

Company No. 818444-T



OCBC Al-Amin Bank Berhad
(Incorporated in Malaysia)

**Basel II Pillar 3 Market Disclosure
30 June 2021**

*The disclosure in this section refers to OCBC Al-Amin Bank Berhad position.
OCBC Al-Amin Bank Berhad is a subsidiary of OCBC Bank (Malaysia) Berhad.*

Basel II Pillar 3 Market Disclosure

(OCBC Al-Amin Bank Berhad – Position as at 30 June 2021)

The purpose of this disclosure is to provide the information in accordance with BNM Capital Adequacy Framework for Islamic Bank (CAFIB) – Disclosure Requirements (Pillar 3) Guideline. This supplements the 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 (STD) Approach		
Corporate	-	-
Sovereign & Central Bank	4,502	5
Public Sector Entity	378	227
Retail	111	122
Others	43	18
Total Standardised	5,034	372
Amount Absorbed by PSIA ² (STD Approach)	15	-
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	9,013	8,411
Bank	1,545	235
Advanced IRB		
Residential Mortgage	2,070	321
Other Retail - Small Business	1,577	748
Specialised Financing under Supervisory Slotting Criteria	-	-
Total IRB	14,205	9,715
Amount Absorbed by PSIA ² (IRB Approach)	1,760	632
Total Credit Risk After Effects of PSIA²	17,464	9,455
Market Risk		
Standardised Approach		8
Amount Absorbed by PSIA ²		-
Total Market Risk After Effects of PSIA²		8
Operational Risk		
Basic Indicator Approach		781
Total Operational Risk		781
Total RWA		10,244

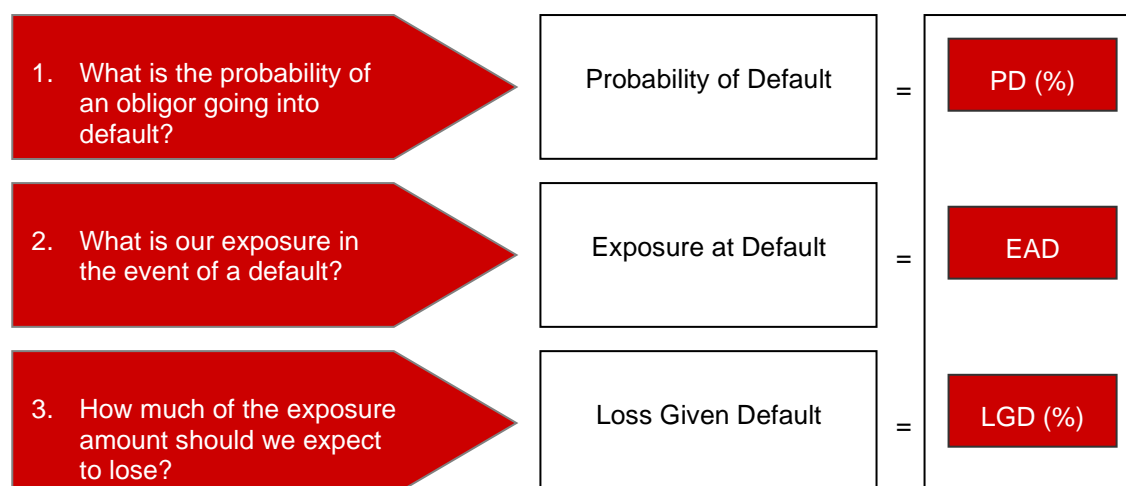
Note:

¹ EAD refers to exposure at default after credit risk mitigation

² Refers to Profit Sharing Investment Account

CREDIT RISK

With Basel II implementation, OCBC AI-Amin Bank Berhad has adopted the Internal Ratings-Based (IRB) Approach for major credit portfolios, where 3 key parameters – Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) are used to quantify credit risk.



Credit Exposures under Standardised Approach

Credit exposures under standardised approach are mainly exposures to sovereign, debt securities, personal financing to individuals and other assets. Rated exposures relate to sovereign and debt securities while unrated exposures relate mainly to personal financing and other assets.

Risk Weight	EAD RM million
0%	4,637
20% - 35%	25
50% - 75%	2
100%	333
>100%	22
Total	5,019
Rated exposures	4,638
Unrated exposures	381

Note: Excludes amount absorbed by PSIA of RM15 million.

Specialised Financing Exposures under Supervisory Slotting Criteria

There is no Specialised financing exposure as at 30 June 2021.

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%	35	49%
> 0.05 to 0.5%	2,090	58%
> 0.5 to 2.5%	2,810	116%
> 2.5 to 9%	1,400	141%
> 9%	627	211%
Default	291	NA
Total	7,253	107%

Note: Corporate EAD excludes amount absorbed by PSIA of RM1,760 million.

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	369	9%
> 0.05 to 0.5%	1,149	15%
> 0.5 to 2.5%	27	108%
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	1,545	15%

Credit Exposures under Advanced Internal Ratings-Based Approach (A-IRBA)

Residential Mortgages are financing to individuals secured by residential properties. Other Retail – Small Business exposures include financing to small businesses and commercial property financings to individuals.

Residential Mortgages

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	1,246	79	10%	6%
> 0.5 to 3%	429	16	12%	16%
> 3 to 10%	97	2	13%	47%
> 10%	159	1	12%	66%
100%	139	2	21%	17%
Total	2,070	100	11%	15%

Other Retail - Small Business Exposures

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	834	256	37%	21%
> 0.5 to 3%	392	52	48%	57%
> 3 to 10%	81	7	51%	82%
> 10%	181	4	45%	103%
100%	89	3	35%	112%
Total	1,577	322	41%	47%

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	-	-	-
Sovereign & Central Bank	-	-	-
Public Sector Entity	-	-	151
Retail	-	-	-
Others	-	-	-
Total	-	-	151
Foundation IRB Approach			
Corporate	121	1,640	5
Bank	-	-	-
Total	121	1,640	5

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 Financing.

Counterparty Credit Risk Exposure

	RM million
Replacement Cost	18
Potential Future Exposure	36
Less: Effects of Netting	-
EAD under Current Exposure Method	54
Analysed by type:	
Foreign Exchange Contracts	6
Benchmark Rate Contracts	48
Equity Contracts	-
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
Net Derivatives Credit Exposure	54

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

MARKET RISK

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

	<u>Gross Exposure</u>		Risk Weighted Assets	Min. Capital Requirement
	Long Position	Short Position		
	RM million	RM million	RM million	RM million
Benchmark Rate Risk	50	50	1	#
Foreign Currency Risk	7	1	7	1
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
Total	57	51	8	1

"#" represents amount less than RM0.5 million

Benchmark Rate Risk in Banking Book

Based on a 100 basis point parallel rise in yield curves on the Bank's exposure to major currency i.e. Malaysian Ringgit and US Dollar, net profit income is estimated to increase by MYR30.0 million, or approximately +16.4% of reported net profit income. The corresponding impact from a 100 basis point decrease is an estimated reduction of MYR29.9 million in net profit income, or approximately -16.3% of reported net profit income.

SHARIAH GOVERNANCE

Shariah non-compliance events refer to any events which are not in compliance with the rulings of the Shariah Advisory Council of BNM, standards on Shariah matters issued by BNM pursuant to section 29(1) of the IFSA, or decisions or advice of the Shariah committee of the Bank. In line with BNM Shariah Governance Policy, the Bank is managing Shariah non-compliance risk arising from its business operations and activities.

Shariah Governance Disclosures

	Amount in RM million
Shariah non-compliance income	-
	Number of incidents
Shariah non-compliance events	-