

Company No. 818444-T



OCBC Al-Amin Bank Berhad  
(Incorporated in Malaysia)

**Basel II Pillar 3 Market Disclosure**  
**30 June 2014**

## Basel II Pillar 3 Market Disclosure

(OCBC Al Amin Bank Berhad – Position as at 30 June 2014)

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	3,886	52
Retail	847	662
Equity	-	-
Securitisation	-	-
Others	61	48
<b>Total Standardised</b>	<b>4,794</b>	<b>762</b>
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	4,288	2,938
Bank	223	55
Public Sector Entity	-	-
Advanced IRB		
Residential Mortgage	1,338	231
Qualifying Revolving Retail	-	-
Other Retail - Small Business	2,745	1,527
Specialised Financing under Supervisory Slotting Criteria	240	345
<b>Total IRB</b>	<b>8,834</b>	<b>5,096</b>
Amount Absorbed by PSIA (IRB Approach)	996	568
<b>Total Credit Risk After Effects of PSIA<sup>3</sup></b>	<b>12,632</b>	<b>5,290</b>
<b>Large Exposure Risk Requirement</b>		
<b>Market Risk</b>		
Standardised Approach		4
Amount Absorbed by PSIA		-
<b>Total Market Risk After Effects of PSIA</b>		<b>4</b>
<b>Operational Risk</b>		
Basic Indicator Approach		522
<b>Total Operational Risk</b>		<b>522</b>
<b>Additional RWA due to Application of Capital Floor</b>		
<b>Total RWA</b>		<b>5,815</b>

Note:

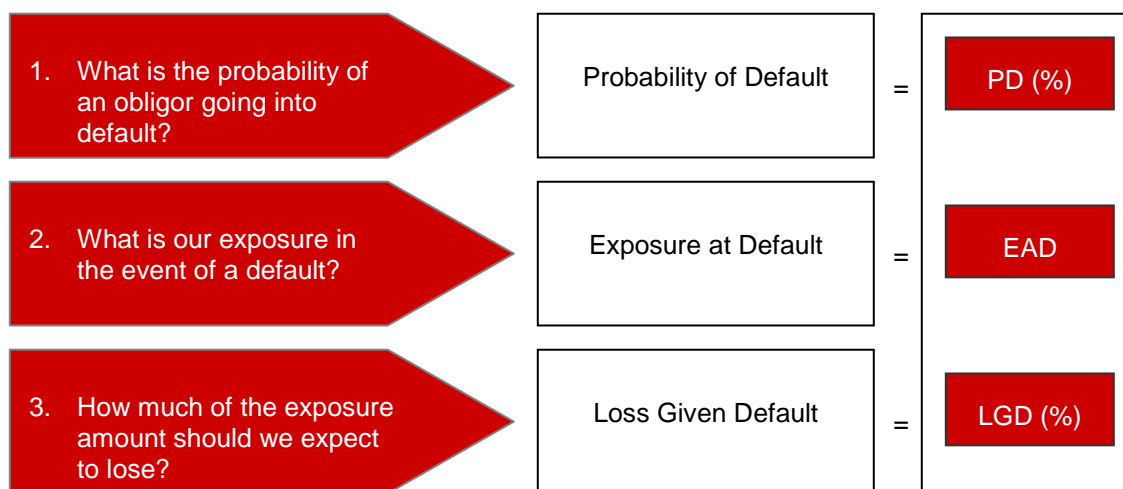
<sup>1</sup> EAD refers to exposure at default after credit risk mitigation

<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 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, 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.

<b>Risk Weight</b>	<b>EAD RM million</b>
0%	3,755
20% - 35%	115
50% - 75%	744
100%	180
>100%	#
<b>Total</b>	<b>4,794</b>
Rated exposures	3,886
Unrated exposures	908

Note: Exclude Equity

"#" represents amount less than RM0.5 million

### 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	2	95%
Satisfactory	201	122%
Weak	37	265%
Default	-	NA
<b>Total</b>	<b>240</b>	<b>143%</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%	177	11%
> 0.05 to 0.5%	1,479	47%
> 0.5 to 2.5%	1,054	89%
> 2.5 to 9%	480	137%
> 9%	37	191%
Default	65	NA
<b>Total</b>	<b>3,292</b>	<b>72%</b>

Note: Corporate EAD includes amount absorbed by PSIA of RM996 million

#### *Bank Exposures*

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	153	9%
> 0.05 to 0.5%	70	60%
> 0.5 to 2.5%	-	0%
> 2.5 to 9%	-	0%
> 9%	-	0%
Default	-	NA
<b>Total</b>	<b>223</b>	<b>25%</b>

**OCBC Al-Amin Bank Berhad  
(Incorporated in Malaysia)**

**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%	903	201	15%	9%
> 0.5 to 3%	384	74	17%	29%
> 3 to 10%	36	6	16%	75%
> 10%	12	#	15%	86%
100%	3	-	17%	23%
<b>Total</b>	<b>1,338</b>	<b>281</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%	813	47	58%	24%
> 0.5 to 3%	837	41	51%	51%
> 3 to 10%	980	55	50%	80%
> 10%	75	1	52%	120%
100%	40	#	52%	82%
<b>Total</b>	<b>2,745</b>	<b>144</b>	<b>53%</b>	<b>56%</b>

"#" represents amount less than RM0.5 million

**OCBC Al-Amin Bank Berhad  
(Incorporated in Malaysia)**

**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
<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	19	303	-
Bank	-	-	-
<b>Total</b>	<b>19</b>	<b>303</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	2
Potential Future Exposure	#
Less: Effects of Netting	-
<b>EAD under Current Exposure Method</b>	<b>2</b>
Analysed by type:	
Foreign Exchange Contracts	2
Benchmark Rate Contracts	-
Equity Contracts	-
Gold and Precious Metals Contracts	-
Other Commodities Contracts	-
Credit Derivative Contracts	-
Less: Eligible Financial Collateral	-
<b>Net Derivatives Credit Exposure</b>	<b>2</b>

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

	<u>Gross Exposure</u>		Risk Weighted Assets	Min. Capital Requirement
	Long Position	Short Position		
	RM million	RM million	RM million	RM million
Benchmark Rate Risk	261	261	#	#
Foreign Currency Risk	3	4	4	#
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
<b>Total</b>	<b>264</b>	<b>264</b>	<b>4</b>	<b>#</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 2014, based on a scenario where MYR benchmark rate shifted up by 50-basis point on parallel basis, the net profit income is estimated to increase by RM 5.4 million. The corresponding impact from a 50-basis point shifted down is estimated to reduce by RM 5.4 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 is managing Shariah Non-compliance risk arising from its activities and operations.

### Shariah Governance Disclosures

	<b>Amount in RM million</b>
<b>Non-Shariah compliant income</b>	#

	<b>Number of incidents</b>
<b>Non-Shariah compliant events</b>	7

"#" represents amount less than RM0.5 million