OCBC Al-Amin Bank Berhad
(Incorporated in Malaysia)

Company No. 818444-T

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Basel II Pillar 3 Market Disclosure
30 June 2016

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(OCBC Al Amin Bank Berhad – Position as at 30 June 2016)

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.

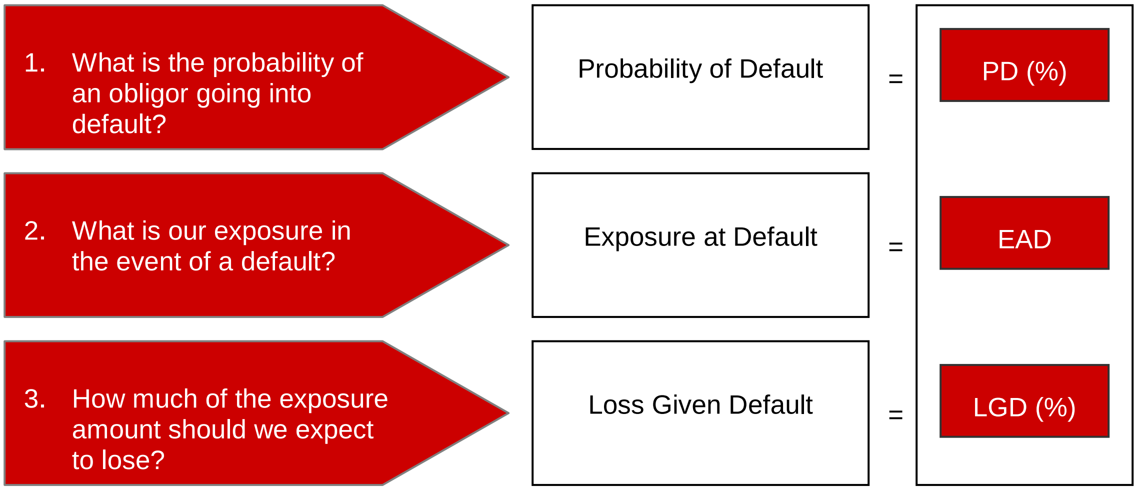
Exposures and Risk Weighted Assets (RWA) by Portfolio

	EAD[1] RM million	RWA RM million
Credit Risk		
Standardised Approach		
Corporate	-	-
Sovereign & Central Bank	4,912	129
Retail	701	681
Equity	-	-
Securitisation	-	-
Others	62	37
Total Standardised	**5,675**	**847**
Amount Absorbed by PSIA (STD Approach)	94	-
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	5,039	4,801
Bank	897	137
Public Sector Entity	20	3
Advanced IRB		
Residential Mortgage	2,307	453
Qualifying Revolving Retail	-	-
Other Retail - Small Business	2,527	1,469
Specialised Financing under Supervisory Slotting Criteria	48	58
Total IRB	**10,838**	**6,921**
Amount Absorbed by PSIA (IRB Approach)	844	1,025
Total Credit Risk After Effects of PSIA[2]	**15,575**	**6,743**
Market Risk		
Standardised Approach		10
Amount Absorbed by PSIA		-
Total Market Risk After Effects of PSIA		**10**
Operational Risk		
Basic Indicator Approach		833
Total Operational Risk		**833**
Total RWA		**7,586**

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 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%	4,674
20% - 35%	49
50% - 75%	156
100%	666
>100%	36
Total	**5,581**
Rated exposures	4,818
Unrated exposures	763

Note:
1. Exclude Equity
2. EAD excludes amount absorbed by PSIA of RM94 million

Specialised Financing Exposures under Supervisory Slotting Criteria

Specialised financing exposures include project financing.

	EAD RM million	Average Risk Weight
Strong	-	-
Good	-	-
Satisfactory	48	122%
Weak	-	-
Default	-	-
Total	**48**	**122%**

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. Public sector entity exposures refer to exposures to administrative bodies of federal/state/local governments.

Corporate Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	164	30%
> 0.05 to 0.5%	950	46%
> 0.5 to 2.5%	1,959	87%
> 2.5 to 9%	832	148%
> 9%	154	226%
Default	136	NA
Total	**4,195**	**90%**

Note: Corporate EAD excludes amount absorbed by PSIA of RM844 million

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	285	6%
> 0.05 to 0.5%	612	20%
> 0.5 to 2.5%	-	-
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	**897**	**15%**

Public Sector Entity Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	20	16%
> 0.05 to 0.5%	-	-
> 0.5 to 2.5%	-	-
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	**20**	**16%**

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

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	RM million	RM million	LGD	Risk Weight
up to 0.5%	1,513	163	14%	10%
> 0.5 to 3%	526	32	15%	22%
> 3 to 10%	76	3	16%	61%
> 10%	143	6	16%	87%
100%	49	2	18%	49%
Total	**2,307**	**206**	**15%**	**20%**

Other Retail - Small Business Exposures

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	RM million	RM million	LGD	Risk Weight
up to 0.5%	393	48	57%	29%
> 0.5 to 3%	1,026	60	49%	47%
> 3 to 10%	940	55	45%	72%
> 10%	97	#	50%	109%
100%	71	#	47%	119%
Total	**2,527**	**163**	**49%**	**58%**

"#" 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	-	-	-
Sovereign & Central Bank	-	-	-
Retail	-	-	-
Others	-	-	-
Total	**-**	**-**	**-**
Foundation IRB Approach			
Corporate	71	1,240	#
Bank	-	-	-
Total	**71**	**1,240**	**-**

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.

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

Counterparty Credit Risk Exposure

	RM million
Replacement Cost	1
Potential Future Exposure	#
Less: Effects of Netting	-
EAD under Current Exposure Method	**1**
Analysed by type:	
Foreign Exchange Contracts	1
Benchmark Rate Contracts	-
Equity Contracts	-
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
Net Derivatives Credit Exposure	**1**

Note: Not all forms of collateral or credit risk mitigation are included for regulatory capital calculations.

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

MARKET RISK

Exposure, Risk Weighted Assets and Capital Requirement by Market Risk Type under Standardised Approach

	Gross Exposure		Risk Weighted	Min. Capital
	Long Position	Short Position	Assets	Requirement
	RM million	RM million	RM million	RM million
Benchmark Rate Risk	29	29	1	#
Foreign Currency Risk	9	2	9	1
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
Total	**38**	**31**	**10**	**1**

"#" represents amount less than RM0.5 million

Benchmark Rate Risk in Banking Book

Based on a 50 basis point parallel rise in yield curves on the OABB's exposure to major currency i.e. Malaysian Ringgit, net profit income is estimated to increase by MYR11.7 million, or approximately +5.5% of reported net profit income. The corresponding impact from a 50 basis point decrease is an estimated reduction of MYR11.7 million in net profit income, or approximately -5.5% of reported 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	1