



October 30, 2019

FOR : The Chairman and Chief Executive Officer
Al-Amanah Islamic Investment Bank of the Philippines

FROM : The Head, Enterprise Risk Management Group and
The Concurrent Head, Market Risk Management Department

SUBJECT : **Risk Monitoring for AAIIBP (Report as of September 2019)**

AIIBP / OLING

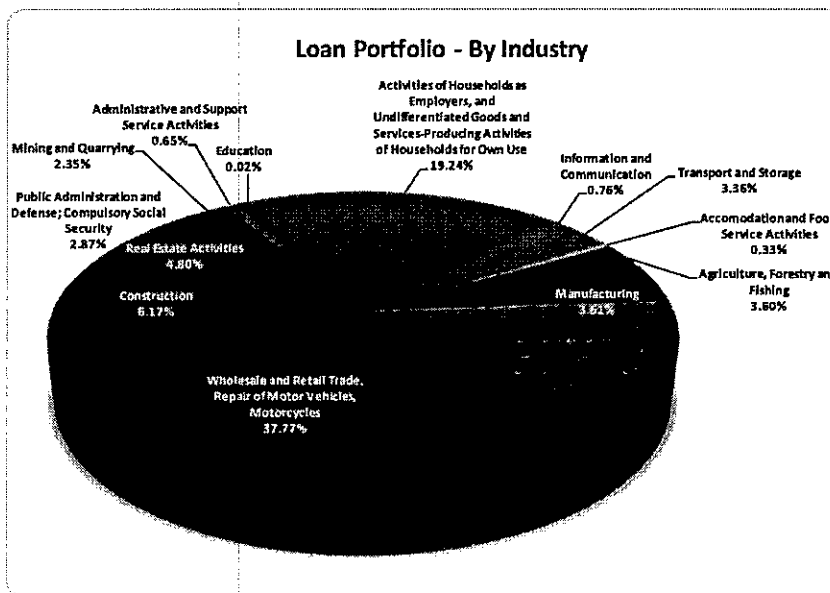
10.31.19

We are presenting herewith the results of the risk monitoring for Al-Amanah Islamic Investment Bank of the Philippines (AAIIBP) for the month of September 2019 as reported by the Market Risk Management Department (MRMD) to the Risk Oversight Committee.

This monitoring report is in line with the continuing implementation of an enterprise-wide risk management for the Bank. MRMD and the designated representatives from the Bank's subsidiaries conduct monthly risk monitoring on the subsidiaries' respective risk exposures.

A. CREDIT RISK

As of month-end September 2019, AAIIBP's total loan portfolio was at PHP249.38M. Of the total portfolio, 89.82% was classified as current. Of the remaining portion, past due and performing amounting to PHP25.28M comprised 10.14%, while past due and non-performing accounts of PHP0.11M accounted for 0.04%.



Based on loan portfolio by industry classification, most of AAIIBP's loan portfolio was in Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles (37.77%); Activities of Household as Employers (19.24%); Water Supply, Sewerage, Waste Management and Remediation Activities (13.57%); Construction (6.17%), and Real Estate Activities (4.80%).

Exposures were all in current status, except for PHP20.61M in Wholesale and Retail Trade, PHP3.21M in Manufacturing, and PHP1.56M in Agriculture, Forestry and Fishing.

B. MARKET RISK

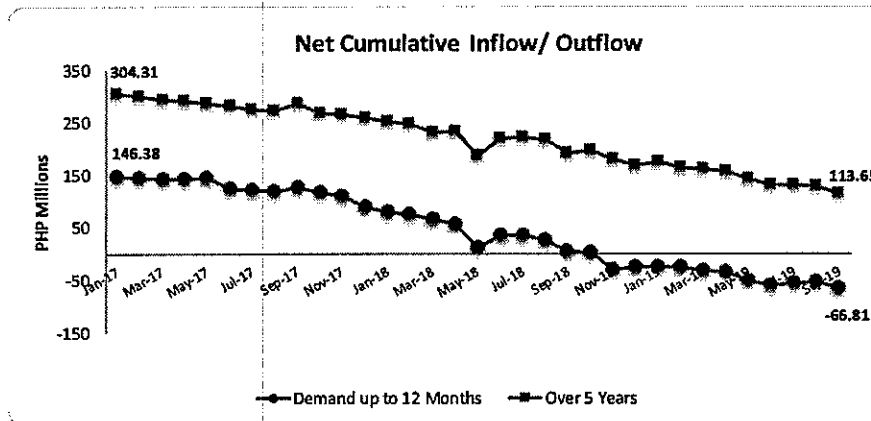
As of month-end September, AAIIBP's investments stood at PHP275M, which was composed of reverse repurchase (PHP180M), placements in the BSP overnight deposit facility (ODF; PHP68M) and government securities booked as held-to-maturity (PHP27M).

C. OPERATIONAL RISK

There were no loss events reported for September 2019.

D. LIQUIDITY RISK

AAIIBP maintained a positive liquidity profile with net cumulative inflow of PHP113.65M as of month-end September. Significant inflows were expected from (1) cash and due from banks, (2) loans and discounts, (3) held to maturity and (4) other assets in the "Demand", "1 to 2 months", and from "1 to 2 years" up to "Over 5 years" time bands. Outflows would mainly come from deposits from "Demand" up to "4 to 5 months" and "Over 5 years" time bands. Net cumulative outflows were also noted from "Day 14" to "1 to 2 years".



While the Islamic bank showed overall net cumulative inflow, the net cumulative cashflow for time bands "Demand up to 12 months" and "Over 5 years" showed notable decline from January 2017 to September 2019, as shown in the graph. Net cumulative cashflow for "Demand up to 12 months" declined from net inflow of PHP146.38M to net outflow of PHP40.06M, while for "Over 5 years" time band, it decreased from net inflow of PHP304.31M to PHP113.65M. This significant decline in net cumulative cashflow could be attributed to the decrease in outstanding conventional loans from PHP150.25M in January 2017 to PHP80.84M in September 2019, estimated five-month retention for demand and savings deposits, and to the continued losses generated by the Islamic bank.

Thank you.


CATHERINE T. MAGANA
 Vice President