

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**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 Disclosure Policy, the Pillar 3 Disclosure for the Group is being regularly prepared for two periods: 30 June and 31 December. The Group's Pillar 3 Disclosure will be made available under the Corporate Info section of the Bank's website at [www.bankislam.com.my](http://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	30.06.2016		31.12.2015	
	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	31,303,614	2,504,289	29,841,140	2,387,291
Less: Credit Risk absorbed by IA	(1,254,451)	(100,356)	(288,030)	(23,042)
Market Risk	692,668	55,413	668,158	53,453
Operational Risk	2,947,127	235,770	2,851,129	228,090
<b>Total</b>	<b>33,688,958</b>	<b>2,695,116</b>	<b>33,072,397</b>	<b>2,645,792</b>

Bank	30.06.2016		31.12.2015	
	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	31,300,252	2,504,020	29,836,588	2,386,927
Less: Credit Risk absorbed by IA	(1,254,451)	(100,356)	(288,030)	(23,042)
Market Risk	692,668	55,413	668,158	53,453
Operational Risk	2,930,229	234,418	2,834,709	226,777
<b>Total</b>	<b>33,668,698</b>	<b>2,693,495</b>	<b>33,051,425</b>	<b>2,644,115</b>

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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.

**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 2016, total capital and capital adequacy ratios of the Bank have been computed based on the updated BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-Weighted Assets) issued on 13 October 2015. The minimum regulatory capital adequacy ratios requirement for Common Equity Tier 1 ("CET 1") capital ratio, Tier 1 capital ratio and total capital ratio are 5.125%, 6.625% and 8.625% respectively for year 2016.

The capital adequacy ratios of the Group and Bank are set below:

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

	<b>GROUP</b>		<b>BANK</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Common Equity Tier 1 (CET 1) Capital Ratio	<b>12.71%</b>	<b>12.09%</b>	<b>12.67%</b>	<b>12.05%</b>
Tier 1 Capital Ratio	<b>12.71%</b>	<b>12.09%</b>	<b>12.67%</b>	<b>12.05%</b>
Total Capital Ratio	<b>15.90%</b>	<b>15.32%</b>	<b>15.87%</b>	<b>15.28%</b>

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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:*

	<b>30.06.2016</b>	
	<b>Group</b>	<b>Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Tier I Capital</u></b>		
Paid-up share capital	2,384,210	2,384,210
Share Premium	219,399	219,399
Retained earnings	387,025	388,170
Other reserves	1,326,788	1,326,654
Less: Deferred tax assets	(16,534)	(16,534)
Less: 55% of fair value	(19,800)	(19,800)
Less: Investment in subsidiaries	-	(15,525)
<b>Total Common Equity Tier I Capital</b>	<b>4,281,088</b>	<b>4,266,574</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital</b>	<b>4,281,088</b>	<b>4,266,574</b>
Subordinated sukuk	700,000	700,000
Collective assessment allowance <sup>^</sup>	375,615	375,573
<b>Total Tier II Capital</b>	<b>1,075,615</b>	<b>1,075,573</b>
<b>Total Capital</b>	<b>5,356,703</b>	<b>5,342,147</b>

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

Note : There are no investments in associate companies for the period under review

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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 (continued):*

	<b>31.12.2015</b>	
	<b>Group</b>	<b>Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Tier I Capital</u></b>		
Paid-up share capital	2,363,283	2,363,283
Share Premium	175,452	175,452
Retained earnings	385,913	386,580
Other reserves	1,107,920	1,107,738
Less: Deferred tax assets	(35,182)	(35,182)
Less: Investment in subsidiaries	-	(15,525)
<b>Total Common Equity Tier I Capital</b>	<b>3,997,386</b>	<b>3,982,346</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital</b>	<b>3,997,386</b>	<b>3,982,346</b>
Subordinated sukuk	700,000	700,000
Collective assessment allowance ^	369,414	369,357
<b>Total Tier II Capital</b>	<b>1,069,414</b>	<b>1,069,357</b>
<b>Total Capital</b>	<b>5,066,800</b>	<b>5,051,703</b>

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

Note: There are no investments in associate companies for the period under review.

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**2. Capital Adequacy (continued)**

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

(i) *Group*

30 JUNE 2016 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	3,999,419	3,999,419	-	-
Public Sector Entities	2,080,420	2,067,345	238,909	19,113
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	361,492	361,492	28,030	2,242
Corporate	13,200,102	13,039,622	7,269,084	581,527
Regulatory Retail	14,089,187	13,981,054	13,318,059	1,065,445
Residential Mortgages	12,841,188	12,837,333	8,017,927	641,434
Higher Risk Assets	71,658	71,658	107,487	8,599
Other Assets	2,266,169	2,266,168	303,362	24,268
Defaulted Exposures	265,131	247,602	268,135	21,451
<b>Total for On-Balance Sheet Exposures</b>	<b>49,174,766</b>	<b>48,871,693</b>	<b>29,550,993</b>	<b>2,364,079</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	2,151,301	2,151,301	1,697,384	135,791
Derivative Financial Instruments	103,475	103,475	42,997	3,440
Defaulted Exposures	8,192	8,192	12,240	979
<b>Total for Off-Balance Sheet Exposures</b>	<b>2,262,968</b>	<b>2,262,968</b>	<b>1,752,621</b>	<b>140,210</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>51,437,734</b>	<b>51,134,661</b>	<b>31,303,614</b>	<b>2,504,289</b>
Less: Credit Risk absorbed by IA			(1,254,451)	(100,356)
<b>Market Risk</b>				
	Long Position	Short Position		
Benchmark Rate Risk	3,797,280	(3,249,534)	547,747	274,917
Foreign Exchange Risk	27,493	(416,614)	(389,121)	416,614
Inventory Risk	-	-	1,137	91
<b>Total Market Risk</b>	<b>3,824,774</b>	<b>(3,666,148)</b>	<b>159,763</b>	<b>692,668</b>
Operational Risk			2,947,127	235,770
<b>Total RWA and Capital Requirements</b>			<b>33,688,958</b>	<b>2,695,116</b>

Note: As at 30 June 2016, the Group did not have any exposures under securitisation.

	Before effect of IA	After effect of IA
<b>CET1 Capital Ratio</b>	<b>12.25%</b>	<b>12.71%</b>
<b>Tier 1 Capital Ratio</b>	<b>12.25%</b>	<b>12.71%</b>
<b>Total Capital Ratio</b>	<b>15.37%</b>	<b>15.90%</b>

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**2. Capital Adequacy (continued)**

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

(i) *Group (continued)*

31 DECEMBER 2015 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	5,272,318	5,272,318	-	-
Public Sector Entities	1,518,456	1,505,045	239,294	19,144
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	681,901	681,901	71,723	5,738
Corporate	13,479,088	13,328,216	7,076,852	566,148
Regulatory Retail	13,842,759	13,744,869	13,029,854	1,042,388
Residential Mortgages	11,544,602	11,540,816	7,259,179	580,734
Higher Risk Assets	74,616	74,616	111,924	8,954
Other Assets	2,691,116	2,691,116	459,416	36,753
Defaulted Exposures	199,708	191,173	209,827	16,786
<b>Total for On-Balance Sheet Exposures</b>	<b>49,304,564</b>	<b>49,030,070</b>	<b>28,458,079</b>	<b>2,276,645</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,541,568	1,541,568	1,285,187	102,815
Derivative Financial Instruments	184,323	184,323	85,061	6,805
Defaulted Exposures	8,574	8,574	12,823	1,026
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,734,465</b>	<b>1,734,465</b>	<b>1,383,071</b>	<b>110,646</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>51,039,029</b>	<b>50,764,535</b>	<b>29,841,140</b>	<b>2,387,291</b>
Less: Credit Risk absorbed by IA			(288,030)	(23,042)
<b>Market Risk</b>				
	Long Position	Short Position		
Benchmark Rate Risk	6,379,124	(5,996,805)	382,319	208,959
Foreign Exchange Risk	28,199	(457,351)	(429,152)	457,351
Inventory Risk	-	-	1,849	1,848
<b>Total Market Risk</b>	<b>6,407,323</b>	<b>(6,454,156)</b>	<b>(44,984)</b>	<b>668,158</b>
Operational Risk			2,851,129	228,090
<b>Total RWA and Capital Requirements</b>			<b>33,072,397</b>	<b>2,645,792</b>

Note: As at 31 December 2015, the Group did not have any exposures under securitisation.

