

Company No. 818444-T



OCBC Al-Amin Bank Berhad
(Incorporated in Malaysia)

**Basel II Pillar 3 Market Disclosure
30 June 2011**

*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 30th June 2011)

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 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	36	30
Sovereign and Bank	1,962	12
Retail & Residential Mortgage	756	583
Equity & PE/VC	-	-
Securitisation	-	-
Others	16	16
Total Standardised	2,770	641
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	1,893	1,879
Bank	141	22
Advanced IRB		
Residential Mortgage	139	21
Qualifying Revolving Retail	-	-
Other Retail	-	-
Specialised Financing	86	104
Total IRB	2,259	2,026
Amount Absorbed by PSIA (IRB Approach)	145	169
Total Credit Risk After Effects of PSIA³	4,884	2,498
Large Exposure Risk Requirement		-
Market Risk		
Standardised Approach		12
Amount Absorbed by PSIA		-
Total Market Risk After Effects of PSIA		12
Operational Risk		
Basic Indicator Approach		206
Total Operational Risk		206
Additional RWA due to Application of Capital Floor		-
Total RWA		2,716

Note:

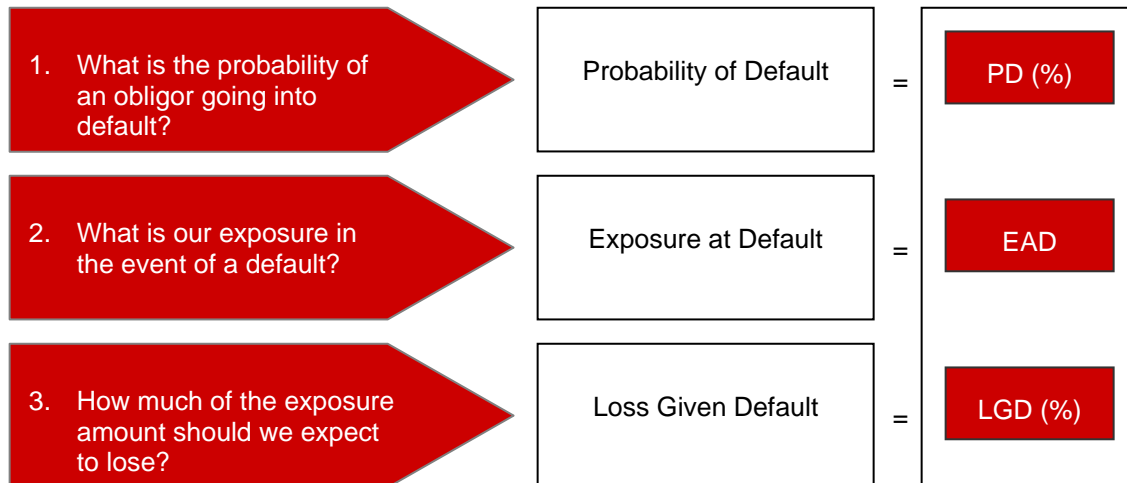
¹ EAD refers to exposure at default after credit risk mitigation in this entire document

² Refers to credit risk mitigation

³ Refers to Profit Sharing Investment Account

CREDIT RISK

With Basel II implementation, OCBC 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, commercial property financing and financing to small businesses.

Risk Weight	EAD RM million
0%	1,903
20% - 35%	59
50% - 75%	721
100%	77
>100%	10
Total	2,770
Rated exposures	1,973
Unrated exposures	797

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	86	122%
Weak	-	-
Default	-	NA
Total	86	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%	191	23%
> 0.05 to 0.5%	108	54%
> 0.5 to 2.5%	1,169	95%
> 2.5 to 9%	285	132%
> 9%	119	243%
Default	21	NA
Total	1,893	99%

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	79	9%
> 0.05 to 0.5%	62	24%
> 0.5 to 2.5%	#	46%
> 2.5 to 9%	-	0%
> 9%	-	0%
Default	-	NA
Total	141	16%

"#" represents amount less than RM0.5 million

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%	109	3	14%	9%
> 0.5 to 3%	20	2	15%	26%
> 3 to 10%	5	#	13%	45%
> 10%	2	-	12%	64%
100%	3	-	20%	87%
Total	139	6	14%	15%

"#" represents amount less than RM0.5 million

Exposures Covered by Credit Risk Mitigation

	Eligible Financial Collateral	Other Eligible IRB Collateral	Amount by which credit exposures have been reduced by eligible credit protection
	RM million	RM million	RM million
Standardised Approach			
Corporate	-	-	-
Sovereign and Bank	-	-	-
Retail	14	-	-
Others	-	-	-
Total	14	-	-
Foundation IRB Approach			
Corporate	5	71	-
Bank	-	-	-
Total	5	71	-

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	21
Potential Future Exposure	25
Less: Effects of Netting	-
EAD under Current Exposure Method	46
Analysed by type:	
Foreign Exchange Contracts and Gold	46
Benchmark Rate Contracts	-
Equity Contracts	-
Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
Net Derivatives Credit Exposure	46

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	Min. Capital
	Long Position	Short Position	Assets	Requirement
	RM million	RM million	RM million	RM million
Benchmark Rate Risk	1,360	1,360	6	#
Foreign Currency Risk	6	-	6	#
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
Total	1,366	1,360	12	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-June 2011, based on a 50-basis point increase in MYR benchmark rate, the net profit income is estimated to increase by RM2.1 million. The corresponding impact from a 50-basis point decrease is an estimated decrease of RM2.2 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	-