

Company No. 818444-T



OCBC Al-Amin Bank Berhad
(Incorporated in Malaysia)

Basel II Pillar 3 Market Disclosure 31 December 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 – 31 DECEMBER 2022

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OCBC Al-Amin Bank Berhad
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**ATTESTATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO CAPITAL ADEQUACY
FRAMEWORK FOR ISLAMIC BANKS (CAFIB) – DISCLOSURE REQUIREMENTS (PILLAR 3)**

The risk disclosures set out in the Risk Management Chapter and Basel II Pillar 3 Market Disclosure are generally in conformance with Bank Negara Malaysia Capital Adequacy Framework for Islamic Banks (CAFIB) – Disclosure Requirements (Pillar 3) for the Group as at 31 December 2022.

SYED ABDULL AZIZ JAILANI BIN SYED KECHIK
CHIEF EXECUTIVE OFFICER

Kuala Lumpur

OCBC Al-Amin Bank Berhad
(Incorporated in Malaysia)

Risk Management

Please refer to the Risk Management chapter of OCBC (M) Group.

Basel II Pillar 3 Market Disclosure

(OCBC Al-Amin Bank Berhad – Position as at 31 December 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 disclosure in the Risk Management Chapter as well as 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	4	4
Sovereign & Central Bank	4,142	-
Public Sector Entity	292	111
Retail	56	55
Others	43	17
Total Standardised	4,537	187
Amount Absorbed by PSIA ² (STD Approach)	78	-
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	10,799	9,181
Bank	831	110
Advanced IRB		
Residential Mortgage	1,873	373
Other Retail - Small Business	1,435	685
Total IRB	14,938	10,349
Amount Absorbed by PSIA ² (IRB Approach)	3,044	1,955
Total Credit Risk After Effects of PSIA²	16,353	8,581
Market Risk		
Standardised Approach		7
Amount Absorbed by PSIA ²		-
Total Market Risk After Effects of PSIA²		7
Operational Risk		
Basic Indicator Approach		834
Total Operational Risk		834
Total RWA		9,422

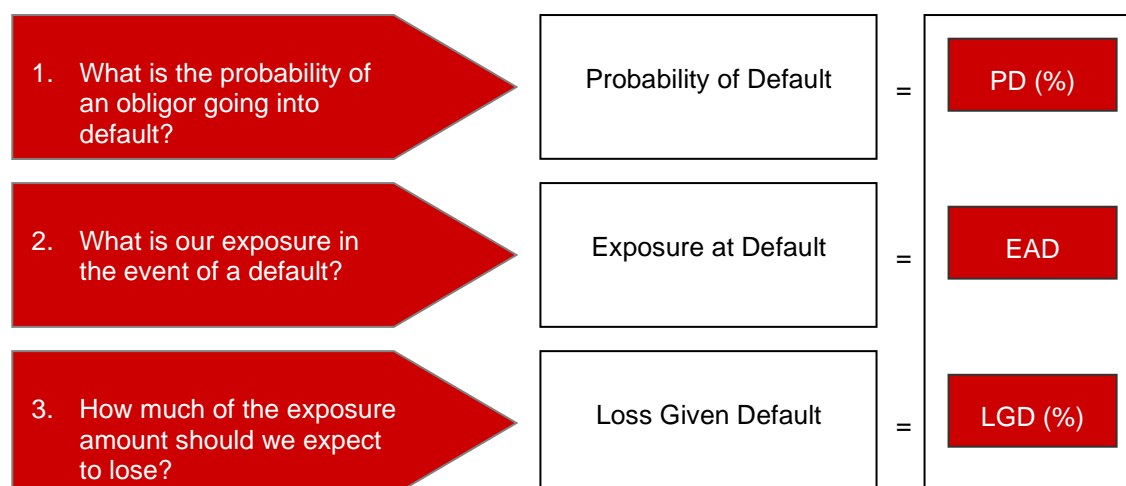
Note:

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%	4,271
20% - 35%	-
50% - 75%	1
100%	187
>100%	#
Total	4,459
Rated exposures	4,245
Unrated exposures	214

Note: Excludes Equity and amount absorbed by PSIA of RM78 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%	44	33%
> 0.05 to 0.5%	2,232	60%
> 0.5 to 2.5%	3,545	101%
> 2.5 to 9%	1,191	152%
> 9%	247	191%
Default	496	NA
Total	7,755	93%

Note: Corporate EAD excludes amount absorbed by PSIA of RM3,044 million.

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	229	9%
> 0.05 to 0.5%	602	15%
> 0.5 to 2.5%	-	-
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	831	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%	555	67	8%	6%
> 0.5 to 3%	889	25	10%	15%
> 3 to 10%	54	1	12%	49%
> 10%	169	1	13%	73%
100%	206	2	20%	27%
Total	1,873	96	11%	20%

Other Retail - Small Business Exposures

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	759	274	32%	19%
> 0.5 to 3%	307	21	36%	45%
> 3 to 10%	81	4	36%	59%
> 10%	191	15	38%	87%
100%	97	3	54%	198%
Total	1,435	317	36%	48%

Actual Loss and Expected Loss for Exposures under Foundation and Advanced IRB Approaches

Actual loss refers to net impairment loss allowance and direct write-off to the statement of profit or loss during the year. Expected loss ("EL") represents model derived and / or regulatory prescribed estimates of future loss on potential defaults over a one-year time horizon. Comparison of the two measures has limitations because they are calculated using different methods. EL computations are based on LGD and EAD estimates that reflect downturn economic conditions and regulatory minimums, and PD estimates that reflect long run through-the-cycle approximation of default rates. Actual loss is based on accounting standards and represents the point-in-time impairment experience for the financial year.

	Actual Loss for the 12 months ended 31 December 2022 RM million	Regulatory Expected Loss (Non-defaulted) as at 31 December 2021 RM million
Corporate	102	66
Bank	-	#
Other Retail - Small Business	15	34
Retail	19	8
Total	136	108

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	-	-	182
Retail	-	-	-
Others	-	-	-
Total	-	-	182
Foundation IRB Approach			
Corporate	125	1,476	7
Bank	150	-	-
Total	275	1,476	7

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	7
Potential Future Exposure	87
Less: Effects of Netting	-
EAD under Current Exposure Method	94
Analysed by type:	
Foreign Exchange Contracts	87
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	94

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	155	155	1	#
Foreign Currency Risk	7	2	6	1
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
Total	162	157	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 MYR25.5 million, or approximately +6.3% of reported net profit income. The corresponding impact from a 100 basis point decrease is an estimated reduction of MYR25.9 million in net profit income, or approximately -6.4% 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.