	Before effect of IA	After effect of IA
<b>CET1 Capital Ratio</b>	<b>11.98%</b>	<b>12.09%</b>
<b>Tier 1 Capital Ratio</b>	<b>11.98%</b>	<b>12.09%</b>
<b>Total Capital Ratio</b>	<b>15.20%</b>	<b>15.32%</b>

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**2. Capital Adequacy (continued)**

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

(continued):

(ii) *Bank*

30 JUNE 2016 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	3,999,419	3,999,419	-	-
Public Sector Entities	2,080,420	2,067,345	238,909	19,113
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	361,400	361,400	28,012	2,241
Corporate	13,200,102	13,039,622	7,269,084	581,527
Regulatory Retail	14,089,187	13,981,054	13,318,059	1,065,445
Residential Mortgages	12,841,188	12,837,333	8,017,927	641,434
Higher Risk Assets	71,658	71,658	107,487	8,599
Other Assets	2,263,625	2,263,624	300,018	24,000
Defaulted Exposures	265,131	247,602	268,135	21,451
<b>Total for On-Balance Sheet Exposures</b>	<b>49,172,130</b>	<b>48,869,057</b>	<b>29,547,631</b>	<b>2,363,811</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	2,151,301	2,151,301	1,697,384	135,791
Derivative Financial Instruments	103,475	103,475	42,997	3,440
Defaulted Exposures	8,192	8,192	12,240	979
<b>Total for Off-Balance Sheet Exposures</b>	<b>2,262,968</b>	<b>2,262,968</b>	<b>1,752,621</b>	<b>140,210</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>51,435,098</b>	<b>51,132,025</b>	<b>31,300,252</b>	<b>2,504,021</b>
Less: Credit Risk absorbed by IA			(1,254,451)	(100,356)
<b>Market Risk</b>				
	Long Position	Short Position		
Benchmark Rate Risk	3,797,280	(3,249,534)	547,747	21,993
Foreign Exchange Risk	27,493	(416,614)	(389,121)	33,329
Inventory Risk	-	-	1,137	91
<b>Total Market Risk</b>	<b>3,824,774</b>	<b>(3,666,148)</b>	<b>159,763</b>	<b>55,413</b>
Operational Risk			2,930,229	234,418
<b>Total RWA and Capital Requirements</b>			<b>33,668,698</b>	<b>2,693,495</b>

Note: As at 30 June 2016, the Bank did not have any exposures under securitisation.

	Before effect of IA	After effect of IA
<b>CET1 Capital Ratio</b>	<b>12.22%</b>	<b>12.67%</b>
<b>Tier 1 Capital Ratio</b>	<b>12.22%</b>	<b>12.67%</b>
<b>Total Capital Ratio</b>	<b>15.34%</b>	<b>15.87%</b>

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**2. Capital Adequacy (continued)**

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

(ii) *Bank (continued)*

31 DECEMBER 2015 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	5,272,318	5,272,318	-	-
Public Sector Entities	1,518,456	1,505,045	239,294	19,144
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	677,975	677,975	70,937	5,675
Corporate	13,479,088	13,328,216	7,076,852	566,148
Regulatory Retail	13,842,759	13,744,869	13,029,854	1,042,388
Residential Mortgages	11,544,602	11,540,816	7,259,179	580,734
Higher Risk Assets	74,616	74,616	111,924	8,954
Other Assets	2,688,119	2,688,119	455,650	36,452
Defaulted Exposures	199,708	191,173	209,827	16,786
<b>Total for On-Balance Sheet Exposures</b>	<b>49,297,641</b>	<b>49,023,147</b>	<b>28,453,517</b>	<b>2,276,281</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,541,568	1,541,568	1,285,187	102,815
Derivative Financial Instruments	184,323	184,323	85,061	6,805
Defaulted Exposures	8,574	8,574	12,823	1,026
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,734,465</b>	<b>1,734,465</b>	<b>1,383,071</b>	<b>110,646</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>51,032,106</b>	<b>50,757,612</b>	<b>29,836,588</b>	<b>2,386,927</b>
Less: Credit Risk absorbed by IA			(288,030)	(23,042)
<b>Market Risk</b>				
	Long Position	Short Position		
Benchmark Rate Risk	6,379,124	(5,996,805)	382,319	208,959
Foreign Exchange Risk	28,199	(457,351)	(429,152)	457,351
Inventory Risk	-	-	1,849	1,848
<b>Total Market Risk</b>	<b>6,407,323</b>	<b>(6,454,156)</b>	<b>(44,984)</b>	<b>668,158</b>
Operational Risk			2,834,709	226,777
<b>Total RWA and Capital Requirements</b>			<b>33,051,425</b>	<b>2,644,114</b>

Note: As at 31 December 2015, the Bank did not have any exposures under securitisation.

	Before effect of IA	After effect of IA
<b>CET1 Capital Ratio</b>	<b>11.95%</b>	<b>12.05%</b>
<b>Tier 1 Capital Ratio</b>	<b>11.95%</b>	<b>12.05%</b>
<b>Total Capital Ratio</b>	<b>15.16%</b>	<b>15.28%</b>



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**3. Credit Risk**

**3.1 Credit Quality of Gross Financing and Advances**

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

	<b>GROUP AND BANK</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	<b>35,933,027</b>	33,797,333
Past due but not impaired	<b>706,671</b>	781,623
Impaired	<b>390,613</b>	381,270
	<b>37,030,311</b>	34,960,226
Gross impaired financing as a percentage of gross Financing and advances	<b>1.05%</b>	1.09%

**(a) Neither Past Due Nor Impaired**

Financings classified as neither past due nor impaired are financings of which the customer 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:

	<b>GROUP AND BANK</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Excellent to Good	<b>29,503,167</b>	27,422,414
Satisfactory	<b>6,001,456</b>	5,968,683
Fair	<b>428,404</b>	406,236
	<b>35,933,027</b>	33,797,333

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 of 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 ageing analysis:

	<b>GROUP AND BANK</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>
By ageing	<b>RM'000</b>	<b>RM'000</b>
Month-in-arrears 1	<b>450,992</b>	596,525
Month-in-arrears 2	<b>255,679</b>	185,098
	<b>706,671</b>	781,623

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

	<b>GROUP AND BANK</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	<b>24,934</b>	12,118
Mining and quarrying	-	5,062
Manufacturing (including agro-based)	<b>243</b>	300
Electricity, gas and water	-	40
Wholesale & retail trade, and hotels & restaurants	<b>2,624</b>	16,848
Construction	<b>38,593</b>	101,747
Real estate	<b>30,108</b>	27,120
Transport, storage and communications	<b>4,857</b>	90
Finance, insurance and business activities	<b>479</b>	645
Education, health and others	<b>11,073</b>	11,363
Household sectors	<b>593,760</b>	606,290
Other sectors	-	-
	<b>706,671</b>	781,623

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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:

	<b>GROUP AND BANK</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Individually Assessed	<b>217,534</b>	211,198
<i>of which:</i>		
<i>Month-in-Arrears 0</i>	<i>15,647</i>	38,490
<i>Month-in-Arrears 1</i>	<i>39,949</i>	28,259
<i>Month-in-Arrears 2</i>	<i>23,077</i>	13,235
<i>Month-in-Arrears 3 and above</i>	<i>138,861</i>	131,214
Collectively Assessed	<b>173,079</b>	170,072
	<b>390,613</b>	381,270

