

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

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, 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.

	30.06.2018		31.12.2017	
Group	RISK-WEIGHTED ASSETS RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000	RISK-WEIGHTED ASSETS RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
Credit Risk	36,684,620	2,934,770	37,442,256	2,995,380
Less: Credit Risk absorbed by IA	(3,487,142)	(278,971)	(3,034,004)	(242,720)
Market Risk	650,235	52,019	602,089	48,167
Operational Risk	3,251,341	260,107	3,152,951	252,236
Total	37,099,054	2,967,925	38,163,292	3,053,063

	30.06.2018		31.12.2017	
Bank	RISK-WEIGHTED ASSETS RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000	RISK-WEIGHTED ASSETS RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
Credit Risk	36,672,130	2,933,770	37,437,855	2,995,028
Less: Credit Risk absorbed by IA	(3,487,143)	(278,971)	(3,034,004)	(242,720)
Market Risk	650,235	52,019	586,043	46,883
Operational Risk	3,227,613	258,209	3,132,745	250,620
Total	37,062,835	2,965,027	38,122,639	3,049,811

**BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018**

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 Ratios

Effective 1 January 2018, total capital and capital adequacy ratios of the Group have been computed based on the updated BNM's CAFIB - Capital Components issued on 2 February 2018. 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 6.375%, 7.875% and 9.875% respectively for year 2018.

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

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

	GROUP		BANK	
	30.06.2018 RM'000	31.12.2017 RM'000	30.06.2018 RM'000	31.12.2017 RM'000
Common Equity Tier 1 (CET 1) Capital Ratio	13.08%	12.73%	13.05%	12.70%
Tier 1 Capital Ratio	13.08%	12.73%	13.05%	12.70%
Total Capital Ratio	16.90%	16.44%	16.87%	16.41%

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

2. Capital Adequacy Ratios (continued)

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

	30.06.2018	
	Group	Bank
	RM'000	RM'000
<u>Tier I Capital</u>		
Paid-up share capital	2,869,498	2,869,498
Share Premium	-	-
Retained earnings	2,209,887	2,207,302
Other reserves	(140,567)	(140,374)
Less: Deferred tax assets	(84,968)	(83,425)
Less: 55% of fair value	-	-
Less: Investment in subsidiaries	-	(15,525)
Total Common Equity Tier I Capital	4,853,850	4,837,476
Total Additional Tier I Capital	-	-
Total Tier I Capital	4,853,850	4,837,476
Subordinated sukuk	1,000,000	1,000,000
Collective assessment allowance [^]	414,968	414,812
Total Tier II Capital	1,414,968	1,414,812
Total Capital	6,268,818	6,252,288

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

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

2. Capital Adequacy Ratios (continued)

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

	31.12.2017	
	GROUP RM'000	BANK RM'000
<u>Tier I Capital</u>		
Paid-up share capital	2,869,498	2,869,498
Share Premium	-	-
Retained earnings	2,150,402	2,150,345
Other reserves	(124,841)	(124,982)
Less: Deferred tax assets	(37,288)	(37,288)
Less: 55% of fair value	-	-
Less: Investment in subsidiaries	-	(15,525)
Total Common Equity Tier I Capital	4,857,771	4,842,048
Total Additional Tier I Capital	-	-
Total Tier I Capital	4,857,771	4,842,048
Subordinated Sukuk	1,000,000	1,000,000
Collective assessment allowance [^]	414,193	414,193
Total Tier II Capital	1,414,193	1,414,193
Total Capital	6,271,964	6,256,241

[^] Collective assessment allowance on non-impaired financing and regulatory reserve, subject to maximum of 1.25% of total credit risk-weighted assets. Includes the regulatory reserve attributable to financing for both Group and Bank of RM64.645mil.

