

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2015

OVERVIEW

This document discloses Bank Islam Group's ("the Group") quantitative disclosures in accordance with the disclosure requirements as outlined in the Capital Adequacy Framework for Islamic Banks ("CAFIB") – Disclosure Requirements ("Pillar 3") issued by Bank Negara Malaysia ("BNM").

The Group has adopted the Standardised Approach in determining the capital requirements for credit and market risk and has applied the Basic Indicator Approach for operational risk for the Pillar 1 since January 2008. Under the Standardised Approach, standard risk weights are used to assess the capital requirements for exposures in credit and market risk whilst the capital required for operational risk under the Basic Indicator Approach is computed based on a fixed percentage over the Group's average gross income for a fixed number of quarterly periods.

In compliance with the Pillar 3 Guideline, the Pillar 3 report for the Group is being regularly prepared for two periods: 30 June and 31 December. The Group's Pillar 3 report will be made available under the Corporate Info section of the Bank's website at www.bankislam.com.my, attached to its annual and the half-yearly financial reports after the notes to the financial statements.

The following tables show the minimum regulatory capital requirement to support the Group's and the Bank's risk weighted assets.

Group	30.06.2015		31.12.2014	
	RISK-WEIGHTED ASSETS	MINIMUM CAPITAL REQUIREMENT AT 8%	RISK-WEIGHTED ASSETS	MINIMUM CAPITAL REQUIREMENT AT 8%
	RM'000	RM'000	RM'000	RM'000
Credit risk	28,366,391	2,269,311	26,947,994	2,155,839
Less: Credit Risk absorbed by PSIA	(11,039)	(883)	-	-
Market risk	611,642	48,931	542,910	43,432
Operational risk	2,818,780	225,502	2,724,074	217,926
Total	31,785,774	2,542,861	30,214,978	2,417,197

Bank	30.06.2015		31.12.2014	
	RISK-WEIGHTED ASSETS	MINIMUM CAPITAL REQUIREMENT AT 8%	RISK-WEIGHTED ASSETS	MINIMUM CAPITAL REQUIREMENT AT 8%
	RM'000	RM'000	RM'000	RM'000
Credit risk	28,361,888	2,268,951	26,945,514	2,155,641
Less: Credit Risk absorbed by PSIA	(11,039)	(883)	-	-
Market risk	611,642	48,931	542,910	43,432
Operational risk	2,801,368	224,109	2,705,152	216,412
Total	31,763,859	2,541,108	30,193,576	2,415,485

The Group does not have any capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in the BNM's CAFIB.

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1. Scope of Application

The Pillar 3 Disclosure is prepared on a consolidated basis and comprises information on the Bank (including the offshore banking operations in the Federal Territory of Labuan) and its subsidiaries.

There are no significant restrictions or impediments on the transfer of funds or regulatory capital within the Group. There were no capital deficiencies in any of the subsidiary companies of the Group as at the financial half-year.

2. Capital Adequacy

Effective 1 January 2013, total capital and capital adequacy ratios of the Bank are computed based on BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets) issued on 28 November 2012 and its subsequent updates on 27 June 2013.

Capital Adequacy Ratios

The Risk Weighted Capital Ratio ("RWCR") of the Group and Bank are set out below:

(a) The capital adequacy ratios of the Group and of the Bank:

	GROUP		BANK	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier 1 (CET 1) Capital Ratio	12.23%	12.24%	12.19%	12.20%
Tier 1 Capital Ratio	12.23%	12.24%	12.19%	12.20%
Risk-Weighted Capital Ratio	14.29%	13.36%	14.25%	13.32%

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2. Capital Adequacy (continued)

(b) CET 1, Tier I, and Tier II capital components of the Group and of the Bank:

	GROUP	BANK
	30.06.2015	30.06.2015
	RM'000	RM'000
<u>Tier I capital</u>		
Paid-up share capital	2,342,706	2,342,706
Share Premium	134,299	134,299
Retained earnings	379,431	380,286
Other reserves	1,069,861	1,069,764
Less: Deferred tax assets	(31,220)	(31,220)
Less: 55% of fair value	(7,261)	(7,261)
Less: Investment in subsidiaries	-	(15,525)
Total Common Equity Tier I Capital	3,887,816	3,873,049
Total Additional Tier I Capital	-	-
Total Tier I Capital	3,887,816	3,873,049
Sukuk Murabahah	300,000	300,000
Collective assessment allowance ^	354,442	354,386
Total Tier II Capital	654,442	654,386
Total Capital	4,542,258	4,527,435

^Collective assessment allowance on non-impaired financing subject to maximum of 1.25% of total credit risk-weighted assets.

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2. Capital Adequacy (continued)

(b) Tier I and Tier II capital components of the Group and of the Bank (continued):

	GROUP	BANK
	31.12.2014	31.12.2014
	RM'000	RM'000
<u>Tier I capital</u>		
Paid-up share capital	2,319,907	2,319,907
Share Premium	90,981	90,981
Retained earnings	388,923	390,019
Other reserves	929,779	929,721
Less: Deferred tax assets	(31,220)	(31,220)
Less: 55% of fair value	-	-
Less: Investment in subsidiaries	-	(15,525)
Total Common Equity Tier I Capital	3,698,370	3,683,883
Total Additional Tier I Capital	-	-
Total Tier I Capital	3,698,370	3,683,883
Sukuk Murabahah	-	-
Collective assessment allowance [^]	336,850	336,819
Total Tier II Capital	336,850	336,819
Total Capital	4,035,220	4,020,702

[^]Collective assessment allowance on non-impaired financing subject to maximum of 1.25% of total credit risk-weighted assets.

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2. Capital Adequacy (continued)

Capital Adequacy Ratios (continued)

(c) *The breakdown of risk-weighted assets by exposures in each major risk category is as follows:*

(i) *Group*

30 JUNE 2015 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	6,700,764	6,700,764	-	-
Public Sector Entities	1,046,543	1,041,832	263,792	21,103
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	829,448	829,448	69,729	5,578
Corporate	12,847,895	12,670,419	6,852,916	548,233
Regulatory Retail	13,377,145	13,283,622	12,552,878	1,004,230
Residential Mortgages	10,258,526	10,254,333	6,399,410	511,953
Higher Risk Assets	79,033	79,033	118,549	9,484
Other Assets	2,404,484	2,404,484	404,046	32,324
Defaulted Exposures	234,080	225,335	279,055	22,325
Total for On-Balance Sheet Exposures	47,777,918	47,489,270	26,940,375	2,155,230
Off-Balance Sheet Exposures				
Credit-related Exposures	1,552,916	1,552,916	1,358,007	108,641
Derivative Financial Instruments	109,927	109,927	53,951	4,316
Defaulted Exposures	9,397	9,397	14,058	1,124
Total for Off-Balance Sheet Exposures	1,672,240	1,672,240	1,426,016	114,081
Total On and Off-Balance Sheet Exposures	49,450,158	49,161,510	28,366,391	2,269,311
Less: Credit Risk absorbed by PSIA			(11,039)	(883)
Market Risk				
	Long position	Short Position		
Benchmark Rate Risk	5,800,112	(5,465,064)	335,048	236,350
Foreign Exchange Risk	25,735	(373,219)	(347,484)	373,219
Inventory Risk	-	-	2,073	2,073
Total Market Risk	5,825,847	(5,838,283)	(10,363)	611,642
Operational Risk			2,818,780	225,502
Total RWA and Capital Requirements			31,785,774	2,542,861

Note: As at 30 June 2015, the Group did not have any exposures under securitisation.