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.1 Credit Quality of Gross Financing and Advances (continued)**

*(c) Impaired Financing and Advances (continued)*

30 JUNE 2016 RM '000	INDIVIDUAL ASSESSMENT ALLOWANCE					COLLECTIVE ASSESSMENT ALLOWANCE AT 30.06.2016	TOTAL IMPAIRMENT ALLOWANCES FOR FINANCING AT 30.06.2016
	IMPAIRED FINANCING AT 30.06.2016	INDIVIDUAL ASSESSMENT AS AT 1.01.2016	NET CHARGE FOR THE FINANCIAL YEAR	AMOUNTS WRITTEN OFF/OTHER MOVEMENTS	INDIVIDUAL ASSESSMENT AS AT 30.06.2016		
Primary Agriculture	1,308	962	2	-	964	7,758	8,722
Mining and Quarrying	-	-	-	-	-	421	421
Manufacturing (including Agro-based)	36,747	1,667	24,323	(2,453)	23,537	9,534	33,071
Electricity, Gas and Water	-	-	-	-	-	11,570	11,570
Wholesale & Retail Trade and Restaurants & Hotels	26,077	11,641	315	(852)	11,104	42,868	53,972
Construction	42,542	18,378	14,946	(1,329)	31,995	31,216	63,211
Real Estate	-	-	-	-	-	22,611	22,611
Transport, Storage and Communication	26,343	16,693	1,107	(734)	17,066	9,902	26,968
Finance, Insurance and Business Services	66,715	66,504	914	(4,119)	63,299	31,553	94,852
Education, Health and Others	5,736	2,091	121	(743)	1,469	12,404	13,873
Household Sectors	185,145	6,535	1,026	(1,315)	6,246	362,412	368,658
Other Sectors	-	-	-	-	-	-	-
<b>Total</b>	<b>390,613</b>	<b>124,471</b>	<b>42,754</b>	<b>(11,545)</b>	<b>155,680</b>	<b>542,249</b>	<b>697,929</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.1 Credit Quality of Gross Financing and Advances (continued)**

*(c) Impaired financing and advances (continued)*

31 DECEMBER 2015 RM '000	INDIVIDUAL ASSESSMENT ALLOWANCE					COLLECTIVE ASSESSMENT ALLOWANCE AT 31.12.2015	TOTAL IMPAIRMENT ALLOWANCES FOR FINANCING AT 31.12.2015
	IMPAIRED FINANCING AT 31.12.2015	INDIVIDUAL ASSESSMENT AS AT 1.01.2015	NET CHARGE FOR THE FINANCIAL YEAR	AMOUNTS WRITTEN OFF/OTHER MOVEMENTS	INDIVIDUAL ASSESSMENT AS AT 31.12.2015		
Primary Agriculture	1,307	954	4,740	(4,731)	963	6,773	7,736
Mining and Quarrying	-	-	-	-	-	660	660
Manufacturing (including Agro-based)	6,650	1,594	2,163	(2,090)	1,667	11,849	13,516
Electricity, Gas and Water	-	-	-	-	-	10,677	10,677
Wholesale & Retail Trade and Restaurants & Hotels	24,986	6,177	5,464	-	11,641	40,860	52,501
Construction	56,344	39,899	(12,918)	(8,604)	18,377	33,901	52,278
Real Estate	-	-	-	-	-	17,264	17,264
Transport, Storage and Communication	29,332	33,610	9,443	26,360	16,693	9,363	26,056
Finance, Insurance and Business Services	69,533	54,270	525	11,709	66,504	20,599	87,103
Education, Health and Others	7,502	-	2,092	-	2,092	18,246	20,338
Household Sectors	185,616	6,249	2,639	(2,354)	6,534	370,873	377,407
Other Sectors	-	-	-	-	-	-	-
<b>Total</b>	<b>381,270</b>	<b>142,753</b>	<b>14,148</b>	<b>(32,430)</b>	<b>124,471</b>	<b>541,065</b>	<b>665,536</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**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 2016 RM '000	GROSS FINANCING	OF WHICH:			
		PAST DUE BUT NOT IMPAIRED FINANCING	IMPAIRED FINANCING	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES
Central Region	17,300,956	351,083	160,429	60,730	272,279
Eastern Region	6,174,829	130,047	84,821	30,809	72,547
Northern Region	5,581,290	91,915	36,491	1,485	83,135
Southern Region	5,022,105	88,058	30,414	1,659	62,444
East Malaysia Region	2,951,131	45,568	78,458	60,997	51,844
<b>Grand Total</b>	<b>37,030,311</b>	<b>706,671</b>	<b>390,613</b>	<b>155,680</b>	<b>542,249</b>

31 DECEMBER 2015 RM '000	GROSS FINANCING	OF WHICH:			
		PAST DUE BUT NOT IMPAIRED FINANCING	IMPAIRED FINANCING	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES
Central Region	16,254,666	412,831	184,568	48,876	271,581
Eastern Region	5,856,505	129,369	47,369	8,561	71,077
Northern Region	5,297,531	105,613	35,880	1,472	82,595
Southern Region	4,725,173	89,310	29,892	1,348	62,999
East Malaysia Region	2,826,351	44,500	83,561	64,214	52,813
<b>Grand Total</b>	<b>34,960,226</b>	<b>781,623</b>	<b>381,270</b>	<b>124,471</b>	<b>541,065</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures**

*(a) Geographic distribution of credit exposures*

*(i) Group*

30 JUNE 2016 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
<b><u>Credit Risk</u></b>						
<b>On-Balance Sheet Exposures</b>						
Sovereign/Central Banks	3,999,419	-	-	-	-	3,999,419
Public Sector Entities	1,749,387	194,307	20,055	116,656	16	2,080,421
Banks, Developments Financial Institutions and Multilateral Development Banks	357,211	712	-	140	3,428	361,491
Corporate	10,902,794	688,823	821,574	394,069	531,619	13,338,879
Regulatory Retail	4,971,245	2,935,462	2,405,132	2,362,076	1,486,068	14,159,983
Residential Mortgages	5,213,402	2,346,848	2,325,858	2,150,412	860,145	12,896,665
Higher Risk Assets	61,577	2,688	4,850	469	2,156	71,740
Other Assets	2,265,715	-	-	-	452	2,266,167
<b>Total for On-Balance Sheet Exposures</b>	<b>29,520,750</b>	<b>6,168,840</b>	<b>5,577,469</b>	<b>5,023,822</b>	<b>2,883,884</b>	<b>49,174,765</b>
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	2,155,762	-	-	-	3,732	2,159,494
Derivative Financial Instruments	103,475	-	-	-	-	103,475
<b>Total for Off-Balance Sheet Exposures</b>	<b>2,259,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,732</b>	<b>2,262,969</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>31,779,987</b>	<b>6,168,840</b>	<b>5,577,469</b>	<b>5,023,822</b>	<b>2,887,616</b>	<b>51,437,734</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