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

2. 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 2018 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	3,838,654	3,838,654	-	-
Public Sector Entities	1,771,067	1,761,210	314,284	25,143
Banks, Developments Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	122,678	122,678	25,885	2,071
Corporate	15,197,740	15,054,113	7,603,161	608,253
Regulatory Retail	16,171,050	16,057,131	15,504,713	1,240,377
Residential Mortgages	17,073,677	17,067,661	10,729,112	858,329
Higher Risk Assets	9,908	9,908	14,862	1,189
Other Assets	2,681,011	2,681,011	274,877	21,990
Defaulted Exposures	526,640	512,480	530,151	42,412
Total for On-Balance Sheet Exposures	57,392,425	57,104,846	34,997,045	2,799,764
Off-Balance Sheet Exposures				
Credit-related Exposures	1,843,691	1,840,791	1,608,863	128,709
Derivative Financial Instruments	100,950	100,950	63,228	5,058
Defaulted Exposures	11,870	11,870	15,484	1,239
Total for Off-Balance Sheet Exposures	1,956,511	1,953,611	1,687,575	135,006
Total On and Off-Balance Sheet Exposures	59,348,936	59,058,457	36,684,620	2,934,770
Less: Credit Risk absorbed by IA			(3,487,142)	(278,971)
	Long Position	Short Position		
Market Risk				
Benchmark Rate Risk	5,028,231	(5,208,101)	(179,869)	244,529
Foreign Exchange Risk	20,407	(405,706)	(385,299)	405,706
Inventory Risk	-	-	-	-
Total Market Risk	5,048,638	(5,613,807)	(565,168)	650,235
Operational Risk			3,251,341	260,107
Total RWA and Capital Requirements			37,099,054	2,967,925

Note: As at 30 June 2018, the Group did not have any exposures under securitisation.

	Before effect of IA	After effect of IA
CET1 Capital Ratio	11.96%	13.08%
Tier 1 Capital Ratio	11.96%	13.08%
Total Capital Ratio	15.55%	16.90%

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

2. Capital Adequacy Ratios (continued)

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

(i) Group (continued)

31 DECEMBER 2017 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	5,741,745	5,741,745	-	-
Public Sector Entities	650,704	644,727	325,612	26,049
Banks, Developments Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	98,586	98,586	21,139	1,691
Corporate	16,047,139	15,882,596	7,990,055	639,204
Regulatory Retail	15,629,546	15,519,309	14,941,072	1,195,286
Residential Mortgages	16,165,970	16,160,844	10,172,572	813,806
Higher Risk Assets	9,756	9,756	14,634	1,171
Other Assets	2,679,847	2,679,847	400,362	32,029
Defaulted Exposures	335,133	320,999	323,317	25,865
Total for On-Balance Sheet Exposures	57,358,426	57,058,409	34,188,763	2,735,101
Off-Balance Sheet Exposures				
Credit-related Exposures	4,068,803	3,997,869	3,170,037	253,603
Derivative Financial Instruments	132,147	132,147	51,675	4,134
Defaulted Exposures	24,185	22,400	31,781	2,542
Total for Off-Balance Sheet Exposures	4,225,135	4,152,416	3,253,493	260,279
Total On and Off-Balance Sheet Exposures	61,583,561	61,210,825	37,442,256	2,995,380
Less: Credit Risk absorbed by IA			(3,034,004)	(242,720)
Market Risk				
	Long Position	Short Position		
Benchmark Rate Risk	3,599,755	(3,218,620)	381,135	235,079
Foreign Exchange Risk	23,190	(366,771)	(343,581)	29,342
Inventory Risk	-	-	240	19
Total Market Risk	3,622,945	(3,585,391)	37,794	602,089
Operational Risk			3,152,951	252,236
Total RWA and Capital Requirements			38,163,292	3,053,063

Note: As at 31 December 2017, the Group did not have any exposures under securitisation.

