

Company No. 818444-T



OCBC Al-Amin Bank Berhad
(Incorporated in Malaysia)

Basel II Pillar 3 Market Disclosure 31 December 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 – 31 DECEMBER 2024

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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 2024.

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 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 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	28	28
Sovereign & Central Bank	3,748	-
Public Sector Entity	586	115
Others	36	8
Total Standardised	4,398	151
Amount Absorbed by PSIA ² (STD Approach)	607	-
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	13,457	9,383
Bank	2,518	447
Advanced IRB		
Residential Mortgage	2,058	330
Other Retail - Small Business	2,088	768
Specialised Financing under Supervisory Slotting Criteria	123	149
Total IRB	20,244	11,077
Amount Absorbed by PSIA ² (IRB Approach)	7,376	3,844
Total Credit Risk After Effects of PSIA²	16,659	7,384
Market Risk		
Standardised Approach		4
Amount Absorbed by PSIA ²		-
Total Market Risk After Effects of PSIA²		4
Operational Risk		
Basic Indicator Approach		984
Total Operational Risk		984
Total RWA		8,372

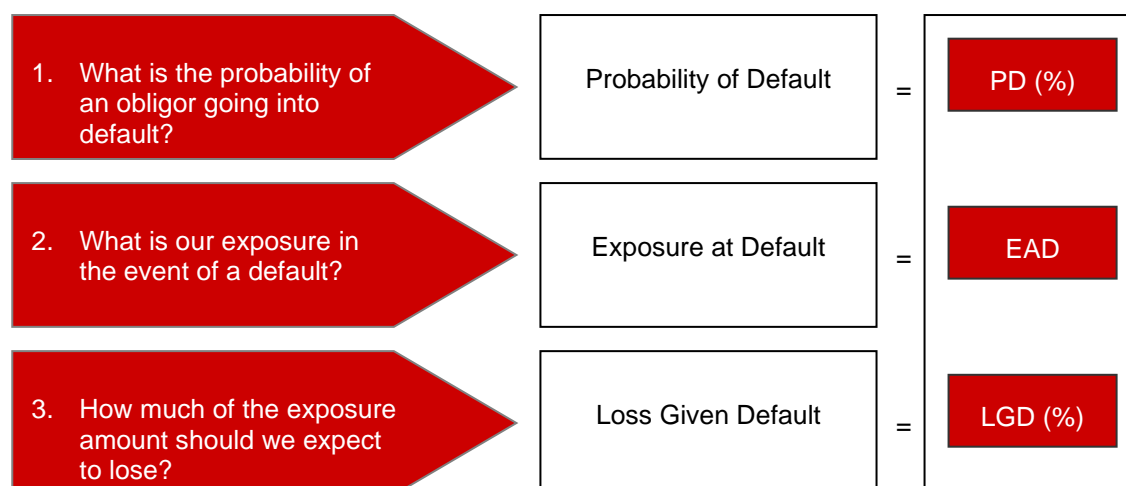
Note:

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%	3,640
20% - 35%	-
50% - 75%	#
100%	151
>100%	-
Total	3,791
Rated exposures	3,612
Unrated exposures	179

Note: Excludes Equity and amount absorbed by PSIA.
“#” 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%	4	5%
> 0.05 to 0.5%	2,227	47%
> 0.5 to 2.5%	3,459	94%
> 2.5 to 9%	898	134%
> 9%	191	183%
Default	211	NA
Total	6,990	84%

Note: Corporate EAD excludes amount absorbed by PSIA of RM6,590 million.

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	437	10%
> 0.05 to 0.5%	1,295	19%
> 0.5 to 2.5%	-	-
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	1,732	17%

Note: Bank EAD excludes amount absorbed by PSIA of RM786 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 Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	1,154	140	10%	7%
> 0.5 to 3%	654	44	11%	17%
> 3 to 10%	47	2	13%	53%
> 10%	110	#	12%	64%
100%	93	1	18%	43%
Total	2,058	187	11%	16%

"#" 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%	1,293	344	35%	19%
> 0.5 to 3%	518	28	40%	49%
> 3 to 10%	73	2	36%	58%
> 10%	138	12	39%	82%
100%	66	4	53%	179%
Total	2,088	390	37%	37%

