratings in terms of the PD ranges because factors used to rate obligors are similar. As such, an obligor rated poorly by an external credit rating agency is likely to have a weak internal risk rating as well.

IRB Models and Portfolios
Table 4 describes the approaches used to estimate the key parameters for Advanced Internal Ratings Based (A-IRB) and Foundation Internal Ratings Based (F-IRB) credit risk models used to calculate CRWA.

Table 4: Key Components of Internal Ratings Based (IRB) Models

IRB Models and Portfolios	PD	LGD and EAD
A-IRB approach covers major retail portfolios such as residential mortgages, credit cards and small businesses lending	• PD is estimated based on the application and behaviour scores of obligors. • PD models are calibrated to reflect the expected long-run average one-year default rate over an economic cycle.	• Product and collateral characteristics are major factors. • LGD models are calibrated to reflect the economic loss under downturn conditions. • EAD models are calibrated to reflect the default-weighted average and economic downturn conditions.
F-IRB (Non-Supervisory Slotting) approach covers major wholesale portfolios such as banks, non-bank financial institutions, general corporates, corporate real estate (including income producing real estate) and other specialised lending such as project finance and object finance.	• PD models are statistical based or expert judgement models that use both quantitative and qualitative factors to assess an obligor's repayment capacity and calibrated to reflect the expected long-run average one-year default rate over an economic cycle.	• LGD and EAD are estimated based on rules prescribed in Bank Negara Malaysia (BNM) Risk-Weighted Capital Adequacy Framework (RWCAF).

	• Expert judgement models based on inputs from internal credit experts are typically used for portfolios with low default rates.	
F-IRB (Supervisory Slotting) approach covers remaining specialised lending portfolios (i.e. commodities finance	• Obligors are mapped to the five supervisory slotting categories prescribed in BNM RWCAF based on regulatory loan classifications.	• LGD and EAD are estimated based on rules prescribed in BNM RWCAF.

Other Credit Risk Models

In addition to IRB models, we have been progressively developing and deploying other types of credit risk models such as Transaction-score models and Early Warning models for better risk management purpose, using alternate data and machine learning methods.

- **Portfolio Reporting**

  This includes internal and external reporting of portfolio risk information to respective stakeholders. These reports offer insights into the evolving trends of credit portfolio risk in response to the changing operating environment and downside risks. Regular risk reports covering detailed metrics for credit portfolio exposures, quality, concentrations and hotspots covering dimensions such as industry and business segment are provided to Senior Management and Board for making timely and better-informed decisions.

- **Portfolio Management**

  Using insights from portfolio modelling and reporting, we allocate appropriate risk and financial resources such as funding and capital to support growth opportunities.

  We use these insights to set credit concentration limits to manage the potential risks stemming from adverse changes in the operating environment. The design of these limits considers direct and indirect risk drivers, such as economic sector, industry and geographic location, collateral type or other credit risk mitigation.

  These portfolio insights are also applied to identify and quantify more vulnerable segments and take proactive, appropriate risk management actions, especially during periods of high uncertainties and volatility (e.g. slow economic growth, high inflation, elevated interest rates, and heightened trade and geopolitical tensions). The credit risk management actions include proactively identifying and tracking potentially vulnerable exposures; setting limits on maximum exposure; closely monitoring and reviewing vulnerable exposures; stress testing to assess potential credit impact; implementing risk mitigation and remedial management measures; and ensuring prudent provisioning and adequate capital allocation if needed.

Remedial Management

Credit policies and processes are established to identify vulnerable borrowers early. We proactively monitor credit portfolio quality and discuss emerging risks at dedicated risk forums, where we discuss, develop and review risk management action plans to address deteriorating trends.

We classify our credit exposures as restructured assets when we grant non-commercial concessions to borrowers who are unable to meet their original repayment obligations. Restructured credit exposure are further classified into the appropriate impaired loans grade based on our assessment of the borrower’s financial condition and ability to repay under the restructured terms. This credit exposure must comply fully with the restructured terms for a reasonable period before it can be restored to non-impaired status.

Dedicated remedial management units will manage the restructuring, work-out and recovery of non-performing assets (NPAs) for wholesale portfolios. The objective is to rehabilitate NPAs where possible or maximise recoveries for NPAs under exit strategies. For the retail portfolios, we apply risk-based and time-based collections strategies to maximise recoveries while minimising impact to our customers. We use data such as delinquency buckets and adverse status tags for delinquent retail loans to constantly analyse, fine-tune and prioritise our collections efforts.

Impairment Allowances for Loans
We maintain sufficient impairment allowances to absorb credit losses inherent in our credit portfolio. Allowances for Expected Credit Losses (ECL) is recognised for credit impaired and non-credit impaired exposures in accordance with Malaysian Financial Reporting Standard (MFRS) 9 – Financial Instruments through a forward looking ECL model.