*(a) Geographic distribution of credit exposures (continued)*

*(i) Group (continued)*

31 DECEMBER 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
<b><u>Credit Risk</u></b>						
<b>On-Balance Sheet Exposures</b>						
Sovereign/Central Banks	5,272,318	-	-	-	-	5,272,318
Public Sector Entities	1,182,049	194,489	21,738	120,142	38	1,518,456
Banks, Developments Financial Institutions and Multilateral Development Banks	677,870	-	-	-	4,031	681,901
Corporate	11,185,859	716,326	761,980	395,446	511,774	13,571,385
Regulatory Retail	4,929,479	2,847,224	2,369,180	2,302,089	1,455,106	13,903,078
Residential Mortgages	4,668,587	2,091,745	2,138,329	1,909,412	783,619	11,591,692
Higher Risk Assets	63,206	3,193	5,608	575	2,036	74,618
Other Assets	2,690,794	-	-	-	322	2,691,116
Total for On-Balance Sheet Exposures	30,670,162	5,852,977	5,296,835	4,727,664	2,756,926	49,304,564
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	1,545,735	-	-	-	4,407	1,550,142
Derivative Financial Instruments	184,323	-	-	-	-	184,323
Total for Off-Balance Sheet Exposures	1,730,058	-	-	-	4,407	1,734,465
<b>Total On and Off-Balance Sheet Exposures</b>	<b>32,400,220</b>	<b>5,852,977</b>	<b>5,296,835</b>	<b>4,727,664</b>	<b>2,761,333</b>	<b>51,039,029</b>



**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

*(a) Geographic distribution of credit exposures (continued)*

*(ii) Bank*

30 JUNE 2016 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
<b><u>Credit Risk</u></b>						
<b>On-Balance Sheet Exposures</b>						
Sovereign/Central Banks	3,999,419	-	-	-	-	3,999,419
Public Sector Entities	1,749,387	194,307	20,055	116,656	16	2,080,421
Banks, Developments Financial Institutions and Multilateral Development Banks	357,119	712	-	140	3,428	361,399
Corporate	10,902,794	688,823	821,574	394,069	531,619	13,338,879
Regulatory Retail	4,971,245	2,935,462	2,405,132	2,362,076	1,486,068	14,159,983
Residential Mortgages	5,213,402	2,346,848	2,325,858	2,150,412	860,145	12,896,665
Higher Risk Assets	61,577	2,688	4,850	469	2,156	71,740
Other Assets	2,263,171	-	-	-	452	2,263,623
Total for On-Balance Sheet Exposures	29,518,114	6,168,840	5,577,469	5,023,822	2,883,884	49,172,129
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	2,155,762	-	-	-	3,732	2,159,494
Derivative Financial Instruments	103,475	-	-	-	-	103,475
Total for Off-Balance Sheet Exposures	2,259,237	-	-	-	3,732	2,262,969
<b>Total On and Off-Balance Sheet Exposures</b>	<b>31,777,351</b>	<b>6,168,840</b>	<b>5,577,469</b>	<b>5,023,822</b>	<b>2,887,616</b>	<b>51,435,098</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

*(a) Geographic distribution of credit exposures (continued)*

*(ii) Bank (continued)*

31 DECEMBER 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
<b><u>Credit Risk</u></b>						
<b>On-Balance Sheet Exposures</b>						
Sovereign/Central Banks	5,272,318	-	-	-	-	5,272,318
Public Sector Entities	1,182,049	194,489	21,738	120,142	38	1,518,456
Banks, Developments Financial Institutions and Multilateral Development Banks	673,944	-	-	-	4,031	677,975
Corporate	11,185,859	716,326	761,980	395,446	511,774	13,571,385
Regulatory Retail	4,929,479	2,847,224	2,369,180	2,302,089	1,455,106	13,903,078
Residential Mortgages	4,668,587	2,091,745	2,138,329	1,909,412	783,619	11,591,692
Higher Risk Assets	63,206	3,193	5,608	575	2,036	74,618
Other Assets	2,687,797	-	-	-	322	2,688,119
<b>Total for On-Balance Sheet Exposures</b>	<b>30,663,239</b>	<b>5,852,977</b>	<b>5,296,835</b>	<b>4,727,664</b>	<b>2,756,926</b>	<b>49,297,641</b>
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	1,545,735	-	-	-	4,407	1,550,142
Derivative Financial Instruments	184,323	-	-	-	-	184,323
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,730,058</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,407</b>	<b>1,734,465</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>32,393,297</b>	<b>5,852,977</b>	<b>5,296,835</b>	<b>4,727,664</b>	<b>2,761,333</b>	<b>51,032,106</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

*(b) Distribution of credit exposures by sector*

*(i) Group*

30 JUNE 2016 Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Wholesale & Retail Trade and Restaurant & Hotels	Construction	Real Estate	Transport, Storage & Communication	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
<b>Credit Risk</b>													
<b>On-Balance Sheet Exposures</b>													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	3,999,419	-	-	-	3,999,419
Public Sector Entities	-	-	-	-	-	-	177,827	477,253	1,289,450	135,874	16	-	2,080,420
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	299,715	-	-	61,777	361,492
Corporate	371,281	12,832	833,496	2,592,934	1,134,435	2,497,502	1,810,902	849,789	2,855,025	297,853	82,524	307	13,338,880
Regulatory Retail	14,603	-	25,836	-	67,432	68,344	24,707	9,777	51,817	34,127	13,863,274	65	14,159,982
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	12,896,666	-	12,896,666
Higher Risk Assets	-	-	-	-	-	58,032	-	-	-	-	13,707	-	71,739
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,266,168	2,266,168
<b>Total for On-Balance Sheet Exposures</b>	<b>385,884</b>	<b>12,832</b>	<b>859,332</b>	<b>2,592,934</b>	<b>1,201,867</b>	<b>2,623,878</b>	<b>2,013,436</b>	<b>1,336,819</b>	<b>8,495,426</b>	<b>467,854</b>	<b>26,856,187</b>	<b>2,328,317</b>	<b>49,174,766</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	31,585	11,752	148,611	148,263	155,149	389,466	224,246	83,147	308,876	82,550	572,042	3,807	2,159,493
Derivative Financial Instruments	-	-	1,839	142	18	285	11,344	2	89,383	13	-	450	103,475
<b>Total for Off-Balance Sheet Exposures</b>	<b>31,585</b>	<b>11,752</b>	<b>150,450</b>	<b>148,405</b>	<b>155,167</b>	<b>389,751</b>	<b>235,590</b>	<b>83,149</b>	<b>398,259</b>	<b>82,563</b>	<b>572,042</b>	<b>4,257</b>	<b>2,262,968</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>417,469</b>	<b>24,584</b>	<b>1,009,782</b>	<b>2,741,339</b>	<b>1,357,034</b>	<b>3,013,629</b>	<b>2,249,026</b>	<b>1,419,968</b>	<b>8,893,685</b>	<b>550,417</b>	<b>27,428,229</b>	<b>2,332,574</b>	<b>51,437,734</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

*(i) Group (continued)*

31 DECEMBER 2015 Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Wholesale & Retail Trade and Restaurant & Hotels	Construction	Real Estate	Transport, Storage & Communication	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
<b>Credit Risk</b>													
<b>On-Balance Sheet Exposures</b>													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	5,272,318	-	-	-	5,272,318
Public Sector Entities	-	-	-	-	-	-	180,501	284,372	914,861	138,684	38	-	1,518,456
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	530,200	-	-	151,701	681,901
Corporate	394,697	13,494	1,049,023	2,752,785	976,686	2,731,889	1,364,457	1,305,058	2,227,086	668,870	86,986	354	13,571,385
Regulatory Retail	14,271	-	26,417	41	74,987	72,258	16,929	19,358	48,544	34,950	13,595,194	129	13,903,078
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	11,591,692	-	11,591,692
Higher Risk Assets	-	-	-	-	-	59,410	-	-	-	-	15,208	-	74,618
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,691,116	2,691,116
<b>Total for On-Balance Sheet Exposures</b>	<b>408,968</b>	<b>13,494</b>	<b>1,075,440</b>	<b>2,752,826</b>	<b>1,051,673</b>	<b>2,863,557</b>	<b>1,561,887</b>	<b>1,608,788</b>	<b>8,993,009</b>	<b>842,504</b>	<b>25,289,118</b>	<b>2,843,300</b>	<b>49,304,564</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	14,671	13,710	109,119	167,109	127,748	212,599	12,204	70,807	152,948	108,359	556,363	4,505	1,550,142
Derivative Financial Instruments	-	-	1,931	-	871	1,433	11,097	239	168,423	-	-	329	184,323
<b>Total for Off-Balance Sheet Exposures</b>	<b>14,671</b>	<b>13,710</b>	<b>111,050</b>	<b>167,109</b>	<b>128,619</b>	<b>214,032</b>	<b>23,301</b>	<b>71,046</b>	<b>321,371</b>	<b>108,359</b>	<b>556,363</b>	<b>4,834</b>	<b>1,734,465</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>423,639</b>	<b>27,204</b>	<b>1,186,490</b>	<b>2,919,935</b>	<b>1,180,292</b>	<b>3,077,589</b>	<b>1,585,188</b>	<b>1,679,834</b>	<b>9,314,380</b>	<b>950,863</b>	<b>25,845,481</b>	<b>2,848,134</b>	<b>51,039,029</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