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2. Capital Adequacy (continued)

Capital Adequacy Ratios (continued)

(c) *The breakdown of risk-weighted assets by exposures in each major risk category is as follows:*

(i) *Group (continued)*

31 DECEMBER 2014 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	3,888,002	3,888,002	-	-
Public Sector Entities	992,097	990,893	339,408	27,153
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	1,220,439	1,220,439	143,066	11,445
Corporate	13,867,576	13,709,836	6,761,506	540,920
Regulatory Retail	12,942,334	12,835,414	11,553,620	924,290
Residential Mortgages	8,945,396	8,942,143	5,578,925	446,314
Higher Risk Assets	19,951	19,951	29,927	2,394
Other Assets	2,496,244	2,496,244	437,200	34,976
Defaulted Exposures	495,794	481,745	660,901	52,872
Total for On-Balance Sheet Exposures	44,867,833	44,584,667	25,504,553	2,040,364
Off-Balance Sheet Exposures				
Credit-related Exposures	1,590,551	1,590,551	1,375,137	110,011
Derivative Financial Instruments	105,264	105,264	56,781	4,542
Defaulted Exposures	7,717	7,717	11,523	922
Total for Off-Balance Sheet Exposures	1,703,532	1,703,532	1,443,441	115,475
Total On and Off-Balance Sheet Exposures	46,571,365	46,288,199	26,947,994	2,155,839
Less: Credit Risk absorbed by PSIA			-	-
Market Risk				
	Long position	Short Position		
Benchmark Rate Risk	994,991	(4,532,410)	(3,537,419)	153,889
Foreign Exchange Risk	25,896	(386,305)	(360,409)	386,305
Inventory Risk	-	-	2,716	217
Total Market Risk	1,020,887	(4,918,715)	(3,895,112)	542,910
Operational Risk			2,724,074	217,926
Total RWA and Capital Requirements			30,214,978	2,417,197

Note: As at 31 December 2014, the Group did not have any credit risk weighted assets absorbed by Profit Sharing Investment Accounts (“PSIA”), nor exposures under securitisation.

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2. Capital Adequacy (continued)

Capital Adequacy Ratios (continued)

(c) *The breakdown of risk-weighted assets by exposures in each major risk category is as follows (continued):*

(ii) *Bank*

30 JUNE 2015 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	6,700,764	6,700,764	-	-
Public Sector Entities	1,046,543	1,041,832	263,792	21,103
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	829,256	829,256	69,690	5,575
Corporate	12,847,895	12,670,419	6,852,916	548,233
Regulatory Retail	13,377,145	13,283,622	12,552,878	1,004,230
Residential Mortgages	10,258,526	10,254,333	6,399,410	511,953
Higher Risk Assets	79,033	79,033	118,549	9,484
Other Assets	2,400,912	2,400,911	399,582	31,967
Defaulted Exposures	234,080	225,335	279,055	22,325
Total for On-Balance Sheet Exposures	47,774,154	47,485,505	26,935,872	2,154,870
Off-Balance Sheet Exposures				
Credit-related Exposures	1,552,916	1,552,916	1,358,007	108,641
Derivative Financial Instruments	109,927	109,927	53,951	4,316
Defaulted Exposures	9,397	9,397	14,058	1,124
Total for Off-Balance Sheet Exposures	1,672,240	1,672,240	1,426,016	114,081
Total On and Off-Balance Sheet Exposures	49,446,394	49,157,745	28,361,888	2,268,951
Less: Credit Risk absorbed by PSIA			(11,039)	(883)
	Long position	Short Position		
Market Risk				
Benchmark Rate Risk	5,800,112	(5,465,064)	335,048	236,350
Foreign Exchange Risk	25,735	(373,219)	(347,484)	373,219
Inventory Risk	-	-	2,073	2,073
Total Market Risk	5,825,847	(5,838,283)	(10,363)	611,642
Operational Risk			2,801,368	224,109
Total RWA and Capital Requirements			31,763,859	2,541,108

Note: As at 30 June 2015, the Bank did not have any exposures under securitisation.

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2. Capital Adequacy (continued)

Capital Adequacy Ratios (continued)

(c) *The breakdown of risk-weighted assets by exposures in each major risk category is as follows*

(continued):

(ii) Bank (continued)

31 DECEMBER 2014 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	3,888,002	3,888,002	-	-
Public Sector Entities	992,097	990,893	339,408	27,153
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	1,220,213	1,220,213	143,021	11,442
Corporate	13,867,576	13,709,836	6,761,506	540,920
Regulatory Retail	12,942,334	12,835,414	11,553,620	924,290
Residential Mortgages	8,945,396	8,942,143	5,578,925	446,314
Higher Risk Assets	19,951	19,951	29,927	2,394
Other Assets	2,494,640	2,494,640	434,765	34,781
Defaulted Exposures	495,794	481,745	660,901	52,872
Total for On-Balance Sheet Exposures	44,866,003	44,582,837	25,502,073	2,040,166
Off-Balance Sheet Exposures				
Credit-related Exposures	1,590,551	1,590,551	1,375,137	110,011
Derivative Financial Instruments	105,264	105,264	56,781	4,542
Defaulted Exposures	7,717	7,717	11,523	922
Total for Off-Balance Sheet Exposures	1,703,532	1,703,532	1,443,441	115,475
Total On and Off-Balance Sheet Exposures	46,569,535	46,286,369	26,945,514	2,155,641
			-	-
	Long position	Short Position		
Market Risk				
Benchmark Rate Risk	994,991	(4,532,410)	(3,537,419)	153,889
Foreign Exchange Risk	25,896	(386,305)	(360,409)	386,305
Inventory Risk	-	-	2,716	217
Total Market Risk	1,020,887	(4,918,715)	(3,895,112)	542,910
Operational Risk			2,705,152	216,412
Total RWA and Capital Requirements			30,193,576	2,415,485

Note: As at 31 December 2014, the Bank did not have any credit risk weighted assets absorbed by Profit Sharing Investment Accounts (“PSIA”), nor exposures under securitisation.

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3. Credit Risk

3.1 Credit Quality of Gross Financing and Advances

The table below present the Group's and the Bank's gross financing and advances analysed by credit quality:

	GROUP AND BANK	
	30.06.2015	31.12.2014
	RM'000	RM'000
Neither past due nor impaired	30,841,903	29,346,053
Past due but not impaired	518,900	421,120
Impaired	375,402	344,539
	31,736,205	30,111,712
Gross impaired financing as a percentage of gross financing and advances	1.18%	1.14%

(a) Neither Past Due Nor Impaired

Financings classified as neither past due nor impaired are financings for which the borrower has not missed a contractual payment (profit or principal) when contractually due and is not impaired as there is no objective evidence of impairment of the financing.

The credit quality of gross financing and advances which are neither past due nor impaired is as follows:

	GROUP AND BANK	
	30.06.2015	31.12.2014
	RM'000	RM'000
Excellent to good	24,701,247	23,196,518
Satisfactory	5,729,481	5,741,808
Fair	411,175	407,727
	30,841,903	29,346,053

Internal rating definition:-

Excellent to Good: Sound financial position of the obligor with no difficulty in meeting its obligations.

Satisfactory: Adequate safety of the obligor meeting its current obligations but more time is required to meet its obligations in full.

Fair: High risks on payment obligations. Financial performance may continue to deteriorate.