We assess our ECL allowances on a forward-looking basis, taking into account the three stages of credit risk below.

Non-Credit Impaired		Credit Impaired
Stage 1 Non-impaired exposures without significant increase in credit risk since initial recognition **12-month ECL**	**Stage 2** Non-impaired exposures with significant increase in credit risk since initial recognition **Lifetime ECL**	**Stage 3** Impaired exposures **Lifetime ECL**

MARKET RISK MANAGEMENT

Market risks arise primarily from our trading, customer servicing and balance sheet management activities. Given the volatile macroeconomic environment, it is paramount that the management of market risk is robust and timely. This is achieved through the market risk management approach involving the identification, measurement, monitoring, reporting and control of market risks.

Market Risk Management Approach
Market risk policies and procedures are established to provide common guidelines and standards for managing market risks. We regularly review our market risk management strategy and limits, which are established in accordance with our risk appetite and are aligned with our business strategies, taking into account prevailing macroeconomic and market conditions.

Identification
Our internal approval processes ensure that market risk is properly identified and quantified, allowing us to manage and mitigate such risks.

Measurements

- **Value-At-Risk**
  We use value-at-risk (VaR) to quantify market risk exposures arising from our trading activities. VaR is measured and monitored by the different asset class risks, namely interest rate risk, foreign exchange risk, equity risk, credit spread risk and commodity risk, as well as at the aggregate level. Our VaR model is based on the historical simulation approach, calibrated at the 99% confidence level and the one-day holding period. A 99% confidence level means that, statistically, losses on a single trading day may exceed VaR on average, once every 100 days.

- **Other Risk Measures**
  As interest rate movements are a key driver of our market risk exposure, Present Value of a Basis Point (PV01), which measures the change in value of interest rate-sensitive exposures resulting from one basis point increase across the entire yield curve, is an important measure that is monitored on a daily basis. Other than VaR and PV01, we use risk metrics such as notional positions, Profit & Loss (P&L) for One Basis Point Move in Credit Spreads (CS01) and other risk variables for specific exposure types.

Stress Testing and Scenario Analysis
We perform stress testing and scenario analyses to assess and quantify potential losses from unlikely but plausible extreme market conditions. We regularly review and adjust the stress scenarios to ensure that their relevance to our trading portfolio activities and risk profile, as well as current and forecasted economic conditions. These analyses determine if potential losses from such extreme market conditions are within our risk tolerance. In addition to regular stress scenarios, we also use adhoc event-specific stress scenarios to assess the potential impact of specific market conditions on our market risk exposures.

Risk Monitoring, Reporting and Control

- **Limits**
  Trading units may only undertake authorised trading activities for approved products. We monitor all trading risk positions on a daily basis against approved and allocated limits. Trading activities are conducted within approved mandates and dynamically hedged to remain within limits. Hedge effectiveness is enforced through independent limit monitoring to ensure compliance with market risk limits. Limits are approved to reflect our risk appetite and manage the downside risks from trading opportunities, with clearly defined exception escalation procedures. We also manage market risk exposure holistically by using multiple risk limits (VaR and risk sensitivities), P&L stop loss and other measures. We report exceptions, including temporary breaches, promptly to Senior Management, Risk Management committee(s) and the Board.

- **Model Validation**
  Model validation is an integral part of our risk control process. Financial models are used to price financial instruments and calculate risk measures. We ensure that the models used are fit for their intended purpose through periodic independent verification and reviews. To enhance the integrity of the trading P&L and risk measures generated, we source market rates independently for risk measurement and valuation.

- **Back-Testing**
  To ensure the continued integrity of our VaR models, we back-test the VaR estimates against actual trading P&Ls and hypothetical P&Ls to confirm that the models do not underestimate our market risk exposures.

- **Designation of Trading Positions**
  We comply with the regulatory guidelines in designating trades as trading positions. The designation is primarily based on our intention for short-term resale, to realise gains from price movements, or to engage in price arbitrage. We maintain robust governance processes to monitor and report any transfers between trading and banking books. In addition, trading positions are subject to regular reviews to identify and address stale positions that exceed our internally prescribed holding periods.

Market Risk Weighted Assets
We adopt the Standardised Approach to compute market risk regulatory capital for trading book positions.

ASSET LIABILITY MANAGEMENT

Asset liability management is the strategic management of the Group's balance sheet structure and liquidity requirements. It covers liquidity sourcing and diversification as well as interest rate risk management.

Asset Liability Management (ALM) Approach
The Group maintains an established ALM risk framework to oversee and manage the Liquidity and Interest Rate Risk in the Banking Book (IRRBB) risk exposures. Asset Liability Management Committee (ALCO) provides stewardship of and regularly reviews our ALM risk profiles to ensure alignment with our business strategies and risk appetite, taking into account prevailing macroeconomic and market developments.