*(ii) Bank*

30 JUNE 2016 Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Wholesale & Retail Trade and Restaurant & Hotels	Construction	Real Estate	Transport, Storage & Communication	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
<b>Credit Risk</b>													
<b>On-Balance Sheet Exposures</b>													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	3,999,419	-	-	-	3,999,419
Public Sector Entities	-	-	-	-	-	-	177,827	477,253	1,289,450	135,874	16	-	2,080,420
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	299,715	-	-	61,685	361,400
Corporate	371,281	12,832	833,496	2,592,934	1,134,435	2,497,502	1,810,902	849,789	2,855,024	297,853	82,524	307	13,338,879
Regulatory Retail	14,603	-	25,836	-	67,432	68,344	24,707	9,777	51,818	34,127	13,863,274	65	14,159,983
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	12,896,666	-	12,896,666
Higher Risk Assets	-	-	-	-	-	58,032	-	-	-	-	13,707	-	71,739
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,263,624	2,263,624
<b>Total for On-Balance Sheet Exposures</b>	<b>385,884</b>	<b>12,832</b>	<b>859,332</b>	<b>2,592,934</b>	<b>1,201,867</b>	<b>2,623,878</b>	<b>2,013,436</b>	<b>1,336,819</b>	<b>8,495,426</b>	<b>467,854</b>	<b>26,856,187</b>	<b>2,325,681</b>	<b>49,172,130</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	31,585	11,752	148,611	148,263	155,149	389,466	224,246	83,147	308,875	82,550	572,042	3,807	2,159,493
Derivative Financial Instruments	-	-	1,839	142	18	285	11,344	2	89,382	13	-	450	103,475
<b>Total for Off-Balance Sheet Exposures</b>	<b>31,585</b>	<b>11,752</b>	<b>150,450</b>	<b>148,405</b>	<b>155,167</b>	<b>389,751</b>	<b>235,590</b>	<b>83,149</b>	<b>398,257</b>	<b>82,563</b>	<b>572,042</b>	<b>4,257</b>	<b>2,262,968</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>417,469</b>	<b>24,584</b>	<b>1,009,782</b>	<b>2,741,339</b>	<b>1,357,034</b>	<b>3,013,629</b>	<b>2,249,026</b>	<b>1,419,968</b>	<b>8,893,683</b>	<b>550,417</b>	<b>27,428,229</b>	<b>2,329,938</b>	<b>51,435,098</b>

**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 2015 Exposure Class	Primary Agriculture	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Wholesale & Retail Trade and Restaurant & Hotels	Construction	Real Estate	Transport, Storage & Communication	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
<b>Credit Risk</b>													
<b>On-Balance Sheet Exposures</b>													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	5,272,318	-	-	-	5,272,318
Public Sector Entities	-	-	-	-	-	-	180,501	284,372	914,861	138,684	38	-	1,518,456
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	530,200	-	-	147,775	677,975
Corporate	394,697	13,494	1,049,023	2,752,785	976,686	2,731,889	1,364,457	1,305,058	2,227,086	668,870	86,986	354	13,571,385
Regulatory Retail	14,271	-	26,417	41	74,987	72,258	16,929	19,358	48,544	34,950	13,595,194	129	13,903,078
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	11,591,692	-	11,591,692
Higher Risk Assets	-	-	-	-	-	59,410	-	-	-	-	15,208	-	74,618
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,688,119	2,688,119
<b>Total for On-Balance Sheet Exposures</b>	<b>408,968</b>	<b>13,494</b>	<b>1,075,440</b>	<b>2,752,826</b>	<b>1,051,673</b>	<b>2,863,557</b>	<b>1,561,887</b>	<b>1,608,788</b>	<b>8,993,009</b>	<b>842,504</b>	<b>25,289,118</b>	<b>2,836,377</b>	<b>49,297,641</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	14,671	13,710	109,119	167,109	127,748	212,599	12,204	70,807	152,948	108,359	556,363	4,505	1,550,142
Derivative Financial Instruments	-	-	1,931	-	871	1,433	11,097	239	168,423	-	-	329	184,323
<b>Total for Off-Balance Sheet Exposures</b>	<b>14,671</b>	<b>13,710</b>	<b>111,050</b>	<b>167,109</b>	<b>128,619</b>	<b>214,032</b>	<b>23,301</b>	<b>71,046</b>	<b>321,371</b>	<b>108,359</b>	<b>556,363</b>	<b>4,834</b>	<b>1,734,465</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>423,639</b>	<b>27,204</b>	<b>1,186,490</b>	<b>2,919,935</b>	<b>1,180,292</b>	<b>3,077,589</b>	<b>1,585,188</b>	<b>1,679,834</b>	<b>9,314,380</b>	<b>950,863</b>	<b>25,845,481</b>	<b>2,841,211</b>	<b>51,032,106</b>

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**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

*(c) Residual contractual maturity breakdown*

*(i) Group*

<b>30 JUNE 2016 Exposure Class</b>	<b>Up to 1 year RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b><u>Credit Risk</u></b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	1,615,285	2,108,468	275,667	3,999,420
Public Sector Entities	719,258	540,711	820,451	2,080,420
Banks, Developments Financial Institutions and Multilateral Development Banks	284,395	76,245	852	361,492
Corporate	3,182,159	3,392,226	6,764,494	13,338,879
Regulatory Retail	223,030	2,298,100	11,638,853	14,159,983
Residential Mortgages	5,588	82,488	12,808,589	12,896,665
Higher Risk Assets	-	255	71,483	71,738
Other Assets	1,916,095	-	350,073	2,266,168
<b>Total for On-Balance Sheet Exposures</b>	<b>7,945,810</b>	<b>8,498,493</b>	<b>32,730,462</b>	<b>49,174,765</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	670,333	906,193	582,967	2,159,493
Derivative Financial Instruments	74,580	8,677	20,219	103,476
<b>Total for Off-Balance Sheet Exposures</b>	<b>744,913</b>	<b>914,870</b>	<b>603,186</b>	<b>2,262,969</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>8,690,723</b>	<b>9,413,363</b>	<b>33,333,648</b>	<b>51,437,734</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

*(c) Residual contractual maturity breakdown (continued)*

*(i) Group (continued)*

31 DECEMBER 2015 Exposure Class	Up to 1 year RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Total RM'000
<b><u>Credit Risk</u></b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	2,088,946	2,716,655	466,717	5,272,318
Public Sector Entities	723,575	271,589	523,292	1,518,456
Banks, Developments Financial Institutions and Multilateral Development Banks	282,783	399,118	-	681,901
Corporate	3,620,866	3,307,432	6,643,087	13,571,385
Regulatory Retail	215,715	2,057,918	11,629,445	13,903,078
Residential Mortgages	5,199	85,981	11,500,512	11,591,692
Higher Risk Assets	-	239	74,379	74,618
Other Assets	2,335,453	-	355,663	2,691,116
<b>Total for On-Balance Sheet Exposures</b>	<b>9,272,537</b>	<b>8,838,932</b>	<b>31,193,095</b>	<b>49,304,564</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	610,669	540,044	399,429	1,550,142
Derivative Financial Instruments	139,772	20,502	24,049	184,323
<b>Total for Off-Balance Sheet Exposures</b>	<b>750,441</b>	<b>560,546</b>	<b>423,478</b>	<b>1,734,465</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>10,022,978</b>	<b>9,399,478</b>	<b>31,616,573</b>	<b>51,039,029</b>