	Before effect of IA	After effect of IA
CET1 Capital Ratio	11.79%	12.73%
Tier 1 Capital Ratio	11.79%	12.73%
Total Capital Ratio	15.22%	16.44%

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

2. 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 2018 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	3,838,654	3,838,654	-	-
Public Sector Entities	1,771,067	1,761,210	314,284	25,143
Banks, Developments Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	110,463	110,463	23,442	1,875
Corporate	15,197,740	15,054,113	7,603,161	608,253
Regulatory Retail	16,171,050	16,057,131	15,504,713	1,240,377
Residential Mortgages	17,073,677	17,067,660	10,729,112	858,329
Higher Risk Assets	9,908	9,908	14,862	1,189
Other Assets	2,672,478	2,672,478	264,830	21,186
Defaulted Exposures	526,640	512,480	530,151	42,412
Total for On-Balance Sheet Exposures	57,371,677	57,084,097	34,984,555	2,798,764
Off-Balance Sheet Exposures				
Credit-related Exposures	1,843,691	1,840,791	1,608,863	128,709
Derivative Financial Instruments	100,950	100,950	63,228	5,058
Defaulted Exposures	11,870	11,870	15,484	1,239
Total for Off-Balance Sheet Exposures	1,956,511	1,953,611	1,687,575	135,006
Total On and Off-Balance Sheet Exposures	59,328,188	59,037,708	36,672,130	2,933,770
Less: Credit Risk absorbed by IA			(3,487,143)	(278,971)
Market Risk				
	Long Position	Short Position		
Benchmark Rate Risk	5,028,231	(5,208,101)	(179,869)	19,563
Foreign Exchange Risk	20,407	(405,706)	(385,299)	32,456
Inventory Risk	-	-	-	-
Total Market Risk	5,048,638	(5,613,807)	(565,168)	52,019
Operational Risk			3,227,613	258,208
Total RWA and Capital Requirements			37,062,835	2,965,027

Note: As at 30 June 2018, the Bank did not have any exposures under securitisation.

	Before effect of IA	After effect of IA
CET1 Capital Ratio	11.93%	13.05%
Tier 1 Capital Ratio	11.93%	13.05%
Total Capital Ratio	15.53%	16.87%

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

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 2017 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	5,741,745	5,741,745	-	-
Public Sector Entities	650,704	644,727	325,612	26,049
Banks, Developments Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	98,450	98,450	21,111	1,689
Corporate	16,047,139	15,882,596	7,990,055	639,204
Regulatory Retail	15,629,546	15,519,309	14,941,072	1,195,286
Residential Mortgages	16,165,970	16,160,844	10,172,572	813,806
Higher Risk Assets	9,756	9,756	14,634	1,171
Other Assets	2,677,045	2,677,045	395,989	31,679
Defaulted Exposures	335,133	320,999	323,317	25,865
Total for On-Balance Sheet Exposures	57,355,488	57,055,471	34,184,362	2,734,749
Off-Balance Sheet Exposures				
Credit-related Exposures	4,068,803	3,997,869	3,170,037	253,603
Derivative Financial Instruments	132,147	132,147	51,675	4,134
Defaulted Exposures	24,185	22,400	31,781	2,542
Total for Off-Balance Sheet Exposures	4,225,135	4,152,416	3,253,493	260,279
Total On and Off-Balance Sheet Exposures	61,580,623	61,207,887	37,437,855	2,995,028
Less: Credit Risk absorbed by IA			(3,034,004)	(242,720)
Market Risk				
	Long Position	Short Position		
Benchmark Rate Risk	3,594,494	(3,218,620)	375,874	219,033
Foreign Exchange Risk	23,190	(366,771)	(343,581)	366,770
Inventory Risk	-	-	240	240
Total Market Risk	3,617,684	(3,585,391)	32,533	586,043
Operational Risk			3,132,745	250,620
Total RWA and Capital Requirements			38,122,639	3,049,812

Note: As at 31 December 2017, the Bank did not have any exposures under securitisation.

	Before effect of IA	After effect of IA
CET1 Capital Ratio	11.77%	12.70%
Tier 1 Capital Ratio	11.77%	12.70%
Total Capital Ratio	15.20%	16.41%

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

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:

	GROUP AND BANK	
	30.06.2018	31.12.2017
	RM'000	RM'000
Neither past due nor impaired	42,956,548	41,736,562
Past due but not impaired	605,952	551,097
Impaired	427,159	398,277
	43,989,659	42,685,936
Gross Impaired Financing as a percentage of Gross Financing and Advances	0.97%	0.93%

(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:

	GROUP AND BANK	
	30.06.2018	31.12.2017
	RM'000	RM'000
Excellent to Good	36,095,999	35,144,157
Satisfactory	6,383,134	6,092,349
Fair	522,415	500,056
	42,956,548	41,736,562

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 the entire obligations in full.
- **Fair:** High risks on payment obligations. Financial performance may continue to deteriorate.