Liquidity Risk
The aim of liquidity risk management is to ensure that the Group can meet its financial obligations and pursue new businesses by effectively managing liquidity and funding risks within our risk appetite. Effective liquidity risk management requires maintaining adequate and diversified sources of funding and liquidity while balancing cost efficiency.

- **<u>Identification</u>**
  We identify liquidity risk by monitoring cash flow mismatches in across assets, liabilities and off-balance sheet items, supported by risk metrics and early warning indicators that signal potential liquidity risks stemming from market developments.

- **<u>Measurements</u>**
  Liquidity risk is measured based on the projected cash flow mismatches under both contractual and behavioural assumptions across business-as-usual conditions and stressed market scenarios. We also track concentration and regulatory liquidity ratios to assess funding diversification and resilience under stressed liquidity conditions.

- **<u>Risk Monitoring, Reporting and Control</u>**
  We continuously monitor liquidity risk positions against approved liquidity risk limits and triggers, aligned with our risk appetite and regulatory requirements. A rigorous review, oversight and escalation process facilitates prompt escalation and remediation of any limit exceptions.

- **<u>Stress Testing and Scenario Analysis</u>**
  We conduct regular stress tests under a variety of adverse scenarios to assess the potential impact of idiosyncratic and market events on our liquidity risk profile. These outcomes inform funding strategies, liquidity policies and contingency funding plans to minimise the impact of any liquidity crunch.

Interest Rate Risk in the Banking Book (IRRBB)
IRRBB is the current and prospective risk that interest rate movements pose to our capital and earnings. With a broad range of products across different interest rate structures, curves and maturities, mismatches in asset and liability repricing profiles can occur. Changes in interest rates and yield curves movement may affect our economic value and earnings. Our goal is to maintain the impact of these events within our risk appetite, defined risk tolerance and regulatory requirements.

- **<u>Identification</u>**
  We identify interest rate risk inherent in repricing periods, currencies, embedded options and interest rate basis. It arises from interest rate sensitive instruments which are:
  - Repricing at different times (gap risk)
  - Referencing different interest rate benchmarks (basis risks)
  - Possessing optionality with respect to timing of cashflows or interest rate reset under different circumstances (optionality risk).

- **<u>Measurements</u>**
  IRRBB is managed using both earnings and capital-based measures.
  - Net Interest Income (NII) sensitivity estimates the potential earnings impact under various interest rate shock scenarios, assuming our balance sheet remains unchanged over the next one year. Interest rate caps and floors are applied in interest cashflow projections in line with contractual obligations and business practices.
  - Economic Value of Equity (EVE) sensitivity and Present Value of one basis point (PV01) simulate the potential impact of various interest rate shock scenarios on our capital by discounting repricing cashflows, including commercial margins and spreads, using risk-free rates or appropriate proxies.

These measures take into account the impacts of loan prepayment and fixed deposit early redemption, which are modelled referencing historical customer behaviour, product features and market indicators. For non-maturity deposits without explicit maturity or repricing dates, the repricing profile is determined by studying the elasticity of deposit rates to market interest rates and the volatility of deposit balances. These modelling assumptions are independently validated, reviewed and approved by ASC with notification to ALCO and applied consistently for public disclosure and internal risk monitoring.

- **<u>Risk Monitoring, Reporting and Control</u>**
  Interest rate risk positions and metrices are computed at least monthly and are comprehensively monitored against approved risk limits and triggers. Interest rate derivatives are commonly used as hedging instruments to manage IRRBB within risk limits, with hedge accounting adopted where appropriate.

- **Stress Testing**
  We conduct regular stress tests across historical, hypothetical and regulatory interest rate shock scenarios as well as internal scenarios to assess the potential impact of adverse interest rate movements on our financial position. These assessments serve as critical inputs for shaping interest rate risk profiles and management strategies.

OPERATIONAL RISK MANAGEMENT

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, people or from external events.

Operational Risk Management Approach

Our operational risk framework defines how we manage and control the operational risks arising from our business activities and operations. The framework is supported by various programmes to ensure preparedness and minimise the impact of adverse events through timely response, recovery, and adaptability of Critical Business Services and Functions.

Senior Management and Board receive regular updates on the operational risk profile, including operational risk events, key risk indicators, material issues and trends.

A key focus area is Operational Resilience which refers to our ability to minimise the risk of business interruptions caused by operational failures, while ensuring the continued delivery of Critical Business Services and Functions during disruptions, including those provided by third parties. We proactively anticipate and prevent potential operational risk events through robust risk management practices.

Our Operational Resilience strategy builds on existing programmes such as business continuity management, crisis management, third-party risk management, technology risk management and cybersecurity. The robust risk management practices adopted by these programmes enable us to anticipate, prepare for, respond to, recover from and learn from disruptive events.