**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

*(c) Residual contractual maturity breakdown (continued)*

*(ii) Bank*

<b>30 JUNE 2016 Exposure Class</b>	<b>Up to 1 year RM'000</b>	<b>&gt; 1 – 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b><u>Credit Risk</u></b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	1,615,285	2,108,468	275,667	3,999,420
Public Sector Entities	719,258	540,711	820,451	2,080,420
Banks, Developments Financial Institutions and Multilateral Development Banks	284,304	76,245	852	361,401
Corporate	3,182,159	3,392,226	6,764,494	13,338,879
Regulatory Retail	223,030	2,298,100	11,638,853	14,159,983
Residential Mortgages	5,588	82,488	12,808,589	12,896,665
Higher Risk Assets	-	255	71,483	71,738
Other Assets	1,913,550	-	350,073	2,263,623
<b>Total for On-Balance Sheet Exposures</b>	<b>7,943,174</b>	<b>8,498,493</b>	<b>32,730,462</b>	<b>49,172,129</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	670,333	906,193	582,967	2,159,493
Derivative Financial Instruments	74,580	8,677	20,219	103,476
<b>Total for Off-Balance Sheet Exposures</b>	<b>744,913</b>	<b>914,870</b>	<b>603,186</b>	<b>2,262,969</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>8,688,087</b>	<b>9,413,363</b>	<b>33,333,648</b>	<b>51,435,098</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

*(c) Residual contractual maturity breakdown (continued)*

*(ii) Bank (continued)*

31 DECEMBER 2015 Exposure Class	Up to 1 year RM'000	> 1 – 5 years RM'000	Over 5 years RM'000	Total RM'000
<b><u>Credit Risk</u></b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	2,088,946	2,716,655	466,717	5,272,318
Public Sector Entities	723,575	271,589	523,292	1,518,456
Banks, Developments Financial Institutions and Multilateral Development Banks	278,857	399,118	-	677,975
Corporate	3,620,866	3,307,432	6,643,087	13,571,385
Regulatory Retail	215,715	2,057,918	11,629,445	13,903,078
Residential Mortgages	5,199	85,981	11,500,512	11,591,692
Higher Risk Assets	-	239	74,379	74,618
Other Assets	2,332,456	-	355,663	2,688,119
<b>Total for On-Balance Sheet Exposures</b>	<b>9,265,614</b>	<b>8,838,932</b>	<b>31,193,095</b>	<b>49,297,641</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	610,669	540,044	399,429	1,550,142
Derivative Financial Instruments	139,772	20,502	24,049	184,323
<b>Total for Off-Balance Sheet Exposures</b>	<b>750,441</b>	<b>560,546</b>	<b>423,478</b>	<b>1,734,465</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>10,016,055</b>	<b>9,399,478</b>	<b>31,616,573</b>	<b>51,032,106</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**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 2016

<b>Exposures after Netting &amp; Credit Risk Mitigation (CRM)</b>										
<b>Risk Weights</b>	<b>Sovereigns / Central Banks RM'000</b>	<b>Public Sector Entities RM'000</b>	<b>Banks, DFIs &amp; MDBs RM'000</b>	<b>Corporate RM'000</b>	<b>Regulatory Retail RM'000</b>	<b>Residential Mortgages RM'000</b>	<b>Higher Risk Assets RM'000</b>	<b>Other Assets RM'000</b>	<b>Total Exposures after Netting &amp; CRM RM'000</b>	<b>Total Risk Weighted Asset RM'000</b>
0%	3,999,962	1,703,585	272,618	1,769,462	-	-	-	1,962,804	9,708,431	-
20%	-	35,276	195,875	3,150,811	12,345	14,343	-	-	3,408,650	681,730
35%	-	-	-	-	-	4,077,465	-	-	4,077,465	1,427,113
50%	-	197,472	160,044	3,201,150	386,958	2,410,013	-	-	6,355,637	3,177,819
75%	-	-	-	455,702	2,159,584	4,096,004	-	-	6,711,290	5,033,468
100%	-	148,008	1,480	5,955,647	11,710,686	2,533,403	-	303,369	20,652,593	20,652,593
150%	-	-	-	47,908	47,174	45,638	79,875	-	220,595	330,893
<b>Total Exposures</b>	<b>3,999,962</b>	<b>2,084,341</b>	<b>630,017</b>	<b>14,580,680</b>	<b>14,316,747</b>	<b>13,176,866</b>	<b>79,875</b>	<b>2,266,173</b>	<b>51,134,661</b>	<b>31,303,614</b>
<b>RWA by Exposures</b>	<b>-</b>	<b>253,799</b>	<b>120,677</b>	<b>8,600,023</b>	<b>13,597,083</b>	<b>8,308,851</b>	<b>119,813</b>	<b>303,369</b>	<b>31,303,614</b>	
<b>Average Risk Weight</b>	<b>0.0%</b>	<b>12.2%</b>	<b>19.2%</b>	<b>59.0%</b>	<b>95.0%</b>	<b>63.1%</b>	<b>150.0%</b>	<b>13.4%</b>	<b>61.2%</b>	
<b>Deduction from Capital Base</b>										

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**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 2015

<b>Exposures after Netting &amp; Credit Risk Mitigation (CRM)</b>										
<b>Risk Weights</b>	<b>Sovereigns / Central Banks RM'000</b>	<b>Public Sector Entities RM'000</b>	<b>Banks, DFIs &amp; MDBs RM'000</b>	<b>Corporate RM'000</b>	<b>Regulatory Retail RM'000</b>	<b>Residential Mortgages RM'000</b>	<b>Higher Risk Assets RM'000</b>	<b>Other Assets RM'000</b>	<b>Total Exposures after Netting &amp; CRM RM'000</b>	<b>Total Risk Weighted Asset RM'000</b>
0%	5,272,824	1,126,333	323,288	1,984,374	-	-	-	2,231,699	10,938,518	-
20%	-	35,266	413,197	3,635,170	14,018	14,707	-	-	4,112,358	822,471
35%	-	-	-	-	-	3,614,111	-	-	3,614,111	1,264,939
50%	-	222,409	131,111	2,790,164	386,789	2,069,134	-	-	5,599,607	2,799,804
75%	-	-	-	433,273	2,321,367	3,830,935	-	-	6,585,575	4,939,181
100%	-	121,876	748	5,549,943	11,283,798	2,297,819	-	459,425	19,713,609	19,713,609
150%	-	-	-	30,421	40,585	44,721	85,030	-	200,757	301,136
<b>Total Exposures</b>	<b>5,272,824</b>	<b>1,505,884</b>	<b>868,344</b>	<b>14,423,345</b>	<b>14,046,557</b>	<b>11,871,427</b>	<b>85,030</b>	<b>2,691,123</b>	<b>50,764,535</b>	<b>29,841,140</b>
<b>RWA by Exposures</b>	<b>-</b>	<b>240,134</b>	<b>148,943</b>	<b>8,042,644</b>	<b>13,281,899</b>	<b>7,540,549</b>	<b>127,546</b>	<b>459,425</b>	<b>29,841,140</b>	
<b>Average Risk Weight</b>	<b>0.0%</b>	<b>15.9%</b>	<b>17.2%</b>	<b>55.8%</b>	<b>94.6%</b>	<b>63.5%</b>	<b>150.0%</b>	<b>17.1%</b>	<b>58.8%</b>	
<b>Deduction from Capital Base</b>										