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3. Credit Risk (continued)

3.1 Credit Quality of Gross Financing and Advances (continued)

(b) Past Due But Not Impaired

Financings classified as past due but not impaired are financings on which its contractual profit or principal payments are past due, but the Group and the Bank believe that impairment is not appropriate on the basis of the level of collateral available and/or the stage of collection amounts owed to the Group and the Bank

Analysis of the past due but not impaired financing and advances by aging analysis:

	GROUP AND BANK	
	30.06.2015	31.12.2014
By ageing	RM'000	RM'000
Month-in-arrears 1	380,940	274,624
Month-in-arrears 2	137,960	146,496
	518,900	421,120

Analysis of the past due but not impaired financings and advances by sector:

	GROUP AND BANK	
	30.06.2015	31.12.2014
	RM'000	RM'000
Primary agriculture	-	-
Mining and quarrying	5,224	-
Manufacturing (including agro-based)	787	2,753
Electricity, gas and water	-	-
Wholesale & retail trade, and hotels & restaurants	13,371	5,393
Construction	6,220	23,002
Real estate	27,492	12,864
Transport, storage and communications	1,196	7,420
Finance, insurance and business activities	34	1,163
Education, health and others	12,368	430
Household sectors	452,208	368,095
Other sectors	-	-
	518,900	421,120

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3. Credit Risk (continued)

3.1 Credit Quality of Gross Financing and Advances (continued)

(c) Impaired financing and advances

A financing is classified as impaired when the principal or profit or both are past due for three months or more, or where a financing is in arrears for less than three months, but the financing exhibits indications of significant credit weakness.

Impaired financing by assessment type:

	GROUP AND BANK	
	30.06.2015	31.12.2014
	RM'000	RM'000
Individually assessed	210,698	215,552
<i>of which:</i>		
<i>Month-in-arrears 0</i>	46,524	95,853
<i>Month-in-arrears 1</i>	5,119	1,705
<i>Month-in-arrears 2</i>	11,069	6,847
<i>Month-in-arrears 3 and above</i>	147,986	111,147
Collectively assessed	164,704	128,987
	375,402	344,539

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3. Credit Risk (continued)

3.1 Credit Quality of Gross Financing and Advances (continued)

(c) Impaired financing and advances (continued)

30 JUNE 2015	INDIVIDUAL ASSESSMENT ALLOWANCE					COLLECTIVE ASSESSMENT ALLOWANCE AT 30.06.2015	TOTAL IMPAIRMENT ALLOWANCES FOR FINANCING AT 30.06.2015
	IMPAIRED FINANCING AT 30-06-2015	INDIVIDUAL ASSESSMENT AS AT 1.01.2015	NET CHARGE FOR THE FINANCIAL YEAR	AMOUNTS WRITTEN OFF/OTHER MOVEMENTS	INDIVIDUAL ASSESSMENT AS AT 30.06.2015		
Primary Agriculture	6,542	954	4,667	-	5,621	6,616	12,237
Mining and quarrying	121	-	-	-	-	904	904
Manufacturing (including agro-based)	6,561	1,594	1,716	(2,276)	1,034	20,054	21,088
Electricity, gas and water	-	-	-	-	-	2,984	2,984
Wholesale & retail trade and restaurants & hotels	17,063	6,177	1,868	-	8,045	45,486	53,531
Construction	50,260	39,899	1,520	(8,606)	32,813	23,991	56,804
Real estate	-	-	-	-	-	13,981	13,981
Transport, storage and communication	45,047	33,610	11,503	(26,360)	18,753	8,253	27,006
Finance, insurance and business services	63,478	54,270	(115)	4,024	58,179	21,137	79,316
Education, health and others	3,364	-	980	-	980	13,304	14,284
Household sectors	182,966	6,249	2,315	-	8,564	335,879	344,443
Other Sectors	-	-	-	-	-	-	-
Total	375,402	142,753	24,454	(33,218)	133,989	492,589	626,578

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3. Credit Risk (continued)

3.1 Credit Quality of Gross Financing and Advances (continued)

(c) Impaired financing and advances (continued)

31 DECEMBER 2014 RM '000	INDIVIDUAL ASSESSMENT ALLOWANCE					COLLECTIVE ASSESSMENT ALLOWANCE AT 31.12.2014	TOTAL IMPAIRMENT ALLOWANCES FOR FINANCING AT 31.12.2014
	IMPAIRED FINANCING AT 31.12.2014	INDIVIDUAL ASSESSMENT AS AT 1.01.2014	NET CHARGE FOR THE FINANCIAL YEAR	AMOUNTS WRITTEN OFF/OTHER MOVEMENTS	INDIVIDUAL ASSESSMENT AS AT 31.12.2014		
Primary Agriculture	1,854	-	954	-	954	5,869	6,823
Mining and quarrying	-	-	-	-	-	274	274
Manufacturing (including agro- based)	7,669	29,180	987	(28,573)	1,594	22,605	24,199
Electricity, gas and water	54	-	-	-	-	9,495	9,495
Wholesale & retail trade and restaurants & hotels	14,732	6,212	(35)	-	6,177	27,171	33,348
Construction	72,192	18,681	21,218	-	39,899	24,626	64,525
Real estate	-	-	-	-	-	7,932	7,932
Transport, storage and communication	42,689	30,725	2,885	-	33,610	16,172	49,782
Finance, insurance and business services	60,258	50,597	2,599	1,074	54,270	24,431	78,701
Education, health and others	590	-	-	-	-	12,973	12,973
Household sectors	144,501	802	5,447	-	6,249	292,840	299,089
Other Sectors	-	-	-	-	-	-	-
Total	344,539	136,197	34,055	(27,499)	142,753	444,388	587,141

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3. Credit Risk (continued)

3.1 Credit Quality of Gross Financing and Advances (continued)

(d) Gross financing and advances – Exposures by Geographical Areas

30 JUNE 2015 RM '000	GROSS FINANCING	OF WHICH:			
		PAST DUE BUT NOT IMPAIRED FINANCING	IMPAIRED FINANCING	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES
Central Region	14,270,653	242,261	160,307	48,790	246,391
Eastern Region	5,452,831	92,918	45,347	7,970	67,312
Northern Region	4,984,703	81,023	39,395	1,530	78,243
Southern Region	4,410,703	70,546	27,965	5,149	53,831
East Malaysia Region	2,617,315	32,152	102,388	70,550	46,812
Grand Total	31,736,205	518,900	375,402	133,989	492,589

31 DECEMBER 2014 RM '000	GROSS FINANCING	OF WHICH:			
		PAST DUE BUT NOT IMPAIRED FINANCING	IMPAIRED FINANCING	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES
Central Region	13,567,565	198,827	148,240	70,871	223,471
Eastern Region	5,037,536	69,944	44,509	7,229	56,817
Northern Region	4,722,950	67,384	30,618	-	75,827
Southern Region	4,411,954	57,876	13,307	-	48,786
East Malaysia Region	2,371,707	27,089	107,865	64,653	39,487
Grand Total	30,111,712	421,120	344,539	142,753	444,388

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3. Credit Risk (continued)

