

Company No. 818444-T



OCBC Al-Amin Bank Berhad  
(Incorporated in Malaysia)

## **Basel II Pillar 3 Market Disclosure 30 June 2020**

*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 2020)

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 <sup>1</sup> RM million	RWA RM million
<b>Credit Risk</b>		
Standardised Approach		
Corporate	#	#
Sovereign & Central Bank	3,920	18
Public Sector Entity	238	-
Retail	172	176
Others	44	17
<b>Total Standardised</b>	<b>4,374</b>	<b>211</b>
Amount Absorbed by PSIA (STD Approach)	-	-
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	8,630	8,087
Bank	1,114	257
Advanced IRB		
Residential Mortgage	2,177	376
Other Retail - Small Business	1,660	744
Specialised Financing under Supervisory Slotting Criteria	11	13
<b>Total IRB</b>	<b>13,592</b>	<b>9,477</b>
Amount Absorbed by PSIA (IRB Approach)	1,525	803
<b>Total Credit Risk After Effects of PSIA<sup>2</sup></b>	<b>16,441</b>	<b>8,885</b>
<b>Market Risk</b>		
Standardised Approach		7
Amount Absorbed by PSIA		-
<b>Total Market Risk After Effects of PSIA</b>		<b>7</b>
<b>Operational Risk</b>		
Basic Indicator Approach		780
<b>Total Operational Risk</b>		<b>780</b>
<b>Total RWA</b>		<b>9,672</b>

Note:

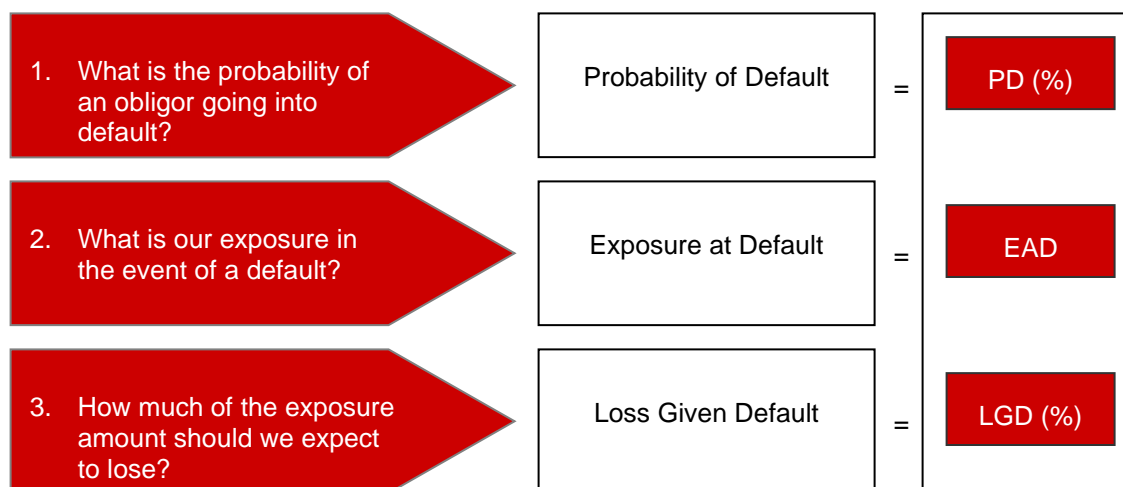
<sup>1</sup> EAD refers to exposure at default after credit risk mitigation.

<sup>2</sup> Refers to Profit Sharing Investment Account.

"#" represents amount less than RM0.5 million

## 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%	4,132
20% - 35%	27
50% - 75%	37
100%	167
>100%	11
<b>Total</b>	<b>4,374</b>
Rated exposures	4,157
Unrated exposures	217

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	11	122%
Weak	-	-
Default	-	-
<b>Total</b>	<b>11</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%	#	10%
> 0.05 to 0.5%	1,877	48%
> 0.5 to 2.5%	2,882	104%
> 2.5 to 9%	1,847	156%
> 9%	266	187%
Default	233	NA
<b>Total</b>	<b>7,105</b>	<b>103%</b>

Note: Corporate EAD excludes amount absorbed by PSIA of RM1,525 million.  
“#” represents amount less than RM0.5 million

#### *Bank Exposures*

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	81	12%
> 0.05 to 0.5%	998	21%
> 0.5 to 2.5%	35	108%
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
<b>Total</b>	<b>1,114</b>	<b>23%</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	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	1,435	94	12%	8%
> 0.5 to 3%	411	14	13%	17%
> 3 to 10%	85	2	14%	54%
> 10%	164	2	14%	82%
100%	82	1	20%	21%
<b>Total</b>	<b>2,177</b>	<b>113</b>	<b>13%</b>	<b>17%</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%	985	258	41%	23%
> 0.5 to 3%	379	37	53%	62%
> 3 to 10%	64	5	45%	73%
> 10%	158	3	43%	98%
100%	74	4	33%	117%
<b>Total</b>	<b>1,660</b>	<b>307</b>	<b>44%</b>	<b>45%</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	-	-	-
Sovereign & Central Bank	-	-	-
Public Sector Entity	-	-	238
Retail	-	-	-
Others	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>238</b>
<b>Foundation IRB Approach</b>			
Corporate	242	1,441	1
Bank	-	-	-
<b>Total</b>	<b>242</b>	<b>1,441</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	24
Potential Future Exposure	38
Less: Effects of Netting	-
<b>EAD under Current Exposure Method</b>	<b>62</b>
Analysed by type:	
Foreign Exchange Contracts	9
Benchmark Rate Contracts	53
Equity Contracts	-
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
<b>Net Derivatives Credit Exposure</b>	<b>62</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 RM million	Min. Capital Requirement RM million
	Long Position	Short Position		
	RM million	RM million		
Benchmark Rate Risk	87	87	#	#
Foreign Currency Risk	7	-	7	1
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
<b>Total</b>	<b>94</b>	<b>87</b>	<b>7</b>	<b>1</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 MYR17.7 million, or approximately +9.9% of reported net profit income. The corresponding impact from a 50 basis point decrease is an estimated reduction of MYR16.2 million in net profit income, or approximately -9.0% 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	-