**BANK ISLAM MALAYSIA BERHAD**  
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**AS AT 30 JUNE 2016**

**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 2016

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%	3,999,962	1,703,585	272,618	1,769,462	-	-	-	1,963,604	9,709,231	-
20%	-	35,276	195,783	3,150,811	12,345	14,343	-	-	3,408,558	681,712
35%	-	-	-	-	-	4,077,465	-	-	4,077,465	1,427,113
50%	-	197,472	160,044	3,201,150	386,958	2,410,013	-	-	6,355,637	3,177,818
75%	-	-	-	455,702	2,159,584	4,096,004	-	-	6,711,290	5,033,468
100%	-	148,008	1,480	5,955,647	11,710,686	2,533,403	-	300,025	20,649,249	20,649,249
150%	-	-	-	47,908	47,174	45,638	79,875	-	220,595	330,892
Total Exposures	3,999,962	2,084,341	629,925	14,580,680	14,316,747	13,176,866	79,875	2,263,629	51,132,025	31,300,252
RWA by Exposures	-	253,799	120,659	8,600,023	13,597,083	8,308,850	119,813	300,025	31,300,252	
Average Risk Weight	0.0%	12.2%	19.2%	59.0%	95.0%	63.1%	150.0%	13.3%	61.2%	
Deduction from Capital Base										

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**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 (continued):

(ii) As at 31 December 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%	5,272,824	1,126,333	323,288	1,984,374	-	-	-	2,232,468	10,939,287	-
20%	-	35,266	409,271	3,635,170	14,018	14,707	-	-	4,108,432	821,686
35%	-	-	-	-	-	3,614,111	-	-	3,614,111	1,264,939
50%	-	222,409	131,111	2,790,164	386,789	2,069,134	-	-	5,599,607	2,799,804
75%	-	-	-	433,273	2,321,367	3,830,935	-	-	6,585,575	4,939,181
100%	-	121,876	748	5,549,943	11,283,798	2,297,819	-	455,659	19,709,843	19,709,842
150%	-	-	-	30,421	40,585	44,721	85,030	-	200,757	301,136
Total Exposures	5,272,824	1,505,884	864,418	14,423,345	14,046,557	11,871,427	85,030	2,688,127	50,757,612	29,836,588
RWA by Exposures	-	240,134	148,158	8,042,644	13,281,899	7,540,549	127,546	455,658	29,836,588	
Average Risk Weight	0.0%	15.9%	17.1%	55.8%	94.6%	63.5%	150.0%	17.0%	58.8%	
Deduction from Capital Base										

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2016**

**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
<b>30 JUNE 2016</b>	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<b>Exposure Class</b>	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<u>On and Off Balance-Sheet Credit Exposures</u>							
Sovereign and Central Banks*		-	3,999,962	-	-	-	-
<b>Total</b>		-	<b>3,999,962</b>	-	-	-	-

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
<b>31 DECEMBER 2015</b>	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<b>Exposure Class</b>	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<u>On and Off Balance-Sheet Credit Exposures</u>							
Sovereign and Central Banks*		-	5,272,824	-	-	-	-
<b>Total</b>		-	<b>5,272,824</b>	-	-	-	-

\* These exposures refer to exposures to the Federal Government of Malaysia and to 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						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	B+ to C	Unrated
<b>30 JUNE 2016</b>	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<b>Exposure Class</b>	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 Exposures</u>						
Public Sector Entities		35,276	-	-	-	2,049,064
Insurance Cos, Securities Firms & Fund Manager		-	-	-	-	-
Corporate		2,994,098	91,808	67,121	-	11,427,654
<b>Total</b>		<b>3,029,374</b>	<b>91,808</b>	<b>67,121</b>	-	<b>13,476,718</b>

Ratings of Corporate by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	B+ to C	Unrated
<b>31 DECEMBER 2015</b>	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<b>Exposure Class</b>	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 Exposures</u>						
Public Sector Entities		35,266	-	-	-	1,470,618
Insurance Cos, Securities Firms & Fund Manager		-	-	-	-	-
Corporate		3,524,384	94,636	83,534	-	10,722,245
<b>Total</b>		<b>3,559,650</b>	<b>92,636</b>	<b>83,534</b>	-	<b>12,192,863</b>

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c) Ratings of Banking Institutions by Approved ECAIs

		Ratings of Banking Institutions by Approved ECAIs					
30 JUNE 2016 Exposure Class	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
	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		128,019	304	-	-	-	501,602
<b>Total</b>		<b>128,019</b>	<b>304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>501,602</b>

		Ratings of Banking Institutions by Approved ECAIs					
31 DECEMBER 2015 Exposure Class	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
	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		144,613	1,631	-	-	-	698,862
<b>Total</b>		<b>144,613</b>	<b>1,631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>698,862</b>

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):

<b>30 June 2016</b> <b>Exposure Class</b>	<b>Exposures</b> <b>before CRM</b> <b>RM'000</b>	<b>Exposures</b> <b>covered by</b> <b>Guarantees</b> <b>RM'000</b>	<b>Exposures</b> <b>covered by</b> <b>Eligible</b> <b>Financial and</b> <b>Non-Financial</b> <b>Collateral</b> <b>RM'000</b>
<b>On-Balance Sheet Exposures</b>			
Sovereign/Central Banks	3,999,419	-	-
Public Sector Entities	2,080,420	-	63,613
Banks, DFIs and MDBs	361,400	-	-
Corporates	13,229,357	501,761	565,284
Regulatory Retail	14,089,187	11,660	123,011
Residential Mortgages	12,841,187	13,741	33,244
Higher Risk Assets	71,658	-	-
Other Assets	2,263,624	-	-
Defaulted Exposures	235,878	8,509	36,998
<b>Total for On-Balance Sheet Exposures</b>	<b>49,172,130</b>	<b>535,671</b>	<b>822,150</b>
<b>Off-Balance Sheet Exposures</b>			
Credit-related Exposures	2,151,301	16,208	72,695
Derivative Financial Instruments	103,475	-	-
Defaulted Exposures	8,192	-	72
<b>Total for Off-Balance Sheet Exposures</b>	<b>2,262,968</b>	<b>16,208</b>	<b>72,767</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>51,435,098</b>	<b>551,879</b>	<b>894,917</b>

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**4. Credit Risk Mitigation (CRM) (continued)**

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

<b>31 December 2015</b> <b>Exposure Class</b>	<b>Exposures before CRM RM'000</b>	<b>Exposures covered by Guarantees RM'000</b>	<b>Exposures covered by Eligible Financial and Non-Financial Collateral RM'000</b>
<b>On-Balance Sheet Exposures</b>			
Sovereign/Central Banks	5,272,318	-	-
Public Sector Entities	1,518,456	-	65,078
Banks, DFIs and MDBs	677,975	-	-
Corporates	13,479,088	486,838	576,926
Regulatory Retail	13,842,759	13,289	115,588
Residential Mortgages	11,544,602	13,996	32,386
Higher Risk Assets	74,616	-	-
Other Assets	2,688,119	-	-
Defaulted Exposures	199,708	2,627	11,691
<b>Total for On-Balance Sheet Exposures</b>	<b>49,297,641</b>	<b>516,750</b>	<b>801,669</b>
<b>Off-Balance Sheet Exposures</b>			
Credit-related Exposures	1,541,568	6,925	16,046
Derivative Financial Instruments	184,323	-	-
Defaulted Exposures	8,574	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,734,465</b>	<b>6,925</b>	<b>16,046</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>51,032,106</b>	<b>523,675</b>	<b>817,715</b>

