

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

Company No. 818444-T



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

**Basel II Pillar 3 Market Disclosure
30 June 2015**

Basel II Pillar 3 Market Disclosure

(OCBC Al Amin Bank Berhad – Position as at 30 June 2015)

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	3,811	121
Retail	832	782
Equity	-	-
Securitisation	-	-
Others	121	108
Total Standardised	4,764	1,011
Internal Ratings-Based (IRB) Approach		
Foundation IRB		
Corporate	4,707	3,269
Bank	767	126
Public Sector Entity	20	4
Advanced IRB		
Residential Mortgage	2,075	370
Qualifying Revolving Retail	-	-
Other Retail - Small Business	2,892	1,655
Specialised Financing under Supervisory Slotting Criteria	226	282
Total IRB	10,687	5,706
Amount Absorbed by PSIA (IRB Approach)	1,145	530
Total Credit Risk After Effects of PSIA²	14,306	6,187
Market Risk		
Standardised Approach	-	3
Amount Absorbed by PSIA	-	-
Total Market Risk After Effects of PSIA	-	3
Operational Risk		
Basic Indicator Approach	-	696
Total Operational Risk	-	696
Total RWA	-	6,886

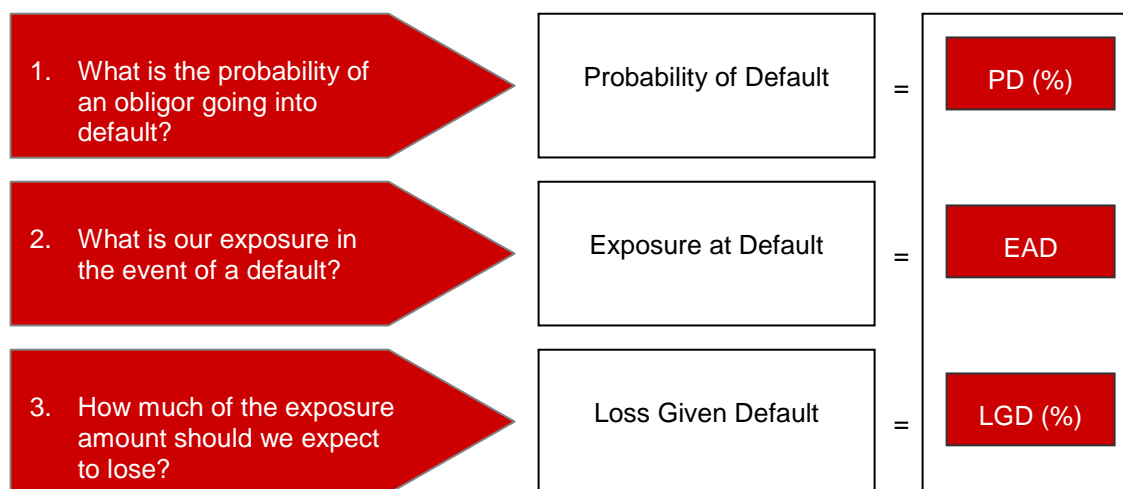
Note:

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%	3,620
20% - 35%	47
50% - 75%	362
100%	701
>100%	34
Total	4,764
Rated exposures	3,811
Unrated exposures	953

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	37	82%
Satisfactory	139	122%
Weak	31	265%
Default	19	NA
Total	226	125%

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%	270	26%
> 0.05 to 0.5%	1,023	43%
> 0.5 to 2.5%	1,565	86%
> 2.5 to 9%	412	145%
> 9%	144	195%
Default	148	NA
Total	3,562	77%

Note: Corporate EAD excludes amount absorbed by PSIA of RM1145 million

Bank Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	378	6%
> 0.05 to 0.5%	290	20%
> 0.5 to 2.5%	99	47%
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	767	16%

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

Public Sector Entity Exposures

PD Range	EAD RM million	Average Risk Weight
up to 0.05%	20	21%
> 0.05 to 0.5%	-	-
> 0.5 to 2.5%	-	-
> 2.5 to 9%	-	-
> 9%	-	-
Default	-	NA
Total	20	21%

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%	1,476	253	16%	10%
> 0.5 to 3%	458	52	16%	25%
> 3 to 10%	45	3	15%	59%
> 10%	78	5	17%	97%
100%	18	#	16%	6%
Total	2,075	313	16%	18%

"#" 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%	680	53	57%	26%
> 0.5 to 3%	1,056	58	52%	52%
> 3 to 10%	1,011	91	48%	77%
> 10%	88	4	55%	120%
100%	57	1	51%	85%
Total	2,892	207	52%	57%

**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
Standardised Approach			
Corporate	-	-	-
Sovereign & Central Bank	-	-	-
Retail	-	-	-
Others	-	-	-
Total	-	-	-
Foundation IRB Approach			
Corporate	30	802	#
Bank	-	-	-
Total	30	802	-

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

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	64	64	#	#
Foreign Currency Risk	3	1	3	#
Equity Risk	-	-	-	-
Commodity Risk	-	-	-	-
Inventory Risk	-	-	-	-
Options Risk	-	-	-	-
Total	67	65	3	#

"#" 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 2015, 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 12.3 million. The corresponding impact from a 50-basis point shifted down is estimated to reduce by RM 12.3 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	-