3.2 Gross Credit Exposures

(a) Geographic distribution of credit exposures

(i) Group

30 JUNE 2015 EXPOSURE CLASS	CENTRAL REGION RM'000	EASTERN REGION RM'000	NORTHERN REGION RM'000	SOUTHERN REGION RM'000	EAST MALAYSIA REGION RM '000	TOTAL RM '000
Credit Risk						
On-Balance Sheet Exposures						
Sovereign/Central Banks	6,700,764	-	-	-	-	6,700,764
Public Sector Entities	711,775	186,679	24,316	123,713	60	1,046,543
Banks, Developments Financial Institutions and Multilateral Development Banks	826,148	-	-	-	3,300	829,448
Corporate	10,683,805	626,375	729,417	400,773	460,469	12,900,839
Regulatory Retail	4,844,284	2,761,969	2,288,706	2,195,932	1,391,927	13,482,818
Residential Mortgages	4,143,211	1,871,293	1,935,091	1,691,224	693,117	10,333,936
Higher Risk Assets	63,749	3,906	6,454	1,558	3,419	79,086
Other Assets	2,404,118	-	-	-	366	2,404,484
Total for On-Balance Sheet Exposures	30,377,854	5,450,222	4,983,984	4,413,200	2,552,658	47,777,918
Off-Balance Sheet Exposures						
Credit-related Exposures	1,558,066	-	-	-	4,247	1,562,313
Derivative Financial Instruments	109,927	-	-	-	-	109,927
Total for Off-Balance Sheet Exposures	1,667,993	-	-	-	4,247	1,672,240
Total On and Off-Balance Sheet Exposures	32,045,847	5,450,222	4,983,984	4,413,200	2,556,905	49,450,158

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2015

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(a) Geographic distribution of credit exposures (continued)

(i) Group(continued)

31 DECEMBER 2014 EXPOSURE CLASS	CENTRAL REGION RM'000	EASTERN REGION RM'000	NORTHERN REGION RM'000	SOUTHERN REGION RM'000	EAST MALAYSIA REGION RM '000	TOTAL RM '000
Credit Risk						
On-Balance Sheet Exposures						
Sovereign/Central Banks	3,888,002	-	-	-	-	3,888,002
Public Sector Entities	692,883	138,817	26,184	134,132	81	992,097
Banks, Developments Financial Institutions and Multilateral Development Banks	1,217,088	-	-	-	3,351	1,220,439
Corporate	11,638,007	532,749	703,059	651,976	383,483	13,909,274
Regulatory Retail	4,777,135	2,707,908	2,230,151	2,118,692	1,323,281	13,157,167
Residential Mortgages	3,664,498	1,652,072	1,756,258	1,508,466	602,355	9,183,649
Higher Risk Assets	5,741	3,238	5,874	2,187	3,921	20,961
Other Assets	2,495,953	-	-	-	291	2,496,244
Total for On-Balance Sheet Exposures	28,379,307	5,034,784	4,721,526	4,415,453	2,316,763	44,867,833
Off-Balance Sheet Exposures						
Credit-related Exposures	1,594,154	-	-	-	4,114	1,598,268
Derivative Financial Instruments	105,264	-	-	-	-	105,264
Total for Off-Balance Sheet Exposures	1,699,418	-	-	-	4,114	1,703,532
Total On and Off-Balance Sheet Exposures	30,078,725	5,034,784	4,721,526	4,415,453	2,320,877	46,571,365

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2015

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(a) Geographic distribution of credit exposures (continued)

(ii) Bank

30 JUNE 2015 EXPOSURE CLASS	CENTRAL REGION RM'000	EASTERN REGION RM'000	NORTHERN REGION RM'000	SOUTHERN REGION RM'000	EAST MALAYSIA REGION RM '000	TOTAL RM '000
Credit Risk						
On-Balance Sheet Exposures						
Sovereign/Central Banks	6,700,764	-	-	-	-	6,700,764
Public Sector Entities	711,775	186,679	24,316	123,713	60	1,046,543
Banks, Developments Financial Institutions and Multilateral Development Banks	825,956	-	-	-	3,300	829,256
Corporate	10,683,805	626,375	729,417	400,773	460,469	12,900,839
Regulatory Retail	4,844,284	2,761,969	2,288,706	2,195,932	1,391,927	13,482,818
Residential Mortgages	4,143,211	1,871,293	1,935,091	1,691,224	693,117	10,333,936
Higher Risk Assets	63,749	3,906	6,454	1,558	3,419	79,086
Other Assets	2,400,546	-	-	-	366	2,400,912
Total for On-Balance Sheet Exposures	30,374,090	5,450,222	4,983,984	4,413,200	2,552,658	47,774,154
Off-Balance Sheet Exposures						
Credit-related Exposures	1,558,066	-	-	-	4,247	1,562,313
Derivative Financial Instruments	109,927	-	-	-	-	109,927
Total for Off-Balance Sheet Exposures	1,667,993	-	-	-	4,247	1,672,240
Total On and Off-Balance Sheet Exposures	32,042,083	5,450,222	4,983,984	4,413,200	2,556,905	49,446,394

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2015

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(a) Geographic distribution of credit exposures (continued)

(ii) Bank (continued)

31 DECEMBER 2014 EXPOSURE CLASS	CENTRAL REGION RM'000	EASTERN REGION RM'000	NORTHERN REGION RM'000	SOUTHERN REGION RM'000	EAST MALAYSIA REGION RM '000	TOTAL RM '000
Credit Risk						
On-Balance Sheet Exposures						
Sovereign/Central Banks	3,888,002	-	-	-	-	3,888,002
Public Sector Entities	692,883	138,817	26,184	134,132	81	992,097
Banks, Developments Financial Institutions and Multilateral Development Banks	1,216,862	-	-	-	3,351	1,220,213
Corporate	11,638,007	532,749	703,059	651,976	383,483	13,909,274
Regulatory Retail	4,777,135	2,707,908	2,230,151	2,118,692	1,323,281	13,157,167
Residential Mortgages	3,664,498	1,652,072	1,756,258	1,508,466	602,355	9,183,649
Higher Risk Assets	5,741	3,238	5,874	2,187	3,921	20,961
Other Assets	2,494,349	-	-	-	291	2,494,640
Total for On-Balance Sheet Exposures	28,377,477	5,034,784	4,721,526	4,415,453	2,316,763	44,866,003
Off-Balance Sheet Exposures						
Credit-related Exposures	1,594,154	-	-	-	4,114	1,598,268
Derivative Financial Instruments	105,264	-	-	-	-	105,264
Total for Off-Balance Sheet Exposures	1,699,418	-	-	-	4,114	1,703,532
Total On and Off-Balance Sheet Exposures	30,076,895	5,034,784	4,721,526	4,415,453	2,320,877	46,569,535

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2015

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(b) Distribution of credit exposures by sector

(i) Group

30 JUNE 2015 Exposure Class	Primary Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Wholesale & retail trade and restaurant & hotels	Construction	Real Estate	Transport, storage & communi- cation	Finance, insurance and business services	Education, health and others	Household Sector	Other Sectors	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Credit Risk													
On-Balance Sheet Exposures													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	6,700,764	-	-	-	6,700,764
Public Sector Entities	-	-	-	-	-	-	-	266,181	426,311	353,991	60	-	1,046,543
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	791,180	-	-	38,268	829,448
Corporate	377,908	20,327	1,025,821	2,682,970	1,039,826	2,528,307	1,099,931	1,444,843	2,447,171	142,207	91,030	498	12,900,839
Regulatory Retail	8,771	2,298	33,380	40	81,852	73,094	20,698	18,813	50,615	33,640	13,159,519	98	13,482,818
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	10,333,936	-	10,333,936
Higher Risk Assets	-	-	-	-	-	59,410	-	-	-	-	19,676	-	79,086
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,404,484	2,404,484
Total for On-Balance Sheet Exposures	386,679	22,625	1,059,201	2,683,010	1,121,678	2,660,811	1,120,629	1,729,837	10,416,041	529,838	23,604,221	2,443,348	47,777,918
Off-Balance Sheet Exposures													
Credit-related Exposures	33,121	36,576	95,247	156,227	126,283	228,400	46,522	61,315	147,158	70,274	556,778	4,412	1,562,313
Derivative Financial Instruments	-	-	1,923	-	2,715	164	11,059	-	41,496	16	-	52,554	109,927
Total for Off-Balance Sheet Exposures	33,121	36,576	97,170	156,227	128,998	228,564	57,581	61,315	188,654	70,290	556,778	56,966	1,672,240
Total On and Off-Balance Sheet Exposures	419,800	59,201	1,156,371	2,839,237	1,250,676	2,889,375	1,178,210	1,791,152	10,604,695	600,128	24,160,999	2,500,314	49,450,158

