

Company No. 818444-T



OCBC Al-Amin Bank Berhad  
(Incorporated in Malaysia)

## **Basel II Pillar 3 Market Disclosure 30 June 2024**

*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 2024)

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><br>RM million | RWA<br>RM million |
|--|--------------------------------|-------------------|
| <b>Credit Risk</b>   |                                |                   |
| Standardised (STD) Approach                                |                                |                   |
| Corporate  | 15                             | 15                |
| Sovereign & Central Bank                                   | 3,531                          | -                 |
| Public Sector Entity                                       | 556                            | 86                |
| Retail   | 22                             | 22                |
| Others   | 40                             | 13                |
| <b>Total Standardised</b>                                  | <b>4,164</b>                   | <b>136</b>        |
| Amount Absorbed by PSIA <sup>2</sup> (STD Approach)        | -                              | -                 |
| Internal Ratings-Based (IRB) Approach                      |                                |                   |
| Foundation IRB   |                                |                   |
| Corporate  | 12,639                         | 9,279             |
| Bank   | 1,848                          | 345               |
| Advanced IRB   |                                |                   |
| Residential Mortgage                                       | 1,800                          | 287               |
| Other Retail - Small Business                              | 1,651                          | 596               |
| <b>Total IRB</b>   | <b>17,938</b>                  | <b>10,507</b>     |
| Amount Absorbed by PSIA <sup>2</sup> (IRB Approach)        | 5,674                          | 3,063             |
| <b>Total Credit Risk After Effects of PSIA<sup>2</sup></b> | <b>16,428</b>                  | <b>7,580</b>      |
| <b>Market Risk</b>   |                                |                   |
| Standardised Approach                                      |                                | 16                |
| Amount Absorbed by PSIA <sup>2</sup>                       |                                | -                 |
| <b>Total Market Risk After Effects of PSIA<sup>2</sup></b> |                                | <b>16</b>         |
| <b>Operational Risk</b>                                    |                                |                   |
| Basic Indicator Approach                                   |                                | 938               |
| <b>Total Operational Risk</b>                              |                                | <b>938</b>        |
| <b>Total RWA</b>   |                                | <b>8,534</b>      |

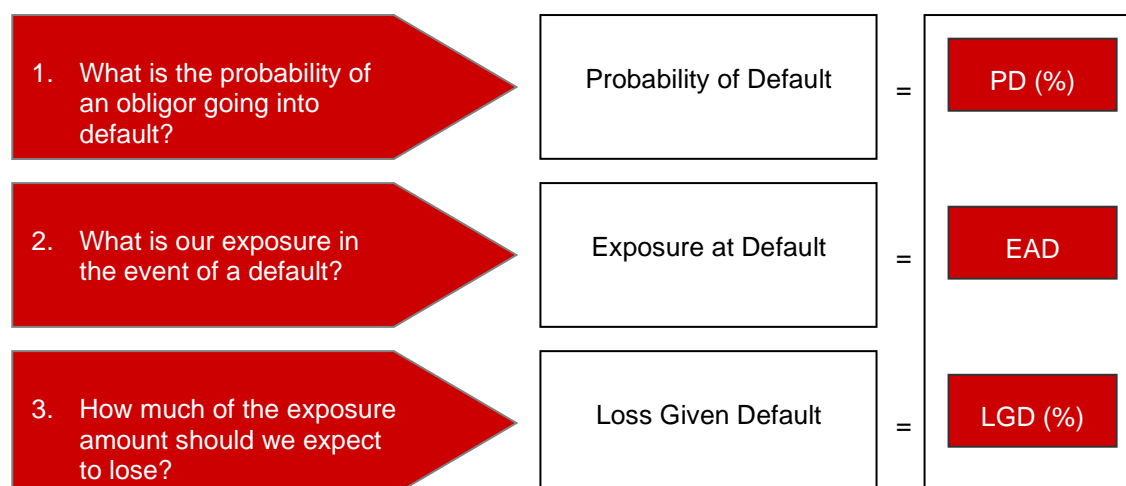
Note:

<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 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<br>RM million |
|-------------------|-------------------|
| 0%                | 4,028             |
| 20% - 35%         | -                 |
| 50% - 75%         | 3                 |
| 100%              | 133               |
| >100%             | #                 |
| <b>Total</b>      | <b>4,164</b>      |
| Rated exposures   | 4,001             |
| Unrated exposures | 163               |

"#" 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<br>RM million | Average<br>Risk Weight |
|----------------|-------------------|------------------------|
| up to 0.05%    | 2                 | 1%                     |
| > 0.05 to 0.5% | 2,682             | 54%                    |
| > 0.5 to 2.5%  | 3,795             | 97%                    |
| > 2.5 to 9%    | 729               | 129%                   |
| > 9%           | 209               | 171%                   |
| Default        | 379               | NA                     |
| <b>Total</b>   | <b>7,796</b>      | <b>82%</b>             |

Note: Corporate EAD excludes amount absorbed by PSIA of RM4,843 million.

