

Company No. 818444-T



OCBC Al-Amin Bank Berhad
(Incorporated in Malaysia)

Basel II Pillar 3 Market Disclosure 30 June 2023

*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 2023)

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	7	7
Sovereign & Central Bank	3,690	-
Public Sector Entity	1,079	111
Retail	41	41
Others	53	33
Total Standardised	4,870	192
Amount Absorbed by PSIA ² (STD Approach)	134	-
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	11,117	9,450
Bank	816	183
Advanced IRB		
Residential Mortgage	1,801	271
Other Retail - Small Business	1,431	559
Total IRB	15,165	10,463
Amount Absorbed by PSIA ² (IRB Approach)	3,436	2,381
Total Credit Risk After Effects of PSIA²	16,465	8,274
Market Risk		
Standardised Approach		7
Amount Absorbed by PSIA ²		-
Total Market Risk After Effects of PSIA²		7
Operational Risk		
Basic Indicator Approach		870
Total Operational Risk		870
Total RWA		9,151

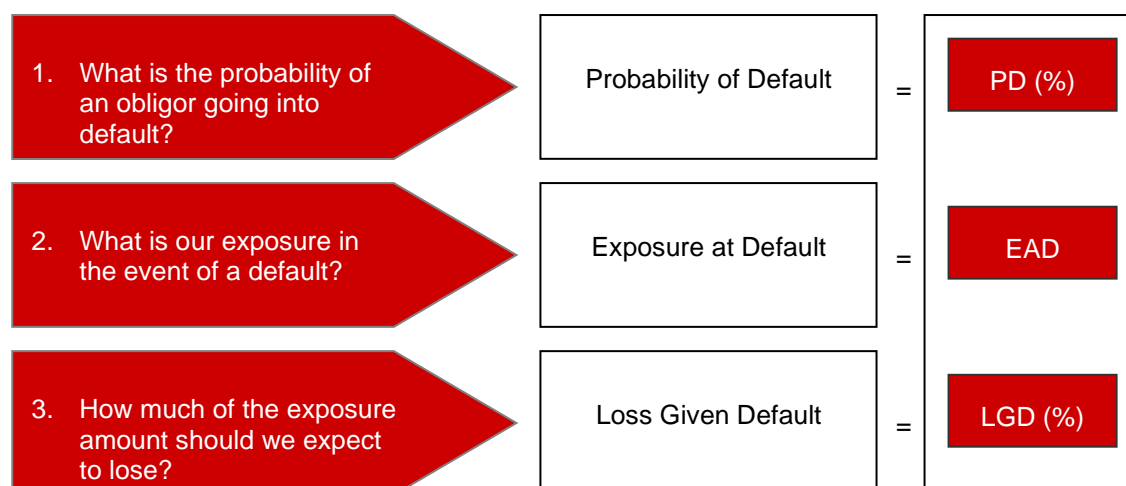
Note:

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%	4,544
20% - 35%	-
50% - 75%	#
100%	192
>100%	-
Total	4,736
Rated exposures	4,524
Unrated exposures	212

Note: Excludes Equity and amount absorbed by PSIA of RM134 million.
“#” represents amount less than RM0.5 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%	36	36%
> 0.05 to 0.5%	2,154	57%
> 0.5 to 2.5%	3,645	101%
> 2.5 to 9%	882	127%
> 9%	481	213%
Default	483	NA
Total	7,681	92%

Note: Corporate EAD excludes amount absorbed by PSIA of RM3,436 million.

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	168	15%
> 0.05 to 0.5%	648	24%
> 0.5 to 2.5%	-	-
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	816	22%

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%	838	81	8%	5%
> 0.5 to 3%	642	4	10%	14%
> 3 to 10%	41	#	12%	49%
> 10%	94	#	13%	75%
100%	186	4	20%	25%
Total	1,801	89	10%	15%

"#" represents amount less than RM0.5 million

Other Retail - Small Business Exposures

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	944	292	32%	16%
> 0.5 to 3%	257	9	36%	44%
> 3 to 10%	51	2	35%	56%
> 10%	97	4	37%	81%
100%	82	3	56%	234%
Total	1,431	310	34%	39%

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	-	-	968
Retail	-	-	-
Others	-	-	-
Total	-	-	968
Foundation IRB Approach			
Corporate	118	1,402	8
Bank	-	-	-
Total	118	1,402	8

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	15
Potential Future Exposure	150
Less: Effects of Netting	-
EAD under Current Exposure Method	165
Analysed by type:	
Foreign Exchange Contracts	158
Benchmark Rate Contracts	7
Equity Contracts	-
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
Net Derivatives Credit Exposure	165

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 RM million	Short Position RM million		
Benchmark Rate Risk	#	#	2	#
Foreign Currency Risk	5	3	5	1
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
Total	5	3	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 MYR37.8 million, or approximately +16.9% of reported net profit income. The corresponding impact from a 100 basis point decrease is an estimated reduction of MYR49.5 million in net profit income, or approximately -22.2% 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.

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.