- **Key Components of Operational Risk Management**
  Business Continuity Management
  Business Continuity Management ensures the Group can maintain critical services during disruptions, minimising downtime and safeguarding customers and assets. The programme identifies Critical Business Services, sets Service Recovery Time Objectives, and maps supporting processes, systems, third-party service providers and other critical dependencies to develop detailed business continuity plans for various scenarios. Annual exercises are conducted to test and validate readiness and effectiveness of strategies. In addition, recovery and resolution plans are integrated to enable an orderly restoration of operations.

  Third-Party Risk Management
  Third-Party Risk Management addresses the risk of service disruption and other risks such as breaches of confidential information or non-compliance from the third parties. The Third-Party Risk Management programme includes a stringent onboarding process for third-party service providers, ongoing monitoring and periodic due diligence assessment. These measures help reduce the risk of service disruption, data breaches and non-compliance.

  Incident Response and Crisis Response
  Incident Response and Crisis Management involve a structured whole-of-bank approach for handling disruptive events such as public disorder, crime, terrorism, natural hazards, technology failures, cyberattacks and third-party outage. To ensure preparedness and effectiveness, procedures and protocols are established and regularly validated through crisis simulations, and industry-level exercises.

  Physical Security Risk Management
  Physical security measures are put in place to safeguard the Group's physical assets, facilities, personnel and customers at our premises from threats.

Our physical security programme provides the foundation for a safe and secured environment for both customers and employees. In-house and external security experts conduct regular assessments, supported by continuous monitoring of emerging threats. Additionally, periodic physical security penetration exercises are conducted to maintain vigilance and preparedness of our security personnel.

New Product Review and Approval
The New Product Review and Approval prescribe a stringent review process for each new product or channel (including variations) to identify and mitigate risks inherent in the product or channel. This ensures prudent allocation of resources and capital, compliance with regulatory requirements, and effective risk management to support sustainable business growth initiatives.

Conduct Risk
The Group has programmes in place to focus on appropriate incentive structures and regularly reviewed indicators related to employee's conduct. Surveillance programmes are in place to govern and drive risk management actions.

Fraud Risk
The Group adopts a zero-tolerance stance against fraud, bribery and corruption. All instances of suspected fraud, bribery or corruption events are treated seriously and addressed swiftly. In addition to disciplinary actions meted out to employees who engage in fraud misconduct, managers of the function may also be held accountable for the failure of control.

Our fraud surveillance systems are continuously enhanced to adapt to evolving fraud and scam typologies, as well as changes in the regulatory landscape, to protect our customers from fraud and scam activities. Our transaction monitoring capabilities enable us to detect and alert customers to suspicious account activities, effectively preventing potentially fraudulent transactions from being completed.

Anti-Money Laundering (AML) / Countering the Financing of Terrorism (CFT)
The Group maintains a comprehensive AML/CFT control framework, anchored in sound governance, well-defined policies, and rigorous procedures, complemented by advanced risk detection tools. Robust risk surveillance capabilities, powered by artificial intelligence (AI) and data analytics, enable agile monitoring and detection of suspicious networks, evolving financial crime trends and emerging risk typologies.

Regulatory Risk
The Group maintains strong vigilance over developments in the regulatory environment to proactively manage new, emerging, and potential compliance risk exposures. Through our regulatory change management process, we ensure all new regulations and regulatory changes are adequately assessed and timely implemented by the Group to meet its regulatory obligations.

Insurance Management
Financial lines insurance comprising the Comprehensive Crime and Professional Indemnity, Directors and Officers Liability, Cyber and Network Security Liability are in place to cover key non-financial risks.

INFORMATION SECURITY AND DIGITAL RISK MANAGEMENT

Information security and digital risk is a business risk comprising three risk domains – information, cyber and technology risks. Sound management of these risks is key to ensuring the confidentiality, integrity and availability of our information and critical systems. This approach minimises material impact on our customers and businesses from unforeseen events and align with regulatory expectations.

Information Security and Digital Risk Management Approach
Sound management of information security and digital risks continues to be a top priority as we continue to advance our digital transformation journey. The cyber threat landscape is becoming increasingly sophisticated, with adversaries exploiting Artificial Intelligence (AI) for deepfakes, malware-generation and phishing, alongside a growing number of targeted attacks on critical infrastructure and service providers in the region.

Our information security and digital risk framework is supported by a robust set of policies, processes, and controls that guide the governance and management of associated risks. We continue to invest in enhancement programmes to strengthen our technology and cyber resilience. We are highly focused on improving our capability to anticipate, respond to, and recover from unforeseen IT disruptions or cyber-attacks with the objective of achieving operational resilience in serving our customers.