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 2024 RM million	Regulatory Expected Loss (Non-defaulted) as at 31 December 2023 RM million
Corporate	(26)	52
Bank	-	#
Other Retail - Small Business	1	20
Retail	(7)	5
Total	(32)	78

“#” represents amount less than RM0.5 million

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	-	-	470
Retail	-	-	-
Others	-	-	-
Total	-	-	470
Foundation IRB Approach			
Corporate	143	1,642	9
Bank	150	-	-
Total	293	1,642	9

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	13
Potential Future Exposure	97
Less: Effects of Netting	-
EAD under Current Exposure Method	110
Analysed by type:	
Foreign Exchange Contracts	110
Benchmark Rate Contracts	-
Equity Contracts	-
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
Net Derivatives Credit Exposure	110

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	#	#	1	#
Foreign Currency Risk	3	2	3	#
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
Total	3	2	4	#

"#" 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 MYR34.4 million, or approximately +7.0% of reported net profit income. The corresponding impact from a 100 basis point decrease is an estimated reduction of MYR47.1 million in net profit income, or approximately -9.6% of reported net profit income.

Liquidity Coverage Ratio

OABB is subjected to Liquidity Coverage Ratio ("LCR") requirements under the BNM Liquidity Coverage Ratio policy. As at 1 January 2019, OABB is required to maintain daily all-currency and Ringgit Malaysia ("MYR") LCR of at least 100% on an ongoing basis.

LCR aims to ensure that a Bank maintains an adequate level of unencumbered High Quality Liquid Assets ('HQLA') that can be quickly and easily converted into cash to meet any liquidity needs for a 30-calendar day liquidity stress scenario.

The following annual disclosures are made pursuant to the BNM Liquidity Risk Policy Para 18.5, issued on 15 October 2024. As at 1 January 2025, OABB is required to publicly disclose its Liquidity Coverage Ratio as a simple average of either daily or monthly observations.

For year 2024, the daily average all-currency LCR for OABB was 151%. Compared with 2023, the daily average all-currency LCR for OABB increased by 8 percentage points largely driven by a decrease in Net Cash Outflows ("NCO"), partially offset by a decrease in HQLA mainly from securities. Decrease in NCO was mainly due to lower deposit outflows from recognition of wholesale operational deposits.

OABB continues to focus on acquiring stable deposits and on maintaining a mix of HQLA comprising mainly of Level 1 BNM placements and liquid sovereign sukus. The Asset & Liability Management Desk in Global Markets manages the day-to-day liquidity needs of OABB and is subject to liquidity limits and triggers that serve as risk control on OABB's liquidity exposure.

SHARIAH GOVERNANCE

Shariah Non-Compliance (SNC) arises from the potential failure to adhere to Shariah rules and principles as established by Bank Negara Malaysia's Shariah Advisory Council, the Securities Commission's Shariah Advisory Council, and our Bank's Shariah Committee.

It is essential to recognize that the responsibility for ensuring compliance with Shariah principles extends beyond the Board and Management; fostering a culture of compliance with all relevant regulations is integral to our organizational ethos. Consequently, every business division and its personnel share accountability for any breaches of laws, guidelines, and regulations pertaining to Islamic banking and finance.

In line with this commitment, our Bank is dedicated to cultivating a robust Shariah compliance risk culture. Throughout the lifecycle of our products and services, adherence to Shariah requirements is paramount, as any failure to comply may result in the income generated being deemed non-recognizable and subsequently donated to charitable causes. This approach not only underscores our dedication to upholding the integrity of our Islamic financial practices but also reinforces our commitment to ethical banking principles that align with Shariah guidelines.

During the financial year, one material Shariah non-compliant ("SNC") event was reported, involving the execution of Commodity Murabahah ("CM") transaction that affected financing accounts. The Shariah Committee has reviewed and deliberated the matter, and endorsed the rectification plan by strengthening internal processes and controls to mitigate the SNC risk. The Bank will undertake corrective actions to rectify the affected amount of RM127,033.04 resulting from the SNC event.

Shariah Governance Disclosures

	Amount in RM million
Shariah non-compliance income	-

	Number of incidents
Shariah non-compliance events	1

Note: There is no Shariah non-compliance income realised from sources or by means prohibited by Shariah that has been channelled to charity.