

Company No. 818444-T



OCBC Al-Amin Bank Berhad
(Incorporated in Malaysia)

Basel II Pillar 3 Market Disclosure
30 June 2012

*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 2012)

The purpose of this disclosure is to provide the information in accordance with BNM Capital Adequacy Framework for Islamic Bank (CAFIB - Basel II) – 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 after CRM ² RM million	RWA RM million
Credit Risk		
Standardised Approach		
Corporate	98	98
Sovereign & Central Bank	2,230	67
Retail	747	596
Equity	-	-
Securitisation	-	-
Others	20	10
Total Standardised	3,095	771
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	2,504	2,281
Bank	785	157
Public Sector Entity	-	-
Advanced IRB		
Residential Mortgage	194	31
Qualifying Revolving Retail	-	-
Other Retail - Small Business	696	343
Specialised Financing under Supervisory Slotting Criteria	144	195
Total IRB	4,323	3,007
Amount Absorbed by PSIA (IRB Approach)	214	167
Total Credit Risk After Effects of PSIA³	7,204	3,611
Large Exposure Risk Requirement		-
Market Risk		
Standardised Approach		15
Amount Absorbed by PSIA		-
Total Market Risk After Effects of PSIA		15
Operational Risk		
Basic Indicator Approach		279
Total Operational Risk		279
Additional RWA due to Application of Capital Floor		-
Total RWA		3,905

Note:

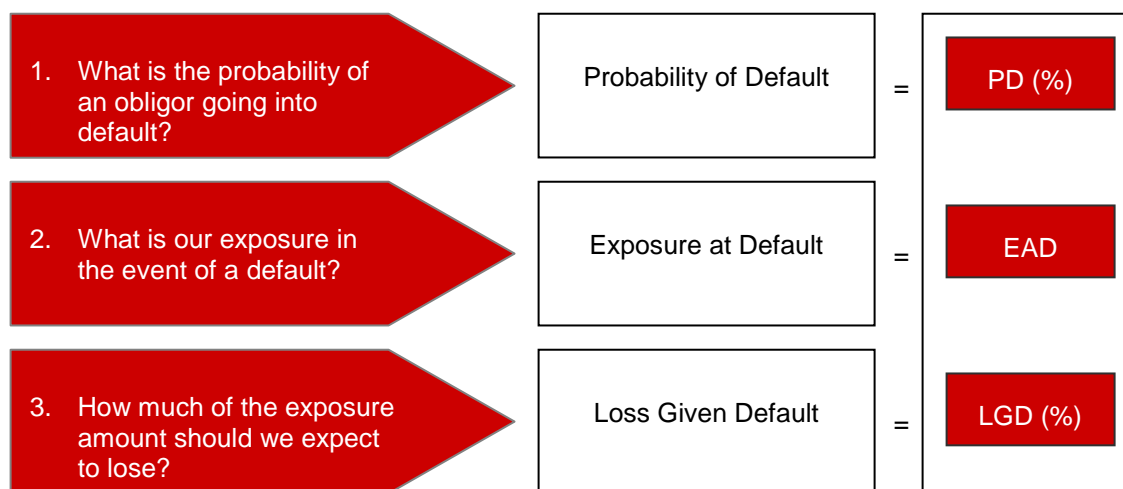
¹ EAD refers to exposure at default after credit risk mitigation in this entire document

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, central bank and individual customers. Rated exposures relate to sovereign and central bank while unrated exposures relate mainly to individual personal financing and other assets.

Risk Weight	EAD RM million
0%	2,086
20% - 35%	102
50% - 75%	635
100%	261
>100%	11
Total	3,095
Rated exposures	2,190
Unrated exposures	905

Note: Exclude Equity

Specialised Financing Exposures under Supervisory Slotting Criteria

Specialised financing exposures include financing of income producing real estate as well as project and object finance. For income producing real estate, mapping is made to supervisory categories based on their obligor grades. For other specialised financing exposures, a simplified approach of slotting to the 'Satisfactory' category has been adopted as an interim measure.

	EAD RM million	Average Risk Weight
Strong	-	-
Good	-	-
Satisfactory	130	122%
Weak	14	265%
Default	-	NA
Total	144	136%

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 are mainly exposures to commercial banks.

Corporate Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	96	20%
> 0.05 to 0.5%	660	44%
> 0.5 to 2.5%	1,219	95%
> 2.5 to 9%	459	152%
> 9%	49	241%
Default	21	NA
Total	2,504	91%

Note: Corporate EAD includes amount absorbed by PSIA of RM214 million

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	362	9%
> 0.05 to 0.5%	363	24%
> 0.5 to 2.5%	60	58%
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	785	20%

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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	<u>EAD Weighted Average</u>	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	136	12	14%	8%
> 0.5 to 3%	42	6	17%	28%
> 3 to 10%	10	1	15%	53%
> 10%	3	#	12%	64%
100%	3	-	18%	41%
Total	194	19	14%	16%

"#" represents amount less than RM0.5 million

Other Retail - Small Business Exposures

PD Range	EAD	Undrawn Commitment	<u>EAD Weighted Average</u>	
	RM million	RM million	LGD	Risk Weight
up to 0.5%	238	26	46%	19%
> 0.5 to 3%	176	9	46%	48%
> 3 to 10%	246	21	42%	68%
> 10%	18	#	42%	108%
100%	18	-	41%	148%
Total	696	56	44%	49%

"#" represents amount less than RM0.5 million

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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	-	-	-
Sovereign & Central Bank	-	-	-
Retail	-	-	-
Others	-	-	-
Total	-	-	-
Foundation IRB Approach			
Corporate	2	253	-
Bank	-	-	-
Total	2	253	-

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	3
Potential Future Exposure	25
Less: Effects of Netting	-
EAD under Current Exposure Method	28
Analysed by type:	
Foreign Exchange Contracts and Gold	28
Benchmark Rate Contracts	-
Equity Contracts	-
Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
Net Derivatives Credit Exposure	28

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	Min. Capital Requirement
	Long Position	Short Position		
	RM million	RM million		
Benchmark Rate Risk	1,264	1,264	6	#
Foreign Currency Risk	9	-	9	1
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
Total	1,273	1,264	15	1

"#" represents amount less than RM0.5 million

Benchmark 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. As at end-June 2012, based on a 50-basis point increase in MYR benchmark rate, the net profit income is estimated to reduce by RM2.0 million. The corresponding impact from a 50-basis point decrease is an estimated increase of RM2.0 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 is managing 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	2

"#" represents amount less than RM0.5 million.