The programmes include regular assessments of key risk areas, referencing past incidents, regulatory requirements, and emerging threats. Through this risk-based approach, we are able to prioritise mitigation efforts and focus enhancements effectively on areas of elevated risk exposures. Senior Management and the Board are regularly kept informed of risk profiles, key trends, and incidents across group-wide entities.

- **Key Components of Information Security and Digital Risk Management**

  Governance and Oversight

  We have in place a defence-in-depth approach with multi-layered controls and processes implemented. Our Information Security and Digital Risk (ISDR) framework and policies are regularly formulated, reviewed and updated to ensure alignment with regulatory requirements and industry best practices. We implemented ISDR key risk indicators (KRIs) and metrics specific to digital and cyber risk to track and manage our security posture effectively.

  Regular updates on information, cyber and technology risk is provided to Information Security & Digital Risk Committee (ISDRC), CEO, Chief Risk Officer (CRO), and Risk Management Committee (RMC). Ongoing enhancement programmes are in place to strengthen existing resiliency measures so as to enable robust technology and cyber risk management across the Group. Additionally, we contribute subject matter expertise to Corporate Risk Governance Committees to support Group's risk governance activities.

  Risk Review and Risk Advisory

  We provide risk advisory services to Divisions on the adoption of new and emerging technologies. We also provide oversight of key risk assessment and mitigation initiatives, review and endorsement for risk acceptance via ISDRC.

  Risk Assurance

  We conduct thematic assurance reviews to assess the effectiveness of controls specific to one or more risk themes.

  Incident Response and Crisis Management

  A robust cyber security framework is established to proactively manage and respond to potential threats that could cause data loss or disrupt critical services. Our dedicated Cyber Security Incident Response Team plays a pivotal role in swiftly containing and eradicating threats, while ensuring timely recovery from incidents to minimise impact on essential financial services.

  Cyber-related simulations (e.g., tabletop and cyber range exercises) and crisis management exercises are performed regularly to assess response effectiveness, uplift staff competency and enhance senior management readiness.

- **Other Key Aspects of Information Security & Digital Risk Management**

  Information Security Capabilities

  Data Loss Prevention controls are implemented to mitigate the risk of data leakage through channels such as web and email. Staff system access is governed by a strict need-to-know principle, ensuring that access rights are limited to what is necessary for their roles. In addition, monitoring mechanisms are in place to detect and flag any potential abuse of authorised access, reinforcing accountability and safeguarding sensitive information.

  Awareness & Vigilance Uplift & Testing Programmes

  To foster a strong culture of cyber awareness and vigilance, employees undergo mandatory cyber and information security training, supported by regular risk awareness broadcasts and social engineering testing programmes. Our Cyber Smart Programme further reinforces this by combining gamified learning experiences with expert-led seminars to deepen understanding and encourage secure behaviours.

For selected relevant roles, we have introduced a structured Cyber Certification Pathway to build advanced technical competencies in cyber security. At the same time, we send customers periodic security advisories to keep them informed and vigilant in protecting their information.

Cyber and Network Security Insurance

Relevant cyber and network security insurance are in place to mitigate potential losses arising from specific cyber-attacks and technology disruption scenarios, including cyber extortion and business interruption losses caused by security breaches or system failures.

Collaboration with Regulators and Industry Partners

We actively engage with regulatory agencies in Malaysia as well as the Financial Services Information Sharing and Analysis Centre (FS-ISAC), to exchange cyber threat intelligence. We contribute to industry committees and working groups, such as the AICB CISO forum, Association of Bank Malaysia (ABM), BNM's Cyber Resilience Workgroup (BNM CWG) and Paynet's Cyber Resilience Workgroup (Paynet CRWG), to share information security and digital risk-related updates. We participate in industry-level cyber exercises to enhance technical readiness and foster deeper collaboration with regulatory bodies.

SHARIAH GOVERNANCE

In addition to the Group's principal risk types, OABB is also subject to Shariah-specific governance and risk management requirements to ensure that objectives, operations and activities comply with Shariah principles, in accordance to the Islamic Financial Services Act 2013 (IFSA) and Bank Negara Malaysia's Shariah governance requirements. OABB has fully operationalised the Shariah Governance Policy Document (SGPD) through its internal framework, embedding Shariah considerations across business and support functions.

Governance Structure

- **Board**: The Board holds ultimate accountability for Shariah governance by overseeing Shariah compliance across the bank and ensuring effective Shariah governance structures, policies and controls are implemented and maintained.
- **Shariah Committee**: The Shariah Committee provides independent, objective, and sound Shariah decisions and advice to ensure all operations, products and activities comply with Shariah.
- **Management**: Management is responsible for implementing Shariah governance policies and processes, ensuring organisation-wide Shariah compliance.

