

Company No. 818444-T



OCBC Al-Amin Bank Berhad  
(Incorporated in Malaysia)

**Basel II Pillar 3 Market Disclosure**  
**30 June 2019**

*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 2019)

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 <sup>1</sup> RM million	RWA RM million
<b>Credit Risk</b>		
Standardised Approach		
Corporate	-	-
Sovereign & Central Bank	3,793	18
Public Sector Entity	254	-
Retail	224	231
Equity	-	-
Securitisation	-	-
Others	48	16
<b>Total Standardised</b>	<b>4,319</b>	<b>265</b>
Amount Absorbed by PSIA (STD Approach)	-	-
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	9,204	8,962
Bank	905	173
Advanced IRB		
Residential Mortgage	2,148	352
Qualifying Revolving Retail	-	-
Other Retail - Small Business	1,514	705
Specialised Financing under Supervisory Slotting Criteria	26	32
<b>Total IRB</b>	<b>13,797</b>	<b>10,224</b>
Amount Absorbed by PSIA (IRB Approach)	2,147	1,636
<b>Total Credit Risk After Effects of PSIA<sup>2</sup></b>	<b>15,969</b>	<b>8,853</b>
<b>Market Risk</b>		
Standardised Approach		4
Amount Absorbed by PSIA		-
<b>Total Market Risk After Effects of PSIA</b>		<b>4</b>
<b>Operational Risk</b>		
Basic Indicator Approach		796
<b>Total Operational Risk</b>		<b>796</b>
<b>Total RWA</b>		<b>9,653</b>

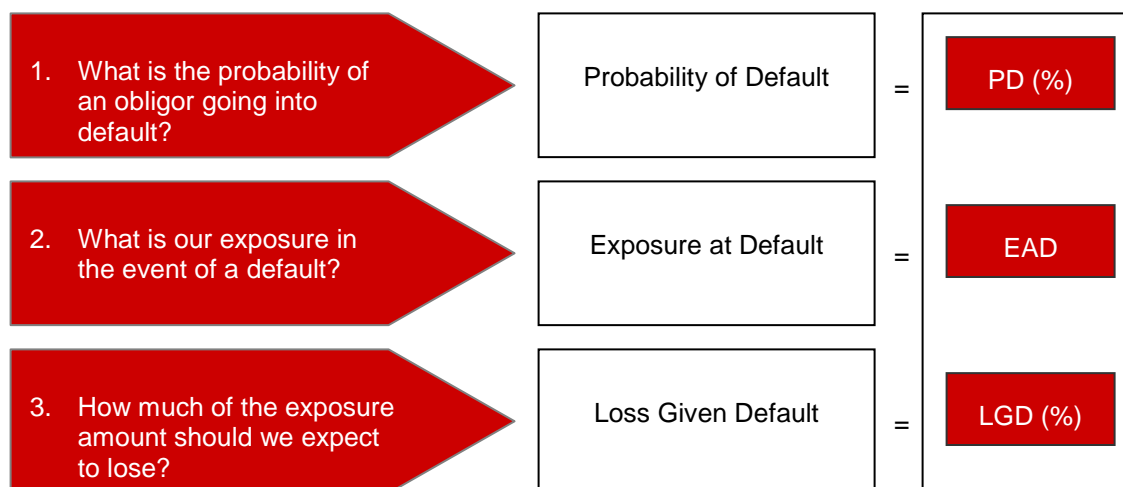
Note:

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

<sup>2</sup> 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.

<b>Risk Weight</b>	<b>EAD RM million</b>
0%	4,027
20% - 35%	27
50% - 75%	37
100%	210
>100%	18
<b>Total</b>	<b>4,319</b>
Rated exposures	4,046
Unrated exposures	273

Note: Excludes Equity

### Specialised Financing Exposures under Supervisory Slotting Criteria

Specialised financing exposures include project financing.

	EAD RM million	Average Risk Weight
Strong	-	-
Good	-	-
Satisfactory	26	122%
Weak	-	-
Default	-	NA
<b>Total</b>	<b>26</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%	-	-
> 0.05 to 0.5%	1,604	52%
> 0.5 to 2.5%	2,929	90%
> 2.5 to 9%	1,857	150%
> 9%	450	242%
Default	217	NA
<b>Total</b>	<b>7,057</b>	<b>104%</b>

Note: Corporate EAD excludes amount absorbed by PSIA of RM2,147 million.

#### *Bank Exposures*

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	284	9%
> 0.05 to 0.5%	598	20%
> 0.5 to 2.5%	23	108%
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
<b>Total</b>	<b>905</b>	<b>19%</b>

**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%	1,408	76	12%	8%
> 0.5 to 3%	433	12	12%	17%
> 3 to 10%	105	2	13%	51%
> 10%	128	1	14%	76%
100%	74	2	19%	22%
<b>Total</b>	<b>2,148</b>	<b>93</b>	<b>13%</b>	<b>16%</b>

***Other Retail - Small Business Exposures***

PD Range	EAD RM million	Undrawn Commitment RM million	EAD Weighted Average	
			LGD	Risk Weight
up to 0.5%	840	167	40%	22%
> 0.5 to 3%	384	24	49%	58%
> 3 to 10%	65	3	41%	66%
> 10%	144	2	44%	95%
100%	81	4	37%	145%
<b>Total</b>	<b>1,514</b>	<b>200</b>	<b>42%</b>	<b>47%</b>

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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
<b>Standardised Approach</b>			
Corporate	-	-	-
Sovereign & Central Bank	-	-	-
Public Sector Entity	-	-	253
Retail	-	-	-
Others	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>253</b>
<b>Foundation IRB Approach</b>			
Corporate	236	1,657	1
Bank	-	-	-
<b>Total</b>	<b>236</b>	<b>1,657</b>	<b>1</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 Financing.

**Counterparty Credit Risk Exposure**

	RM million
Replacement Cost	9
Potential Future Exposure	40
Less: Effects of Netting	-
<b>EAD under Current Exposure Method</b>	<b>49</b>
Analysed by type:	
Foreign Exchange Contracts	11
Benchmark Rate Contracts	38
Equity Contracts	-
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
<b>Net Derivatives Credit Exposure</b>	<b>49</b>

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	30	30	1	#
Foreign Currency Risk	1	3	3	#
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
<b>Total</b>	<b>31</b>	<b>33</b>	<b>4</b>	<b>#</b>

"#" 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 MYR20.9 million, or approximately +12.1% of reported net profit income. The corresponding impact from a 50 basis point decrease is an estimated reduction of MYR19.5 million in net profit income, or approximately -11.3% 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	-