

Company No. 818444-T



OCBC Al-Amin Bank Berhad
(Incorporated in Malaysia)

**Basel II Pillar 3 Market Disclosure
30 June 2022**

*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 2022)

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	3	3
Sovereign & Central Bank	4,851	-
Public Sector Entity	252	111
Retail	73	73
Others	44	15
Total Standardised	5,223	202
Amount Absorbed by PSIA ² (STD Approach)	145	-
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	10,834	9,259
Bank	683	89
Advanced IRB		
Residential Mortgage	1,938	404
Other Retail - Small Business	1,460	707
Total IRB	14,915	10,459
Amount Absorbed by PSIA ² (IRB Approach)	3,087	1,933
Total Credit Risk After Effects of PSIA²	16,906	8,728
Market Risk		
Standardised Approach		7
Amount Absorbed by PSIA ²		-
Total Market Risk After Effects of PSIA²		7
Operational Risk		
Basic Indicator Approach		808
Total Operational Risk		808
Total RWA		9,543

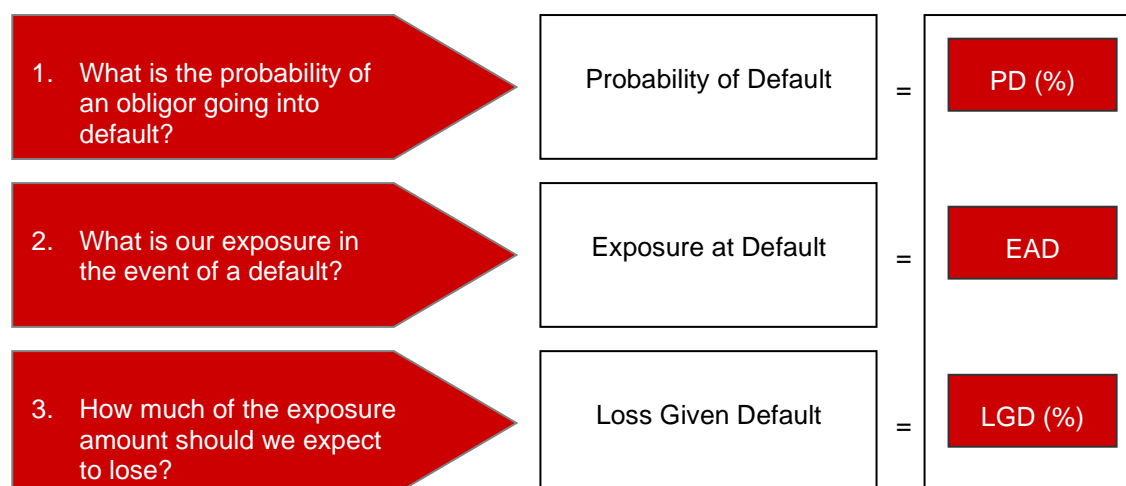
Note:

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%	4,875
20% - 35%	-
50% - 75%	1
100%	202
>100%	-
Total	5,078
Rated exposures	4,847
Unrated exposures	231

Note: Excludes Equity and amount absorbed by PSIA of RM145 million.

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%	37	41%
> 0.05 to 0.5%	2,259	61%
> 0.5 to 2.5%	3,683	104%
> 2.5 to 9%	1,057	126%
> 9%	358	207%
Default	353	NA
Total	7,747	95%

Note: Corporate EAD excludes amount absorbed by PSIA of RM3,087 million.

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	83	5%
> 0.05 to 0.5%	600	14%
> 0.5 to 2.5%	-	-
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	683	13%

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%	590	65	8%	6%
> 0.5 to 3%	921	23	10%	16%
> 3 to 10%	59	1	13%	51%
> 10%	177	1	14%	75%
100%	191	2	21%	32%
Total	1,938	92	11%	21%

Other Retail - Small Business Exposures

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	783	267	32%	19%
> 0.5 to 3%	296	21	39%	48%
> 3 to 10%	77	5	38%	61%
> 10%	218	20	40%	88%
100%	86	4	54%	207%
Total	1,460	317	36%	48%

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	-	-	141
Retail	-	-	-
Others	-	-	-
Total	-	-	141
Foundation IRB Approach			
Corporate	112	1,559	5
Bank	-	-	-
Total	112	1,559	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	1
Potential Future Exposure	8
Less: Effects of Netting	-
EAD under Current Exposure Method	9
Analysed by type:	
Foreign Exchange Contracts	1
Benchmark Rate Contracts	8
Equity Contracts	-
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
Net Derivatives Credit Exposure	9

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	116	116	1	#
Foreign Currency Risk	7	#	6	1
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
Total	123	116	7	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 MYR39.8 million, or approximately +21.3% of reported net profit income. The corresponding impact from a 100 basis point decrease is an estimated reduction of MYR39.7 million in net profit income, or approximately -21.2% 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. For Shariah Non-Compliance Event (SNCE), the Bank has taken the necessary steps to rectify the SNCE and mitigate the Shariah non-compliance risk by strengthening internal processes and controls.

Shariah Governance Disclosures

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

Note: There is no Shariah non-compliance income that requires distribution to charitable organisation.