Shariah Risk Management

Shariah non-compliance (SNC) risk is the risk of legal/regulatory sanctions, financial loss or non-financial implications (including reputational impact) arising from failure to comply with rulings of the Shariah Advisory Council of BNM, BNM Shariah standards/requirements, or decisions/advice of OABB's Shariah Committee.

The Shariah Risk Management function adopts a structured and systematic approach to manage SNC risk by:

(i) Integrating SNC risk considerations into the Bank's enterprise-wide risk management.
(ii) Identifying SNC risk exposures arising from OABB's operations and business activities.
(iii) Assessing and measuring SNC risks, including the potential impact of such exposures on OABB.
(iv) Establishing and implementing appropriate risk mitigation and control measures.
(v) Monitoring SNC risk exposures and the effectiveness of the corresponding risk mitigation measures.
(vi) Reporting SNC risk matters to the Board, Shariah Committee and senior management.
(vii) Providing independent and constructive challenge to decisions that may potentially give rise to SNC risks.

All potential SNC events are initially assessed by the Shariah Review Department (SRD), which serves as the designated control function for such assessments. The findings are subsequently submitted to OABB's Shariah Committee for confirmation and decision of the Potential SNC status and the appropriate treatment of any income arising from such events. All confirmed potential and actual SNC events are reported to BNM within the stipulated timeframe.

Note:
In this document, for whatever that is related to Islamic Banking, the following terms shall apply:

1. Risk Weighted Capital Adequacy Framework (RWCAF) also refers to Capital Adequacy Framework for Islamic Bank (CAFIB) (inclusive of Disclosure Requirements for Pillar 3 where applicable);
2. Loan also refers to Financing;
3. Borrower also refers to Customer;
4. Interest also refers to Profit;
5. Interest Rate also refers to Profit Rate;
6. Lending also refers to Financing.
7. Interest Rate Risk in the Banking Book (IRRBB) also refers to Rate of Return Risk in the Banking Book (RORBB)

Basel II Pillar 3 Market Disclosure

(OCBC Bank (M) Berhad Group – Position as at 31 December 2025)

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 disclosure in the Risk Management Chapter as well as related information in the Notes to the Financial Statements.

Exposures and Risk Weighted Assets (RWA) by Portfolio

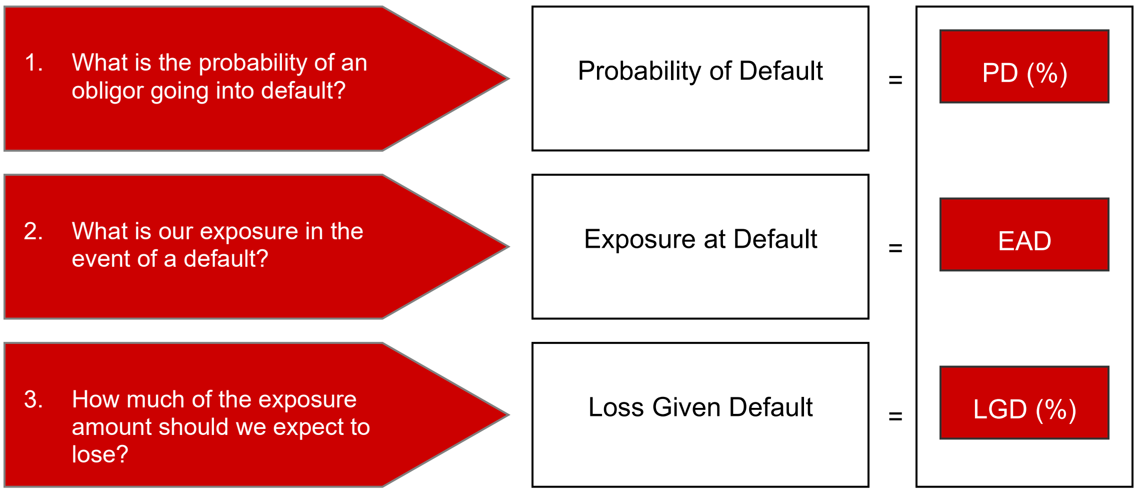
	EAD[1] RM million	RWA RM million
Credit Risk		
Standardised Approach		
Corporate	1,025	657
Sovereign & Central Bank	18,937	246
Public Sector Entities	3,488	882
Retail	43	38
Equity	114	114
Securitisation	175	35
Others	658	533
Total Standardised	**24,440**	**2,505**
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	52,540	45,282
Bank	11,802	1,771
Advanced IRB		
Residential Mortgage	19,806	2,872
Qualifying Revolving Retail	1,956	462
Other Retail - Small Business	8,707	3,002
Specialised Lending under Supervisory Slotting Criteria	282	345
Total IRB	**95,093**	**53,734**
Total Credit Risk	**119,533**	**56,239**
Counterparty Credit Risk [2]		1
Market Risk		
Standardised Approach		1,944
Total Market Risk		**1,944**
Operational Risk		
Revised Standardised Approach[3]		6,347
Total Operational Risk		**6,347**
Total RWA		**64,531**