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2015

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(b) Distribution of credit exposures by sector (continued)

(i) Group (continued)

31 DECEMBER 2014 Exposure Class	Primary Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Wholesale & retail trade and restaurant & hotels	Construction	Real Estate	Transport, storage & communi- cation	Finance, insurance and business services	Education, health and others	Household Sector	Other Sectors	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Credit Risk													
On-Balance Sheet Exposures													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	3,888,002	-	-	-	3,888,002
Public Sector Entities	-	-	-	-	-	-	-	354,487	313,440	324,089	81	-	992,097
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	1,171,816	-	-	48,623	1,220,439
Corporate	365,319	18,177	1,045,912	3,499,186	800,515	2,966,028	892,936	1,616,369	2,512,571	127,455	64,134	672	13,909,274
Regulatory Retail	9,151	2,294	36,987	1,836	80,568	80,147	21,458	23,271	60,157	31,809	12,809,401	88	13,157,167
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	9,183,649	-	9,183,649
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	20,961	-	20,961
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,496,244	2,496,244
Total for On-Balance Sheet Exposures	374,470	20,471	1,082,899	3,501,022	881,083	3,046,175	914,394	1,994,127	7,945,986	483,353	22,078,226	2,545,627	44,867,833
Off-Balance Sheet Exposures													
Credit-related Exposures	45,611	38,867	76,055	133,776	140,356	215,154	55,777	57,843	200,557	77,138	552,867	4,267	1,598,268
Derivative Financial Instruments	-	-	3,658	-	2,562	-	12,997	-	36,262	1	-	49,784	105,264
Total for Off-Balance Sheet Exposures	45,611	38,867	79,713	133,776	142,918	215,154	68,774	57,843	236,819	77,139	552,867	54,051	1,703,532
Total On and Off-Balance Sheet Exposures	420,081	59,338	1,162,612	3,634,798	1,024,001	3,261,329	983,168	2,051,970	8,182,805	560,492	22,631,093	2,599,678	46,571,365

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
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3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(b) Distribution of credit exposures by sector (continued)

(ii) Bank

30 JUNE 2015 Exposure Class	Primary Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Wholesale & retail trade and restaurant & hotels	Construction	Real Estate	Transport, storage & communi- cation	Finance, insurance and business services	Education, health and others	Household Sector	Other Sectors	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Credit Risk													
On-Balance Sheet Exposures													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	6,700,764	-	-	-	6,700,764
Public Sector Entities	-	-	-	-	-	-	-	266,181	426,311	353,991	60	-	1,046,543
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	791,180	-	-	38,076	829,256
Corporate	377,908	20,327	1,025,821	2,682,970	1,039,826	2,528,307	1,099,931	1,444,843	2,447,171	142,207	91,030	498	12,900,839
Regulatory Retail	8,771	2,298	33,380	40	81,852	73,094	20,698	18,813	50,615	33,640	13,159,519	98	13,482,818
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	10,333,936	-	10,333,936
Higher Risk Assets	-	-	-	-	-	59,410	-	-	-	-	19,676	-	79,086
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,400,912	2,400,912
Total for On-Balance Sheet Exposures	386,679	22,625	1,059,201	2,683,010	1,121,678	2,660,811	1,120,629	1,729,837	10,416,041	529,838	23,604,221	2,439,584	47,774,154
Off-Balance Sheet Exposures													
Credit-related Exposures	33,121	36,576	95,247	156,227	126,283	228,400	46,522	61,315	147,158	70,274	556,778	4,412	1,562,313
Derivative Financial Instruments	-	-	1,923	-	2,715	164	11,059	-	41,496	16	-	52,554	109,927
Total for Off-Balance Sheet Exposures	33,121	36,576	97,170	156,227	128,998	228,564	57,581	61,315	188,654	70,290	556,778	56,966	1,672,240
Total On and Off-Balance Sheet Exposures	419,800	59,201	1,156,371	2,839,237	1,250,676	2,889,375	1,178,210	1,791,152	10,604,695	600,128	24,160,999	2,496,550	49,446,394

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
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3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(b) Distribution of credit exposures by sector (continued)

(ii) Bank (continued)

31 DECEMBER 2014 Exposure Class	Primary Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Wholesale & retail trade and restaurant & hotels	Construction	Real Estate	Transport, storage & communica tion	Finance, insurance and business services	Education, health and others	Household Sector	Other Sectors	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Credit Risk													
On-Balance Sheet Exposures													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	3,888,002	-	-	-	3,888,002
Public Sector Entities	-	-	-	-	-	-	-	354,487	313,440	324,089	81	-	992,097
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	1,171,816	-	-	48,397	1,220,213
Corporate	365,319	18,177	1,045,912	3,499,186	800,515	2,966,028	892,936	1,616,369	2,512,571	127,455	64,134	672	13,909,274
Regulatory Retail	9,151	2,294	36,987	1,836	80,568	80,147	21,458	23,271	60,157	31,809	12,809,401	88	13,157,167
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	9,183,649	-	9,183,649
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	20,961	-	20,961
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,494,640	2,494,640
Total for On-Balance Sheet Exposures	374,470	20,471	1,082,899	3,501,022	881,083	3,046,175	914,394	1,994,127	7,945,986	483,353	22,078,226	2,543,797	44,866,003
Off-Balance Sheet Exposures													
Credit-related Exposures	45,611	38,867	76,055	133,776	140,356	215,154	55,777	57,843	200,557	77,138	552,867	4,267	1,598,268
Derivative Financial Instruments	-	-	3,658	-	2,562	-	12,997	-	36,262	1	-	49,784	105,264
Total for Off-Balance Sheet Exposures	45,611	38,867	79,713	133,776	142,918	215,154	68,774	57,843	236,819	77,139	552,867	54,051	1,703,532
Total On and Off-Balance Sheet Exposures	420,081	59,338	1,162,612	3,634,798	1,024,001	3,261,329	983,168	2,051,970	8,182,805	560,492	22,631,093	2,597,848	46,569,535

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2015

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(c) Residual contractual maturity breakdown

(i) Group

30 JUNE 2015 Exposure Class	Up to 1 year RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Total RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	3,396,226	1,263,879	2,040,659	6,700,764
Public Sector Entities	31,645	489,363	525,535	1,046,543
Banks, Developments Financial Institutions and Multilateral Development Banks	272,480	526,034	30,934	829,448
Corporate	3,777,260	2,973,823	6,149,756	12,900,839
Regulatory Retail	185,760	1,847,976	11,449,082	13,482,818
Residential Mortgages	4,555	85,334	10,244,047	10,333,936
Higher Risk Assets	-	284	78,802	79,086
Other Assets	1,953,946	-	450,538	2,404,484
Total for On-Balance Sheet Exposures	9,621,872	7,186,693	30,969,353	47,777,918
Off-Balance Sheet Exposures				
Credit-related Exposures	604,576	504,016	453,721	1,562,313
Derivative Financial Instruments	84,761	14,107	11,059	109,927
Total for Off-Balance Sheet Exposures	689,337	518,123	464,780	1,672,240
Total On and Off-Balance Sheet Exposures	10,311,209	7,704,816	31,434,133	49,450,158

