

Company No. 818444-T



OCBC Al-Amin Bank Berhad  
(Incorporated in Malaysia)

**Basel II Pillar 3 Market Disclosure**  
**30 June 2013**

*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 2013)

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 <sup>1</sup> after CRM <sup>2</sup> RM million	RWA RM million
<b>Credit Risk</b>		
Standardised Approach		
Corporate	-	-
Sovereign & Central Bank	2,128	50
Retail	726	560
Equity	-	-
Securitisation	-	-
Others	26	12
<b>Total Standardised</b>	<b>2,880</b>	<b>622</b>
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	2,977	2,496
Bank	677	83
Public Sector Entity	-	-
Advanced IRB		
Residential Mortgage	528	88
Qualifying Revolving Retail	-	-
Other Retail - Small Business	1,861	962
Specialised Financing under Supervisory Slotting Criteria	137	241
<b>Total IRB</b>	<b>6,180</b>	<b>3,870</b>
Amount Absorbed by PSIA (IRB Approach)	367	202
<b>Total Credit Risk After Effects of PSIA<sup>3</sup></b>	<b>8,693</b>	<b>4,290</b>
<b>Large Exposure Risk Requirement</b>		-
<b>Market Risk</b>		
Standardised Approach		7
Amount Absorbed by PSIA		-
<b>Total Market Risk After Effects of PSIA</b>		<b>7</b>
<b>Operational Risk</b>		
Basic Indicator Approach		374
<b>Total Operational Risk</b>		<b>374</b>
<b>Total RWA</b>		<b>4,671</b>

Note:

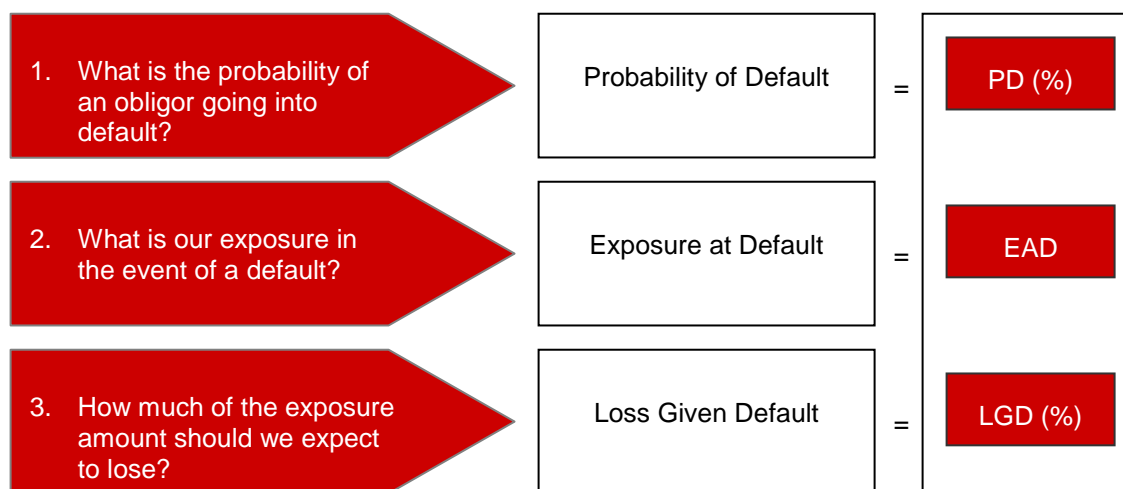
<sup>1</sup> EAD refers to exposure at default after credit risk mitigation

<sup>2</sup> CRM refers to credit risk mitigation

<sup>3</sup> 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, 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%	2,092
20% - 35%	-
50% - 75%	663
100%	124
>100%	1
<b>Total</b>	<b>2,880</b>
Rated exposures	2,078
Unrated exposures	802

Note: Exclude Equity

### Specialised Financing Exposures under Supervisory Slotting Criteria

Specialised financing exposures include financing of income producing real estate as well as project finance.

	EAD RM million	Average Risk Weight
Strong	-	-
Good	-	-
Satisfactory	85	122%
Weak	52	265%
Default	-	NA
<b>Total</b>	<b>137</b>	<b>176%</b>

### 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%	119	14%
> 0.05 to 0.5%	953	50%
> 0.5 to 2.5%	1,326	84%
> 2.5 to 9%	528	151%
> 9%	39	242%
Default	12	NA
<b>Total</b>	<b>2,977</b>	<b>84%</b>

Note: Corporate EAD includes amount absorbed by PSIA of RM367 million

#### *Bank Exposures*

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	568	9%
> 0.05 to 0.5%	109	31%
> 0.5 to 2.5%	#	58%
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
<b>Total</b>	<b>677</b>	<b>12%</b>

"#" represents amount less than RM0.5 million

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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 RM million	Undrawn Commitment RM million	EAD Weighted Average	
			LGD	Risk Weight
up to 0.5%	364	80	16%	10%
> 0.5 to 3%	147	26	17%	27%
> 3 to 10%	9	1	16%	69%
> 10%	6	#	15%	76%
100%	2	-	16%	48%
<b>Total</b>	<b>528</b>	<b>107</b>	<b>16%</b>	<b>17%</b>

"#" represents amount less than RM0.5 million

***Other Retail - Small Business Exposures***

PD Range	EAD RM million	Undrawn Commitment RM million	EAD Weighted Average	
			LGD	Risk Weight
up to 0.5%	740	59	57%	22%
> 0.5 to 3%	492	41	49%	51%
> 3 to 10%	569	34	50%	81%
> 10%	29	#	46%	109%
100%	31	-	46%	176%
<b>Total</b>	<b>1,861</b>	<b>134</b>	<b>52%</b>	<b>52%</b>

"#" represents amount less than RM0.5 million

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**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
<b>Standardised Approach</b>			
Corporate	-	-	-
Sovereign & Central Bank	-	-	-
Retail	-	-	-
Others	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Foundation IRB Approach</b>			
Corporate	5	266	-
Bank	-	-	-
<b>Total</b>	<b>5</b>	<b>266</b>	<b>-</b>

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	20
Potential Future Exposure	25
Less: Effects of Netting	-
<b>EAD under Current Exposure Method</b>	<b>45</b>
Analysed by type:	
Foreign Exchange Contracts and Gold	45
Benchmark Rate Contracts	-
Equity Contracts	-
Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
<b>Net Derivatives Credit Exposure</b>	<b>45</b>

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	Short Position		
	RM million	RM million		
Benchmark Rate Risk	1,972	1,972	4	1
Foreign Currency Risk	2	#	3	#
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
<b>Total</b>	<b>1,974</b>	<b>1,972</b>	<b>7</b>	<b>1</b>

"#" 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 30 June 2013, based on a 50-basis point increase in MYR benchmark rate, the net profit income is estimated to reduce by RM0.1 million. The corresponding impact from a 50-basis point decrease is an estimated increase of RM0.1 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	8