Note:

[1] EAD refers to exposure at default after credit risk mitigation.
[2] Counterparty Credit Risk refers to the risk that a counterparty to a transaction could default before the final settlement of the transaction's cash flows.
[3] OCBC Bank (M) Berhad Group, OCBC Bank (M) Berhad and OCBC Al-Amin Bank Berhad have adopted the Revised Standardised 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%	20,486
20% - 35%	1,445
50% - 90%	597
100%	1,798
>100%	#
Total	**24,326**
Rated exposures	22,650
Unrated exposures	1,676

“#” represents amount less than RM0.5 million

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%	114
200%	-
Total	**114**

Securitisation Exposures

OCBC Bank (M) Berhad Group may invest in securitisation transactions arranged by third parties. The risks relating to securitisation transactions adhere to our risk management policies and procedures. All investment decisions undergo an independent risk assessment and approval process, and approved investments are recorded in the banking book. We review credit limits regularly to ensure prudent risk management. We continuously monitor the size and risk profile of these exposures and enhance our risk measurement processes as needed.

As at 31 December 2025, securitisation exposures in the banking book are risk weighted based on relevant approaches as prescribed in BNM Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3).

Securitisation exposures in the Banking Book

The table below presents OCBC Bank (M) Berhad Group exposure to securitisation exposures in the banking book. The Group does not have any securitisation exposures in the banking book where it acted as an originator or a sponsor.

The Group currently has no securitisation exposures in the Trading book.

Securitisation Exposures

Risk Weight	EAD RM million	RWA RM million
up to 20%	175	35
> 20% to 50%	-	-
> 50% to 100%	-	-
> 100% to 500%	-	-
> 500%	-	-
Deductions from Tier 1 and Tier 2 Capital	-	-
Total	**175**	**35**

Specialised Lending Exposures under Supervisory Slotting Criteria

Specialised lending exposures include project and object financing.

	EAD RM million	Average Risk Weight
Strong	-	0%
Good	-	0%
Satisfactory	282	122%
Weak	-	0%
Default	-	NA
Total	**282**	**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%	572	20%
> 0.05 to 0.5%	17,516	46%
> 0.5 to 2.5%	26,119	99%
> 2.5 to 9%	6,798	140%
> 9%	1,047	184%
Default	488	NA
Total	**52,540**	**86%**

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	7,438	11%
> 0.05 to 0.5%	4,293	21%
> 0.5 to 2.5%	71	55%
> 2.5 to 9%	-	-
> 9%	#	221%
Default	-	NA
Total	**11,802**	**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

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	**RM million**	**RM million**	**LGD**	**Risk Weight**
up to 0.5%	11,784	1,542	9%	6%
> 0.5 to 3%	6,183	360	12%	18%
> 3 to 10%	325	30	12%	48%
> 10%	1,040	14	12%	67%
100%	474	16	15%	44%
Total	**19,806**	**1,962**	**10%**	**14%**

Qualifying Revolving Retail Exposures

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	**RM million**	**RM million**	**LGD**	**Risk Weight**
up to 0.5%	1,458	2,052	76%	10%
> 0.5 to 3%	375	253	65%	38%
> 3 to 10%	90	22	75%	127%
> 10%	30	9	77%	213%
100%	3	-	75%	0%
Total	**1,956**	**2,336**	**74%**	**24%**

Other Retail - Small Business Exposures

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	**RM million**	**RM million**	**LGD**	**Risk Weight**
up to 0.5%	5,213	1,488	33%	18%
> 0.5 to 3%	2,246	159	39%	48%
> 3 to 10%	350	13	38%	61%
> 10%	695	50	38%	83%
100%	203	3	48%	104%
Total	**8,707**	**1,713**	**35%**	**34%**

Actual Loss and Expected Loss for Exposures under Foundation and Advanced IRB Approaches

Actual loss refers to net impairment loss allowance and direct write-off to the statement of profit or loss during the year. Expected loss ("EL") represents model derived and/or regulatory prescribed estimates of future loss on potential defaults over a one-year time horizon. Comparison of the two measures has limitations because they are calculated using different methods. EL computations are based on LGD and EAD estimates that reflect downturn economic conditions and regulatory minimums, and PD estimates that reflect long run through-the-cycle approximation of default rates. Actual loss is based on accounting standards and represents the point-in-time impairment experience for the financial year.