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2015

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(c) Residual contractual maturity breakdown (continued)

(i) Group (continued)

31 DECEMBER 2014	Up to 1 year	> 1 – 5 years	Over 5 years	Total
Exposure Class	RM'000	RM'000	RM'000	RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	2,421,391	586,758	879,853	3,888,002
Public Sector Entities	158,295	458,501	375,301	992,097
Banks, Developments Financial Institutions and Multilateral Development Banks	608,391	581,279	30,769	1,220,439
Corporate	3,520,258	4,637,767	5,751,249	13,909,274
Regulatory Retail	60,245	1,821,352	11,275,570	13,157,167
Residential Mortgages	3,998	89,478	9,090,173	9,183,649
Higher Risk Assets	-	403	20,558	20,961
Other Assets	2,100,897	-	395,347	2,496,244
Total for On-Balance Sheet Exposures	8,873,475	8,175,538	27,818,820	44,867,833
Off-Balance Sheet Exposures				
Credit-related Exposures	642,812	483,320	472,136	1,598,268
Derivative Financial Instruments	72,114	20,153	12,997	105,264
Total for Off-Balance Sheet Exposures	714,926	503,473	485,133	1,703,532
Total On and Off-Balance Sheet Exposures	9,588,401	8,679,011	28,303,953	46,571,365

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2015

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(c) Residual contractual maturity breakdown (continued)

(ii) Bank

30 JUNE 2015 Exposure Class	Up to 1 year RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Total RM'000
<u>Credit Risk</u>				
On-Balance Sheet Exposures				
Sovereign/Central Banks	3,396,226	1,263,879	2,040,659	6,700,764
Public Sector Entities	31,645	489,363	525,535	1,046,543
Banks, Developments Financial Institutions and Multilateral Development Banks	272,288	526,034	30,934	829,256
Corporate	3,777,260	2,973,823	6,149,756	12,900,839
Regulatory Retail	185,760	1,847,976	11,449,082	13,482,818
Residential Mortgages	4,555	85,334	10,244,047	10,333,936
Higher Risk Assets	-	284	78,802	79,086
Other Assets	1,950,374	-	450,538	2,400,912
Total for On-Balance Sheet Exposures	9,618,108	7,186,693	30,969,353	47,774,154
Off-Balance Sheet Exposures				
Credit-related Exposures	604,576	504,016	453,721	1,562,313
Derivative Financial Instruments	84,761	14,107	11,059	109,927
Total for Off-Balance Sheet Exposures	689,337	518,123	464,780	1,672,240
Total On and Off-Balance Sheet Exposures	10,307,445	7,704,816	31,434,133	49,446,394

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2015

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(c) Residual contractual maturity breakdown (continued)

(ii) Bank (continued)

31 DECEMBER 2014	Up to 1 year	> 1 – 5 years	Over 5 years	Total
Exposure Class	RM'000	RM'000	RM'000	RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	2,421,391	586,758	879,853	3,888,002
Public Sector Entities	158,295	458,501	375,301	992,097
Banks, Developments Financial Institutions and Multilateral Development Banks	608,165	581,279	30,769	1,220,213
Corporate	3,520,258	4,637,767	5,751,249	13,909,274
Regulatory Retail	60,245	1,821,352	11,275,570	13,157,167
Residential Mortgages	3,998	89,478	9,090,173	9,183,649
Higher Risk Assets	-	403	20,558	20,961
Other Assets	2,099,293	-	395,347	2,494,640
Total for On-Balance Sheet Exposures	8,871,645	8,175,538	27,818,820	44,866,003
Off-Balance Sheet Exposures				
Credit-related Exposures	642,812	483,320	472,136	1,598,268
Derivative Financial Instruments	72,114	20,153	12,997	105,264
Total for Off-Balance Sheet Exposures	714,926	503,473	485,133	1,703,532
Total On and Off-Balance Sheet Exposures	9,586,571	8,679,011	28,303,953	46,569,535

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3. Credit Risk (continued)

3.3 Assignment of Risk Weights for Portfolios Under the Standardised Approach (continued)

The following presents the credit exposures by risk weights and after credit risk mitigation of the Group:

(i) As at 30 June 2015

Risk Weights	Exposures after Netting & Credit Risk Mitigation (CRM)								Total Exposures after Netting & CRM RM'000	Total Risk Weighted Asset RM'000
	Sovereigns / Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs & MDBs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000		
0%	6,700,764	657,132	480,805	2,076,997	-	-	-	2,000,438	11,916,136	-
20%	-	35,361	388,197	3,841,868	19,789	14,973	-	-	4,300,188	860,038
35%	-	-	-	-	-	3,173,850	-	-	3,173,850	1,110,847
50%	-	185,250	54,295	1,209,549	297,035	1,706,482	-	-	3,452,611	1,726,306
75%	-	-	-	561,536	2,535,827	4,010,759	-	-	7,108,122	5,331,091
100%	-	168,924	4,275	6,041,769	10,685,183	1,651,386	-	404,053	18,955,590	18,955,590
150%	-	-	-	14,009	79,865	70,841	90,298	-	255,013	382,519
Total Exposures	6,700,764	1,046,667	927,572	13,745,728	13,617,699	10,628,291	90,298	2,404,491	49,161,510	28,366,391
RWA by Exposures	-	268,621	109,062	7,857,082	12,859,326	6,732,800	135,447	404,053	28,366,391	
Average Risk Weight	0.0%	25.7%	11.8%	57.2%	94.4%	63.3%	150.0%	16.8%	57.7%	
Deduction from Capital Base										

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3. Credit Risk (continued)

3.3 Assignment of Risk Weights for Portfolios Under the Standardised Approach (continued)

The following presents the credit exposures by risk weights and after credit risk mitigation of the Group (continued):

(ii) As at 31 December 2014

Exposures after Netting & Credit Risk Mitigation (CRM)										
Risk Weights	Sovereigns / Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs & MDBs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Total Exposures after Netting & CRM RM'000	Total Risk Weighted Asset RM'000
0%	3,888,002	423,546	505,108	2,715,712	10,336	-	-	2,059,044	9,601,748	-
20%	-	244,381	745,942	4,596,127	9,228	15,563	-	-	5,611,241	1,122,248
35%	-	-	-	-	-	2,691,836	-	-	2,691,836	942,143
50%	-	64,868	44,957	1,051,030	272,025	1,367,512	-	-	2,800,392	1,400,196
75%	-	-	-	499,542	4,790,750	3,997,751	-	-	9,288,043	6,966,032
100%	-	267,852	6,647	5,932,949	8,006,315	1,199,097	-	437,207	15,850,067	15,850,067
150%	-	-	-	11,525	173,037	227,462	32,848	-	444,872	667,308
Total Exposures	3,888,002	1,000,647	1,302,654	14,806,885	13,261,691	9,499,221	32,848	2,496,251	46,288,199	26,947,994
RWA by Exposures	-	349,162	178,314	7,769,633	11,996,791	6,167,615	49,272	437,207	26,947,994	
Average Risk Weight	0.0%	34.9%	13.7%	52.5%	90.5%	64.9%	150%	17.5%	58.2%	
Deduction from Capital Base										

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3. Credit Risk (continued)

3.3 Assignment of Risk Weights for Portfolios Under the Standardised Approach (continued)

The following presents the credit exposures by risk weights and after credit risk mitigation of the Bank:

