

Company No. 818444-T



OCBC Al-Amin Bank Berhad
(Incorporated in Malaysia)

Basel II Pillar 3 Market Disclosure
30 June 2018

*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 2018)

The purpose of this disclosure is to provide the information in accordance with BNM Capital Adequacy Framework for Islamic Bank (CAFIB - Basel II) – 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 Approach		
Corporate	-	-
Sovereign & Central Bank	3,499	55
Retail	342	343
Equity	-	-
Securitisation	-	-
Others	67	39
Total Standardised	3,908	437
Amount Absorbed by PSIA (STD Approach)	-	-
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	7,442	6,781
Bank	1,328	400
Public Sector Entity	71	2
Advanced IRB		
Residential Mortgage	2,166	378
Qualifying Revolving Retail	-	-
Other Retail - Small Business	1,576	800
Specialised Financing under Supervisory Slotting Criteria	41	50
Total IRB	12,624	8,411
Amount Absorbed by PSIA (IRB Approach)	1,651	1,633
Total Credit Risk After Effects of PSIA²	14,881	7,215
Market Risk		
Standardised Approach		3
Amount Absorbed by PSIA		-
Total Market Risk After Effects of PSIA		3
Operational Risk		
Basic Indicator Approach		851
Total Operational Risk		851
Total RWA		8,069

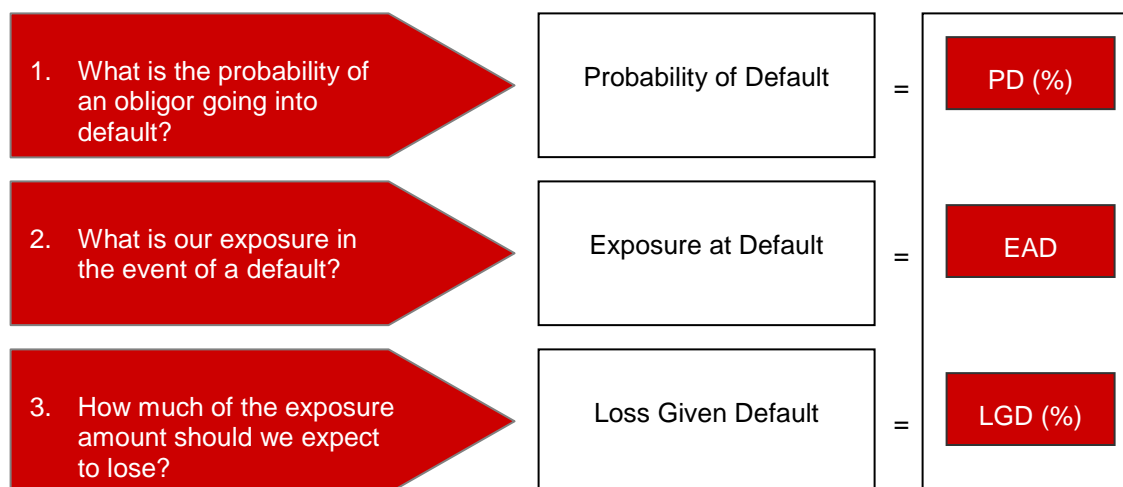
Note:

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 Al-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%	3,400
20% - 35%	26
50% - 75%	146
100%	313
>100%	23
Total	3,908
Rated exposures	3,499
Unrated exposures	409

Note: Excludes Equity

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Specialised Financing Exposures under Supervisory Slotting Criteria

Specialised financing exposures include project financing.

	EAD RM million	Average Risk Weight
Strong	-	-
Good	-	-
Satisfactory	41	122%
Weak	-	-
Default	-	NA
Total	41	122%

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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. Public sector entity exposures refer to exposures to administrative bodies of federal/state/local governments.

Corporate Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	138	13%
> 0.05 to 0.5%	2,111	49%
> 0.5 to 2.5%	2,258	94%
> 2.5 to 9%	888	141%
> 9%	289	246%
Default	107	NA
Total	5,791	89%

Note: Corporate EAD excludes amount absorbed by PSIA of RM1,651 million.

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	72	10%
> 0.05 to 0.5%	1,106	29%
> 0.5 to 2.5%	150	46%
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	1,328	30%

Public Sector Entity Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	71	10%
> 0.05 to 0.5%	-	-
> 0.5 to 2.5%	-	-
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	71	10%

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 RM million	Undrawn Commitment RM million	EAD Weighted Average	
			LGD	Risk Weight
up to 0.5%	1,391	73	11%	7%
> 0.5 to 3%	429	3	12%	17%
> 3 to 10%	109	1	13%	49%
> 10%	167	1	13%	72%
100%	70	1	19%	45%
Total	2,166	79	12%	17%

Other Retail - Small Business Exposures

PD Range	EAD RM million	Undrawn Commitment RM million	EAD Weighted Average	
			LGD	Risk Weight
up to 0.5%	847	127	39%	22%
> 0.5 to 3%	388	11	49%	60%
> 3 to 10%	85	5	47%	76%
> 10%	186	1	44%	96%
100%	70	4	42%	192%
Total	1,576	148	43%	51%

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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	-	-	-
Retail	-	-	-
Others	-	-	-
Total	-	-	-
Foundation IRB Approach			
Corporate	244	1,540	1
PSE	-	-	50
Bank	-	-	-
Total	244	1,540	51

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	2
Potential Future Exposure	1
Less: Effects of Netting	-
EAD under Current Exposure Method	3
Analysed by type:	
Foreign Exchange Contracts	#
Benchmark Rate Contracts	2
Equity Contracts	-
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
Net Derivatives Credit Exposure	3

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

"#" represents amount less than RM0.5 million

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	28	28	#	#
Foreign Currency Risk	1	2	2	#
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
Total	29	30	3	#

"#" represents amount less than RM0.5 million

Benchmark Rate Risk in Banking Book

Based on a 50 basis point parallel rise in yield curves on the Bank's exposure to major currency i.e. Malaysian Ringgit, net profit income is estimated to increase by MYR19.2 million, or approximately +11.3% of reported net profit income. The corresponding impact from a 50 basis point decrease is an estimated reduction of MYR20.2 million in net profit income, or approximately -11.9% of reported net profit income.

SHARIAH GOVERNANCE

Non-Shariah compliant events refer to any events which are not in accordance with the rules set by the Shariah Committee of the Bank or by BNM's Shariah Advisory Council. In line with the Guideline on Shariah Governance Framework for Islamic Financial Institutions (IFI), the Bank is managing Shariah Non-compliance risk arising from its activities and operations.

Shariah Governance Disclosures

	Amount in RM million
Non-Shariah compliant income	-
	Number of incidents
Non-Shariah compliant events	1