

Company No. 818444-T



OCBC Al-Amin Bank Berhad
(Incorporated in Malaysia)

**Basel II Pillar 3 Market Disclosures
31 December 2010**

**OCBC Al-Amin Bank Berhad
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BASEL II PILLAR 3 MARKET DISCLOSURES – 31 DECEMBER 2010

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ATTESTATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO CAPITAL ADEQUACY FRAMEWORK FOR ISLAMIC BANKS (CAFIB - BASEL II) – 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 the Bank Negara Malaysia Capital Adequacy Framework for Islamic Banks (CAFIB-Basel II) – Disclosure Requirements (Pillar 3) for the Bank as at 31 December 2010.

SYED ABDULL AZIZ JAILANI BIN SYED KECHIK
DIRECTOR & CHIEF EXECUTIVE OFFICER

Kuala Lumpur

OCBC Al-Amin Bank Berhad
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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 31st December 2010)

The purpose of this disclosure is to provide the information in accordance with Capital Adequacy Framework for Islamic Bank (CAFIB - Basel II) – Disclosure Requirements (Pillar 3) Guidelines. 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 after CRM ² RM million	RWA RM million
Credit Risk		
Standardised Approach		
Corporate	103	98
Sovereign and Bank	1,227	-
Retail & Residential Mortgage	467	355
Equity & PE/VC	-	-
Securitisation	-	-
Others	114	114
Total Standardised	1,911	567
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	2,006	2,151
Bank	268	37
Advanced IRB		
Residential Mortgage	126	20
Qualifying Revolving Retail	-	-
Other Retail	-	-
Specialised Lending	88	107
Total IRB	2,488	2,315
Amount Absorbed by PSIA (IRB Approach)	167	213
Total Credit Risk After Effects of PSIA³	4,232	2,669
Large Exposure Risk Requirement		-
Market Risk		
Standardised Approach		14
Amount Absorbed by PSIA		-
Total Market Risk After Effects of PSIA		14
Operational Risk		
Basic Indicator Approach		159
Total Operational Risk		159
Additional RWA due to Application of Capital Floor		-
Total RWA		2,842

Note:

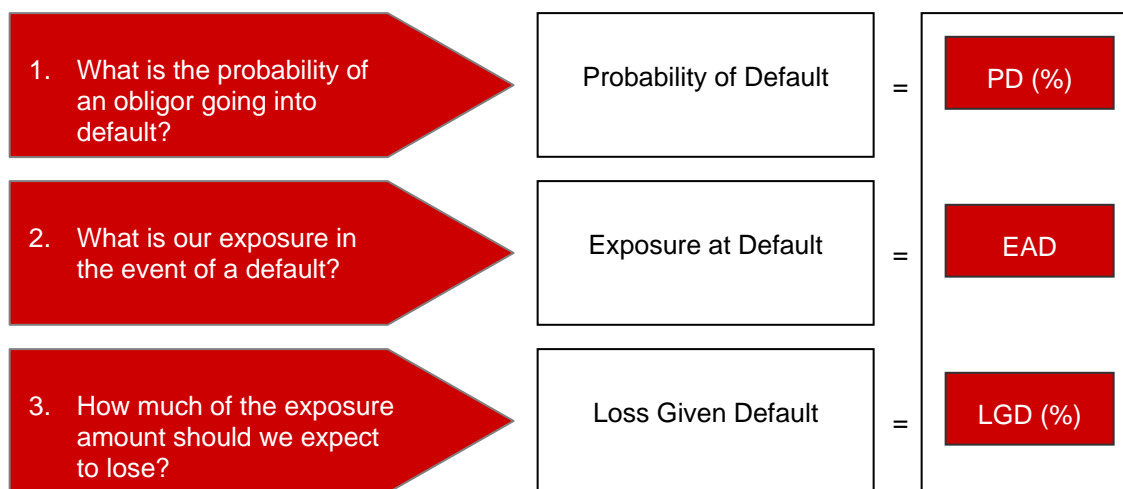
¹ EAD refers to exposure at default after credit risk mitigation in this entire document

² Refers to credit risk mitigation

³ Refers to Profit Sharing Investment Account

CREDIT RISK

With Basel II implementation, OCBC Al-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, commercial property loans and lending to small businesses.