(i) As at 30 June 2015

Exposures after Netting & Credit Risk Mitigation (CRM)										
Risk Weights	Sovereigns / Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs & MDBs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Total Exposures after Netting & CRM RM'000	Total Risk Weighted Asset RM'000
0%	6,700,764	657,132	480,805	2,076,997	-	-	-	2,001,330	11,917,028	-
20%	-	35,361	388,005	3,841,868	19,789	14,973	-	-	4,299,996	860,000
35%	-	-	-	-	-	3,173,850	-	-	3,173,850	1,110,847
50%	-	185,250	54,295	1,209,549	297,035	1,706,482	-	-	3,452,611	1,726,306
75%	-	-	-	561,536	2,535,827	4,010,759	-	-	7,108,122	5,331,091
100%	-	168,924	4,275	6,041,769	10,685,183	1,651,386	-	399,588	18,951,125	18,951,125
150%	-	-	-	14,009	79,865	70,841	90,298	-	255,013	382,519
Total Exposures	6,700,764	1,046,667	927,380	13,745,728	13,617,699	10,628,291	90,298	2,400,918	49,157,745	28,361,888
RWA by Exposures	-	268,621	109,024	7,857,082	12,859,326	6,732,800	135,447	399,588	28,361,888	
Average Risk Weight	0.0%	25.7%	11.8%	57.2%	94.4%	63.3%	150.0%	16.6%	57.7%	
Deduction from Capital Base										

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3. Credit Risk (continued)

3.3 Assignment of Risk Weights for Portfolios Under the Standardised Approach (continued)

The following present the credit exposures by risk weights and after credit risk mitigation of the Bank (continued):

(ii) As at 31 December 2014

Exposures after Netting & Credit Risk Mitigation (CRM)										
Risk Weights	Sovereigns / Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs & MDBs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Total Exposures after Netting & CRM RM'000	Total Risk Weighted Asset RM'000
0%	3,888,002	423,546	505,108	2,715,712	10,336	-	-	2,059,875	9,602,579	-
20%	-	244,381	745,716	4,596,127	9,228	15,563	-	-	5,611,015	1,122,203
35%	-	-	-	-	-	2,691,836	-	-	2,691,836	942,143
50%	-	64,868	44,957	1,051,030	272,025	1,367,512	-	-	2,800,392	1,400,196
75%	-	-	-	499,542	4,790,750	3,997,751	-	-	9,288,043	6,966,032
100%	-	267,852	6,647	5,932,949	8,006,315	1,199,097	-	434,772	15,847,632	15,847,632
150%	-	-	-	11,525	173,037	227,462	32,848	-	444,872	667,308
Total Exposures	3,888,002	1,000,647	1,302,428	14,806,885	13,261,691	9,499,221	32,848	2,494,647	46,286,369	26,945,514
RWA by Exposures	-	349,162	178,269	7,769,633	11,996,791	6,167,615	49,272	434,772	26,945,514	
Average Risk Weight	0.0%	34.9%	13.7%	52.5%	90.5%	64.9%	150%	17.4%	58.2%	
Deduction from Capital Base										

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3. Credit Risk (continued)

3.4 Disclosures of rated and unrated exposures according to ratings by ECAI

a) Ratings of Sovereigns and Central Banks by Approved ECAIs

		Ratings of Sovereigns and Central Banks by Approved ECAIs						
		Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
30 JUNE 2015	S&P		AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Exposure Class	Fitch		AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<u>On and Off Balance-Sheet</u>								
<u>Credit Exposures</u>								
Sovereign and Central Banks*			-	6,700,764	-	-	-	-
Total			-	6,700,764	-	-	-	-

		Ratings of Sovereigns and Central Banks by Approved ECAIs						
		Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
31 DECEMBER 2014	S&P		AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Exposure Class	Fitch		AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<u>On and Off Balance-Sheet</u>								
<u>Credit Exposures</u>								
Sovereign and Central Banks*			-	3,888,002	-	-	-	-
Total			-	3,888,002	-	-	-	-

* These exposures refer to exposures to Federal Government of Malaysia and Bank Negara Malaysia which are accorded a preferential sovereign risk weight of 0%.

b) Ratings of Corporate by Approved ECAIs

		Ratings of Corporate by Approved ECAIs					Unrated
		Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated
30 JUNE 2015	S&P		AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure Class	Fitch		AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAMs		AAA to AA3	A to A3	BBB to BB	B to D	Unrated
	MARC		AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and Off Balance-Sheet Credit</u>							
<u>Exposures</u>							
Public Sector Entities			35,361	-	-	-	1,011,306
Insurance Cos, Securities Firms & Fund Manager			-	-	-	-	-
Corporate			3,816,870	92,984	70,287	-	9,765,588
Total			3,852,231	92,984	70,287	-	10,776,894

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31 DECEMBER 2014	Ratings of Corporate by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C		Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D		Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D		Unrated
	RAMs	AAA to AA3	A to A3	BBB to BB	B to D		Unrated
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D		Unrated
<u>On and Off Balance-Sheet Credit Exposures</u>							
Public Sector Entities		35,244	-	-	-		965,404
Insurance Cos, Securities Firms & Fund Manager		-	-	-	-		-
Corporate		4,195,965	94,353	57,757	-		10,458,810
Total		4,231,209	94,353	57,757	-		11,424,214

c) Ratings of Banking Institutions by Approved ECAIs

30 JUNE 2015	Ratings of Banking Institutions by Approved ECAIs							
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1+ to B3	Caa1 to C		Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D		Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D		Unrated
	RAMs	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D		Unrated
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D		Unrated
<u>On and Off Balance-Sheet Credit Exposures</u>								
Banks, MDBs, and DFIs		243,921	3,157	41	-	-		680,260
Total		243,921	3,157	41	-	-		680,260

31 DECEMBER 2014	Ratings of Banking Institutions by Approved ECAIs							
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1+ to B3	Caa1 to C		Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D		Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D		Unrated
	RAMs	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D		Unrated
Exposure Class	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D		Unrated
<u>On and Off Balance-Sheet Credit Exposures</u>								
Banks, MDBs, and DFIs		648,415	60,385	332	-	-		593,294
Total		648,415	60,385	332	-	-		593,294

Note: There are no exposures under Short-term ratings for the period under review.

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4. Credit Risk Mitigation (CRM)

Disclosure of Credit Risk Mitigation (CRM):

30 June 2015 Exposure Class	Exposures before CRM RM'000	Exposures covered by Guarantees RM'000	Exposures covered by Eligible Financial and Non-Financial Collateral RM'000
On-Balance Sheet Exposures			
Sovereign/Central Banks	6,700,764	-	-
Public Sector Entities	1,046,543	-	31,928
Banks, DFIs and MDBs	829,256	-	-
Corporates	12,847,895	579,225	691,065
Regulatory Retail	13,377,145	17,099	111,650
Residential Mortgages	10,258,526	13,376	33,151
Higher Risk Assets	79,033	-	-
Other Assets	2,400,912	-	-
Defaulted Exposures	234,080	14,672	12,405
Total for On-Balance Sheet Exposures	47,774,154	624,372	880,199
Off-Balance Sheet Exposures			
Credit-related Exposures	1,552,916	788	32,561
Derivative Financial Instruments	109,927	-	-
Defaulted Exposures	9,397	-	-
Total for Off-Balance Sheet Exposures	1,672,240	788	32,561
Total On and Off-Balance Sheet Exposures	49,446,394	625,160	912,760

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4. Credit Risk Mitigation (CRM) (continued)

Disclosure of Credit Risk Mitigation (CRM) (continued):