Actual Loss and Expected Loss for Exposures under Foundation and Advanced IRB Approaches

	Actual Loss for the 12 months ended 31 December 2025 RM million	Regulatory Expected Loss (Non-defaulted) as at 31 December 2024 RM million
Corporate	(126)	317
Bank	-	3
Other Retail - Small Business	28	87
Retail	12	63
Total	**(86)**	**470**

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	264	-	-
Sovereign & Central Bank	1,154	-	-
Public Sector Entities	-	-	1,917
Retail	2	-	-
Others	189	-	-
Total	**1,609**	**-**	**1,917**
Foundation IRB Approach			
Corporate	1,015	8,801	341
Bank	637	-	-
Total	**1,652**	**8,801**	**341**

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	915
Potential Future Exposure	2,328
Less: Effects of Netting	1,527
EAD under Current Exposure Method	**1,716**
Analysed by type:	
Foreign Exchange Contracts	1,252
Interest Rate Contracts	327
Equity Contracts	124
Gold and Precious Metals Contracts	13
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	125
Net Derivatives Credit Exposure	**1,591**

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	689	689
Total	**689**	**689**

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	Min. Capital
	Long Position	Short Position	Assets	Requirement
	RM million	RM million	RM million	RM million
Interest Rate Risk	229	132	1,624	130
Foreign Currency Risk	145	57	145	12
Equity Risk	-	-	66	5
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	109	9
Total	**374**	**189**	**1,944**	**156**

EQUITY EXPOSURES

Equity exposures comprised investments in quoted and unquoted equity instruments. The Group’s holding of unquoted equity instruments was mainly held for social-economic purpose.

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 2025.

Carrying Value of Equity Exposures

	RM million
Quoted equity exposure - Fair value through other comprehensive income ("FVOCI")	-
Unquoted equity exposure - Fair value through other comprehensive income ("FVOCI")	114
Quoted equity exposure - Associates	-
Unquoted equity exposure - Associates	-
Total	**114**

Realised and Unrealised Gains and Losses

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

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 MYR147.7million, or approximately +7.8% of reported net interest income. The corresponding impact from a 100 bps decrease is an estimated reduction of MYR261.5 million in net interest income, or approximately -13.7% of reported net interest income.

Liquidity Coverage Ratio

OCBC Bank (M) Berhad Group is subjected to the Liquidity Coverage Ratio ("LCR") requirements under the BNM Liquidity Coverage Ratio policy. Starting from 1 January 2019, the Group is required to maintain all-currency and Ringgit Malaysia ("MYR") LCR of at least 100% on an ongoing basis.

LCR aims to ensure that the Group maintains an adequate level of unencumbered High Quality Liquid Assets ("HQLA") that can be quickly and easily converted into cash to meet any liquidity needs for a 30-calendar day liquidity stress scenario.

The following annual disclosures are made pursuant to the BNM Liquidity Risk Policy Para 18.5, issued on 15 October 2024. Effective 1 January 2025, the Group is required to publicly discloses its Liquidity Coverage Ratio as a simple average of either daily or monthly observations.

For year 2025, the daily average all-currency LCRs for the Group and Conventional entity were 154% and 151% respectively. Compared to year 2024, the all-currency LCR for Group increased by 10 percentage points largely driven by an increase in HQLA mainly from securities, coupled with lower outflows from wholesale deposits, partially offset by higher outflows from interbank borrowings and debt instruments. The all-currency LCR for Conventional entity increased by 7 percentage points mainly driven by an increase in HQLA from securities.

The Group continues to focus on acquiring stable deposits and on maintaining a mix of HQLA comprising mainly of Level 1 central bank reserves and liquid sovereign bonds. The Asset & Liability Management Desk in Global Markets manages the day-to-day liquidity needs of the Group and entities and are subject to liquidity limits and triggers that serve as risk control on the Group's liquidity exposure.

Net Stable Funding Ratio

First NSFR disclosure effective as at 31 December 2025.

OCBC Bank (M) Berhad Group is subjected to Net Stable Funding Ratio ("NSFR") requirements under the BNM Net Stable Funding Ratio policy. Starting from 1 July 2020, the Group is required to maintain all-currency NSFR of at least 100% on an ongoing basis.

NSFR ensures that the Group maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities. It aims to promote resilience over a longer time horizon by funding its activities with stable sources of funding on an ongoing basis.

The following annual disclosures are made pursuant to the BNM Liquidity Risk Policy issued on 15 October 2024.

As at 31 Dec 2025, the all-currency NSFR for the Group was 115%. Compared to 31 Dec 2024, the all-currency NSFR for Group was decreased by 5 percentage point due to an increase in required stable funding ("RSF") from securities holdings, coupled with the decrease in available stable funding ("ASF") due to lower unsecured funding from financial entities.

The Group continues to maintain a stable funding structure to support its asset growth. Funding strategies have been put in place to provide effective diversification and stability in funding sources across tenors, products and geographies. Liquidity limits and triggers serve as risk controls on the Group's funding and liquidity exposure.