Risk Weight	EAD RM million
0%	1,227
20% - 35%	-
50% - 75%	470
100%	207
>100%	7
Total	1,911
Rated exposures	1,238
Unrated exposures	673

Note: Excludes Equity and PE/VC.

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Specialised Financing Exposures under Supervisory Slotting Criteria

Specialised financing exposures include financing of income-producing real estate as well as project and object finance. Currently a simplified approach of slotting all specialised financing exposure to the 'Satisfactory' category has been adopted as an interim measure.

	EAD RM million	Average Risk Weight
Strong	-	-
Good	-	-
Satisfactory	88	122%
Weak	-	-
Default	-	NA
Total	88	122%

Credit Exposures under Foundation Internal Ratings-Based Approach (F-IRBA)

Corporate exposures are mainly exposures to corporate and institutional customers as well as major non-bank financial institutions. Bank exposures refer to exposures to banks and eligible public sector entities.

Corporate Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	107	23%
> 0.05 to 0.5%	76	41%
> 0.5 to 2.5%	1,298	96%
> 2.5 to 9%	340	142%
> 9%	157	231%
Default	28	NA
Total	2,006	107%

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	168	9%
> 0.05 to 0.5%	100	22%
> 0.5 to 2.5%	-	-
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	268	14%

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Credit Exposures under Advanced Internal Ratings-Based Approach (A-IRBA)

Residential Mortgages are financing to individuals secured by residential properties.

Residential Mortgages

PD Range	EAD	Undrawn Commitment	EAD Weighted Average	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	94	2	14%	9%
> 0.5 to 3%	19	3	15%	24%
> 3 to 10%	6	#	12%	45%
> 10%	3	-	13%	76%
100%	4	#	21%	59%
Total	126	5	15%	16%

"#" represents amount less than RM0.5 million

Exposures Covered by Credit Risk Mitigation

	Eligible Financial Collateral RM million	Other Eligible IRB Collateral RM million	Amount by which credit exposures have been reduced by eligible credit protection RM million
Standardised Approach			
Corporate	1	-	-
Sovereign and Bank	-	-	-
Retail	11	-	-
Others	-	-	-
Total	12	-	-
Foundation IRB Approach			
Corporate	6	120	-
Bank	-	-	-
Total	6	120	-

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.

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Counterparty Credit Risk Exposure

	RM million
Replacement Cost	11
Potential Future Exposure	7
Less: Effects of Netting	-
EAD under Current Exposure Method	18
Analysed by type:	
Foreign Exchange Contracts and Gold	18
Benchmark Rate Contracts	-
Equity Contracts	-
Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
Net Derivatives Credit Exposure	18

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	128	122	6	#
Foreign Currency Risk	9	1	8	1
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
Total	137	123	14	1

"#" represents amount less than RM0.5 million

Profit Rate Risk in Banking Book

The benchmark rate risk in the banking book is monitored on a monthly basis and behavioural assumptions for indeterminate deposits have been implemented. The impact on net profit income of the banking book is simulated under various benchmark rate assumptions for major currencies (i.e. MYR, USD). As at end-Dec 2010, based on a 50-basis point increase in MYR benchmark rate, the net profit income is estimated to decrease by RM1.7 million. The corresponding impact from a 50-basis point decrease is an estimated increase of RM1.4 million in net profit income.

SHARIAH GOVERNANCE

Non-Shariah compliant events refer to any events which are not in accordance with the rules set by the Shariah committee of the Bank or by BNM's Shariah Advisory Council. In line with the Guideline on Shariah Governance Framework for Islamic Financial Institutions (IFI), the Bank has put in place the process and structure to mitigate and manage any Shariah Non-compliance risk arising from its activities and operations.

Shariah Governance Disclosures

	Amount in RM million
Non-Shariah compliant income	-

	Number of incidents
Non-Shariah compliant events	-