31 December 2014 Exposure Class	Exposures before CRM RM'000	Exposures covered by Guarantees RM'000	Exposures covered by Eligible Financial and Non-Financial Collateral RM'000
On-Balance Sheet Exposures			
Sovereign/Central Banks	3,888,002	-	-
Public Sector Entities	992,097	-	27,432
Banks, DFIs and MDBs	1,220,213	-	-
Corporates	13,867,576	519,677	774,357
Regulatory Retail	12,942,334	17,579	124,428
Residential Mortgages	8,945,396	12,575	27,723
Higher Risk Assets	19,951	-	-
Other Assets	2,494,640	-	-
Defaulted Exposures	495,794	15,977	23,112
Total for On-Balance Sheet Exposures	44,866,003	565,808	977,052
Off-Balance Sheet Exposures			
Credit-related Exposures	1,590,551	2,914	2,283
Derivative Financial Instruments	105,264	-	-
Defaulted Exposures	7,717	-	-
Total for Off-Balance Sheet Exposures	1,703,532	2,914	2,283
Total On and Off-Balance Sheet Exposures	46,569,535	568,722	979,335

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5. The Off-Balance Sheet and Counterparties Credit Risk for the Group and the Bank

(i) As at 30 June 2015

NATURE OF ITEM	PRINCIPAL AMOUNT RM'000	POSITIVE FAIR VALUE OF DERIVATIVE CONTRACTS RM'000	CREDIT EQUIVALENT AMOUNT RM'000	RISK WEIGHTED ASSET RM'000
<i>Credit related exposures</i>				
Direct credit substitutes	344,141		344,141	342,224
Assets sold with recourse	2		2	2
Transaction related contingent items	954,233		477,116	426,943
Short term self-liquidating trade related contingencies	318,907		63,781	61,733
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	2,014		403	403
- exceeding one year	906,870		453,435	371,594
Unutilised credit card lines	1,117,172		223,435	169,166
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	5,644,631		-	-
	9,287,970		1,562,313	1,372,065
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	2,815,478	38,914	84,761	40,071
Profit rate related contracts				
- less than one year	-	-	-	-
- one year to less than five years	600,000	7,896	14,107	2,822
- five years and above	275,303	3,790	11,059	11,058
Equity related contracts				
- less than one year	-	-	-	-
	3,690,781	50,600	109,927	53,951
<i>Other Treasury related exposures</i>				
Obligations under an on-going underwriting agreement	-	-	-	-
	-	-	-	-
Total	12,978,751	50,600	1,672,240	1,426,016

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5. The Off-Balance Sheet and Counterparties Credit Risk for the Group and the Bank (continued):

(ii) As at 31 December 2014

NATURE OF ITEM	PRINCIPAL AMOUNT RM'000	POSITIVE FAIR VALUE OF DERIVATIVE CONTRACTS RM'000	CREDIT EQUIVALENT AMOUNT RM'000	RISK WEIGHTED ASSET RM'000
<i>Credit related exposures</i>				
Direct credit substitutes	360,433		360,433	355,715
Assets sold with recourse	2		2	2
Transaction related contingent items	1,026,265		513,132	451,601
Short term self-liquidating trade related contingencies	236,874		47,375	45,832
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	6,165		1,233	1,215
- exceeding one year	942,851		471,425	378,793
Unutilised credit card lines	1,023,337		204,668	153,502
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	5,404,888		-	-
	9,000,815		1,598,268	1,386,660
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	1,840,778	45,508	65,406	36,492
Profit rate related contracts				
- less than one year	300,000	348	308	62
- one year to less than five years	600,000	12,278	20,153	4,031
- five years and above	287,694	4,392	12,996	12,996
Equity related contracts				
- less than one year	106,680	15	6,401	3,200
	3,135,152	62,541	105,264	56,781
<i>Other Treasury related exposures</i>				
Obligations under an on-going underwriting agreement	-		-	-
	-		-	-
Total	12,135,967	62,541	1,703,532	1,443,441

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6. Market Risk

Profit Rate Risk in the Banking Book

Profit rate risk in the Banking Book is managed and controlled using measurements known as economic value of equity (“EVE”) and earnings-at-risk (“EaR”). EVE and EaR limits are approved by the Board Risk Committee (“BRC”) and independently monitored monthly by the Market Risk Management Department (“MRMD”). Exposures and limits are regularly discussed and reported to Asset Liability and Management Committee (“ALCO”) and the BRC.

The table below shows the projected Group’s and Bank’s sensitivity to a 100 basis points parallel shift to profit rates across all maturities applied on the Group’s and Bank’s profit rate sensitivity gap as at reporting date.

	30 June 2015		31 December 2014	
	-100bps	+100bps	-100bps	+100bps
	Increase/(Decrease)			
	RM million	RM million	RM million	RM million
Bank				
Impact on EaR	12.38	(12.38)	22.45	(22.45)
Impact on EVE	414.71	(414.71)	397.43	(397.43)

Market Risk in the Trading Portfolio

Market risk in the trading portfolio is monitored and controlled using Value-at-Risk (“VaR”). VaR limit is approved by the BRC and independently monitored daily by MRMD. Exposures and limits are regularly discussed and reported to ALCO and BRC.

A summary of the VaR position of the Bank’s trading portfolios at the reporting date is as follows:

	As at 30.06.2015	1.1.2015 to 30.6.2015		
	RM million	Average RM million	Maximum RM million	Minimum RM million
Profit Rate Risk	1.35	2.06	4.61	0.63
Foreign exchange risk	0.30	0.14	0.94	0.01
Overall	1.65	2.20	4.77	0.68

	As at 31.12.2014	1.1.2014 to 31.12.2014		
	RM million	Average RM million	Maximum RM million	Minimum RM million
Profit Rate Risk	0.67	1.62	2.83	0.63
Foreign exchange risk	0.11	0.22	2.08	0.01
Overall	0.78	1.84	4.71	0.68

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Foreign exchange risk

Trading positions

In addition to VaR and stress testing, the Bank controls the foreign exchange risk within the trading portfolio by limiting the open exposure to individual currencies, and on an aggregate basis.

Overall (trading and non-trading positions)

The Bank controls the overall foreign exchange risk by limiting the open exposure to non-Ringgit positions on an aggregate basis.

Foreign exchange limits are approved by the BRC and independently monitored daily by MRMD. Exposures and limits are regularly discussed and reported to ALCO and BRC.

Sensitivity Analysis

Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group and Bank as at reporting date is summarized as follows (only exposures in currencies that account for more than 5 percent of the net open positions are shown in its specific currency in the table below. For other currencies, these exposures are grouped as “Others”):

	2015		2014	
	-1% Depreciation	+1% Appreciation	-1% Depreciation	+1% Appreciation
	RM'000	RM'000	RM'000	RM'000
Group and Bank				
US Dollar	(5,696)	5,696	(4,855)	4,855
Euro	3,767	(3,767)	5,268	(5,268)
Others	1,032	(1,032)	861	(861)

7. Non-Shariah Compliant Income

30 June 2015	31 December 2014
RM4,036.83	RM3,360.01

Managing Director Attestation

In accordance with Bank Negara Malaysia’s Capital Adequacy Framework for Islamic Bank (CAFIB) Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Bank Islam Malaysia Berhad’s Pillar 3 Disclosure report for the financial half-year as at 30 June 2015 are consistent with the manner in which the Group and the Bank assesses and manages its risk, and are not misleading in any particular way.

Dato’ Sri Zukri Samat
Managing Director, Bank Islam Malaysia Berhad