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

(i) As at 30 June 2016

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	287,651		287,651	238,250
Assets sold with recourse	2		2	2
Transaction related contingent items	927,049		463,524	417,559
Short term self-liquidating trade related contingencies	328,813		65,763	63,014
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	508,103		101,620	81,234
- exceeding one year	2,005,059		1,002,528	729,802
Unutilised credit card lines	1,192,020		238,404	179,764
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 customer's creditworthiness	4,668,011		-	-
	<u>9,916,708</u>		<u>2,159,492</u>	<u>1,709,625</u>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	3,249,570	22,102	73,865	27,999
Profit rate related contracts				
- less than one year	200,000	1,644	715	143
- one year to less than five years	400,000	1,938	8,677	1,735
- five years and above	249,479	3,334	20,219	13,119
	<u>4,099,049</u>	<u>29,018</u>	<u>103,476</u>	<u>42,996</u>
<b>Total</b>	<b><u>14,015,757</u></b>	<b><u>29,018</u></b>	<b><u>2,262,968</u></b>	<b><u>1,752,621</u></b>

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

(ii) As at 31 December 2015

Nature of Item	Principle 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	343,731		343,731	301,001
Assets sold with recourse	2		2	2
Transaction related contingent items	956,822		478,411	413,964
Short term self-liquidating trade related contingencies	374,892		74,978	72,446
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	837,455		418,728	333,700
Unutilised credit card lines	1,169,445		233,889	176,494
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 customer's creditworthiness	5,822,088		-	-
	<u>9,506,449</u>		<u>1,550,142</u>	<u>1,298,010</u>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	2,323,286	106,402	139,771	67,272
Profit rate related contracts				
- less than one year	-	-	-	-
- one year to less than five years	600,000	9,200	20,504	4,101
- five years and above	262,568	3,657	24,048	13,688
Equity related contracts				
- less than one year	-	-	-	-
	<u>3,185,854</u>	<u>119,259</u>	<u>184,323</u>	<u>85,061</u>
<b>Total</b>	<b><u>12,692,303</u></b>	<b><u>119,259</u></b>	<b><u>1,734,465</u></b>	<b><u>1,383,071</u></b>

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**6. Market Risk**

**a) Profit Rate Risk in the Non-Trading Portfolio**

Profit rate risk in the non-trading portfolio is managed and controlled using measurement tools 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 are independently monitored by Market Risk Management Department (“MRMD”). Exposures and limits are regularly discussed and reported to the Asset Liability and Management Committee (“ALCO”) and BRC.

The Group manages market risk in non-trading portfolios by monitoring the sensitivity of projected EaR and EVE under varying profit rate scenarios (simulation modeling). For simulation modeling, a combination of standard scenarios and non-standard scenarios relevant to the local market are used. The standard scenarios monitored monthly include a 100 basis points parallel fall or rise in profit rate and historical simulation of past events. The scenario assumes no management action. Hence, it does not incorporate actions that would be taken by Treasury to mitigate the impact of the profit rate risk. In reality, depending on the view on future market movements, Treasury would proactively seek to change the profit rate exposure profile to minimise losses and to optimise net revenues. The nature of the hedging and risk mitigation strategies corresponds to the market instruments available.

These strategies range from the use of derivative financial instruments, such as profit rate swaps, to more intricate hedging strategies to address inordinate profit rate risk exposures.

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

	30 June 2016		31 December 2015	
	-100bps	+100bps	-100bps	+100bps
	Increase/(Decrease)			
	RM million	RM million	RM million	RM million
<b>Bank</b>				
Impact on EaR	(36.63)	36.63	(10.38)	10.38
Impact on EVE	238.01	(238.01)	326.12	(326.12)

Other controls to contain profit rate risk in the non-trading portfolio include stress testing and applying sensitivity limits to the available for sale financial assets. Sensitivity is measured by the present value of a 1 basis point change (“PV01”) and is independently monitored by MRMD on daily basis against limits approved by the BRC. PV01 exposures and limits are regularly discussed and reported to the ALCO and BRC.

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**6. Market Risk (continued)**

**b) Market Risk in the Trading Portfolio**

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

VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The VaR models used by the Group are based on historical simulation. These models derive plausible future scenarios from past series of recorded market rates and prices, taking into account inter-relationships between different markets and rates such as profit rates and foreign exchange rates.

The historical simulation models used by the Group incorporate the following features:

- Potential market movements are calculated with reference to data from the past four years;
- Historical market rates and prices are calculated with reference to foreign exchange rates and profit rates;
- VaR is calculated to a 99 per cent confidence level and for a one-day holding period. The nature of the VaR model means that an increase in observed market volatility will lead to an increase in VaR without any changes in the underlying positions; and
- The dataset is updated on daily basis.

Statistically, the Group would expect to see losses in excess of VaR only 1 per cent of the time over a one-year period. The actual number of excesses over this period can therefore be used to gauge how well the models are performing.

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

	<b>As at 30.06.2016</b>	<b>1.1.2016 to 30.6.2016</b>		
	<b>RM million</b>	<b>Average RM million</b>	<b>Maximum RM million</b>	<b>Minimum RM million</b>
<b>Profit Rate Risk</b>	3.47	2.10	3.47	0.94
<b>Foreign exchange risk</b>	0.33	0.12	0.44	0.01
<b>Overall</b>	3.81	2.22	3.81	0.95

	<b>As at 31.12.2015</b>	<b>1.1.2015 to 31.12.2015</b>		
	<b>RM million</b>	<b>Average RM million</b>	<b>Maximum RM million</b>	<b>Minimum RM million</b>
<b>Profit Rate Risk</b>	1.81	1.69	4.61	0.40
<b>Foreign exchange risk</b>	0.17	0.14	0.94	0.01
<b>Overall</b>	1.98	1.83	4.77	0.48

**6. Market Risk (continued)**

**b) Market Risk in the Trading Portfolio (continued)**

Although a valuable guide to risk, VaR should always be viewed in the context of its limitations. For example:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature;
- The use of a 1-day holding period assumes that all positions can be liquidated or hedged in one day. This may not fully reflect the market risk arising at times of severe illiquidity, when a 1-day holding period may be insufficient to liquidate or hedge all positions fully;
- The use of a 99 per cent confidence level, by definition, does not take into account losses that might occur beyond this level of confidence;
- VaR is calculated on the basis of exposures outstanding at the close of business day and therefore does not necessarily reflect intra-day exposures; and
- VaR is unlikely to reflect the loss potential on exposures that might arise under significant market movements.

The Group recognises these limitations by augmenting the VaR limits with other limits such as maximum loss limits, position limits and PV01 limits. These limits are approved by the BRC and independently monitored daily by MRMD. Exposures and limits are regularly discussed and reported to the ALCO and the BRC.

**c) Foreign Exchange Risk**

***Trading Positions***

In addition to VaR and stress testing, the Group 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 Group 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 the ALCO and the BRC.

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**6. Market Risk (continued)**

**c) Foreign Exchange Risk (continued)**

*Sensitivity Analysis*

Assuming that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group and Bank as at reporting date is summarised 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'):

	30 June 2016		31 December 2015	
	-1% Depreciation	+1% Appreciation	-1% Depreciation	+1% Appreciation
	RM'000	RM'000	RM'000	RM'000
<b>Group and Bank</b>				
US Dollar	(7,616)	7,616	(5,414)	5,414
Euro	7,972	(7,972)	4,916	(4,916)
Others	(69)	69	224	(224)

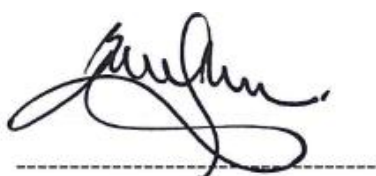
**7. Shariah Non-Compliant Income**

30 June 2016	31 December 2015
RM3,628.95	RM7,768.02

The above amount consists of commissions from Shariah non-compliant merchants of card business as well as rental purification from the Group's land that is being used to facilitate bai' inah based transactions. The income will be channelled to charitable causes upon approval by the Shariah Supervisory Council.

**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 2016 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.



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