#### *Bank Exposures*

| PD Range       | EAD<br>RM million | Average<br>Risk Weight |
|----------------|-------------------|------------------------|
| up to 0.05%    | 220               | 13%                    |
| > 0.05 to 0.5% | 797               | 16%                    |
| > 0.5 to 2.5%  | -                 | -                      |
| > 2.5 to 9%    | -                 | -                      |
| > 9%           | -                 | -                      |
| Default        | -                 | NA                     |
| <b>Total</b>   | <b>1,017</b>      | <b>15%</b>             |

Note: Bank EAD excludes amount absorbed by PSIA of RM831 million.

### 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<br>Commitment | EAD Weighted Average |             |
|--------------|--------------|-----------------------|----------------------|-------------|
|              | RM million   | RM million            | LGD                  | Risk Weight |
| up to 0.5%   | 950          | 79                    | 8%                   | 6%          |
| > 0.5 to 3%  | 590          | 9                     | 10%                  | 15%         |
| > 3 to 10%   | 40           | #                     | 12%                  | 50%         |
| > 10%        | 110          | #                     | 13%                  | 73%         |
| 100%         | 110          | 2                     | 18%                  | 39%         |
| <b>Total</b> | <b>1,800</b> | <b>90</b>             | <b>10%</b>           | <b>16%</b>  |

"#" represents amount less than RM0.5 million

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

| PD Range     | EAD          | Undrawn<br>Commitment | EAD Weighted Average |             |
|--------------|--------------|-----------------------|----------------------|-------------|
|              | RM million   | RM million            | LGD                  | Risk Weight |
| up to 0.5%   | 1,038        | 321                   | 33%                  | 17%         |
| > 0.5 to 3%  | 369          | 18                    | 33%                  | 41%         |
| > 3 to 10%   | 65           | 2                     | 38%                  | 61%         |
| > 10%        | 115          | 3                     | 37%                  | 81%         |
| 100%         | 64           | 4                     | 58%                  | 202%        |
| <b>Total</b> | <b>1,651</b> | <b>348</b>            | <b>35%</b>           | <b>36%</b>  |

## Exposures Covered by Credit Risk Mitigation

|                                | Eligible Financial<br>Collateral<br>RM million | Other Eligible<br>Collateral<br>RM million | Amount by which<br>credit exposures<br>have been reduced by<br>eligible credit protection<br>RM million |
|--------------------------------|--|--|---|
| <b>Standardised Approach</b>   |  |  |   |
| Corporate                      | -  | -  | -   |
| Sovereign & Central Bank       | -  | -  | -   |
| Public Sector Entity           | -  | -  | 470   |
| Retail                         | -  | -  | -   |
| Others                         | -  | -  | -   |
| <b>Total</b>                   | <b>-</b>                                       | <b>-</b>                                   | <b>470</b>  |
| <b>Foundation IRB Approach</b> |  |  |   |
| Corporate                      | 131  | 1,731                                      | 10  |
| Bank                           | 150  | -  | -   |
| <b>Total</b>                   | <b>281</b>                                     | <b>1,731</b>                               | <b>10</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                         | 20         |
| Potential Future Exposure                | 123        |
| Less: Effects of Netting                 | -          |
| <b>EAD under Current Exposure Method</b> | <b>143</b> |
| Analysed by type:                        |            |
| Foreign Exchange Contracts               | 143        |
| Benchmark Rate Contracts                 | -          |
| Equity Contracts                         | -          |
| Gold and Precious Metals Contracts       | -          |
| Other Commodities Contracts              | -          |
| Credit Derivative Contracts              | -          |
| Less: Eligible Financial Collateral      | -          |
| <b>Net Derivatives Credit Exposure</b>   | <b>143</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<br>Assets<br>RM million | Min. Capital<br>Requirement<br>RM million |
|-----------------------|-----------------------|----------------|---------------------------------------|---|
|                       | Long Position         | Short Position |                                       |   |
|                       | RM million            | RM million     |                                       |   |
| Benchmark Rate Risk   | #                     | #              | 2                                     | #   |
| Foreign Currency Risk | 14                    | 2              | 14                                    | 1   |
| Equity Risk           | -                     | -              | -                                     | -   |
| Commodity Risk        | -                     | -              | -                                     | -   |
| Inventory Risk        | -                     | -              | -                                     | -   |
| Options Risk          | -                     | -              | -                                     | -   |
| <b>Total</b>          | <b>14</b>             | <b>2</b>       | <b>16</b>                             | <b>1</b>                                  |

"#" 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 MYR35.6 million, or approximately +15.0% of reported net profit income. The corresponding impact from a 100 basis point decrease is an estimated reduction of MYR48.6 million in net profit income, or approximately -20.6% 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<br>RM million |
|-------------------------------|-------------------------|
| Shariah non-compliance income | -                       |
|                               |                         |
|                               | Number<br>of incidents  |
| Shariah non-compliance events | -                       |

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