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

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 aging analysis:

	GROUP AND BANK	
	30.06.2018	31.12.2017
By ageing	RM'000	RM'000
Month-in-arrears 1	420,557	362,240
Month-in-arrears 2	185,395	188,857
	605,952	551,097

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

	GROUP AND BANK	
	30.06.2018	31.12.2017
	RM'000	RM'000
Primary agriculture	-	13
Mining and quarrying	5,066	-
Manufacturing (including agro-based)	6,034	3,892
Electricity, gas and water	-	-
Wholesale & retail trade, and hotels & restaurants	39,544	3,444
Construction	5,989	9,317
Real estate	9,967	2,861
Transport, storage and communications	6,480	4,681
Finance, insurance and business activities	1,181	321
Education, health and others	5,150	6,597
Household sectors	526,541	519,971
Other sectors	-	-
	605,952	551,097

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

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	
	30.06.2018 RM'000	31.12.2017 RM'000
Individually Assessed	241,636	217,209
<i>of which:</i>		
<i>Month-in-Arrears 0</i>	43,192	20,060
<i>Month-in-Arrears 1</i>	5,379	69,204
<i>Month-in-Arrears 2</i>	2,941	3,317
<i>Month-in-Arrears 3 and above</i>	190,124	124,628
Collectively Assessed	185,523	181,068
	<u>427,159</u>	<u>398,277</u>

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.1 Credit Quality of Gross Financing and Advances (continued)

(c) Impaired Financing and Advances (continued)

30 JUNE 2018 RM '000	IMPAIRED FINANCING AT 30.06.2018	INDIVIDUAL ASSESSMENT AS AT 1.01.2018	EFFECTS OF ADOPTION OF MFRS 9	INDIVIDUAL ASSESSMENT ALLOWANCE			INDIVIDUAL ASSESSMENT AS AT 30.06.2018	COLLECTIVE ASSESSMENT ALLOWANCE AT 30.06.2018	TOTAL IMPAIRMENT ALLOWANCES FOR FINANCING AT 30.06.2018
				INDIVIDUAL ASSESSMENT ALLOWANCE AT 1.01.2018 (RESTATED)	NET CHARGE FOR THE FINANCIAL YEAR	AMOUNTS WRITTEN OFF/OTHER MOVEMENTS			
Primary Agriculture	-	-	-	-	-	-	-	7,764	7,764
Mining and Quarrying	-	-	-	-	-	-	-	1,120	1,120
Manufacturing (including Agro-based)	16,208	26,756	1,695	28,451	1,090	(26,595)	2,946	23,470	26,416
Electricity, Gas and Water	-	-	-	-	-	-	-	11,923	11,923
Wholesale & Retail Trade and Restaurants & Hotels	39,767	9,713	-	9,713	(1,865)	-	7,848	43,214	51,062
Construction	115,692	71,942	-	71,942	(65,798)	(2,344)	3,800	62,308	66,108
Real Estate	-	-	-	-	173	-	173	42,420	42,593
Transport, Storage and Communication	14,068	3,914	-	3,914	68,365	-	72,279	20,917	93,196
Finance, Insurance and Business Services	3,157	1,748	-	1,748	4,270	-	6,018	35,233	41,251
Education, Health and Others	4,529	1,046	-	1,046	(67)	-	979	13,345	14,324
Household Sectors	233,738	11,328	-	11,328	32,508	(224)	43,612	360,635	404,247
Other Sectors	-	-	-	-	-	-	-	79	79
Total	427,159	126,447	1,695	128,142	38,676	(29,163)	137,655	622,428	760,083

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.1 Credit Quality of Gross Financing and Advances (continued)

(c) Impaired Financing and Advances (continued)

31 DECEMBER 2017 RM '000	INDIVIDUAL ASSESSMENT ALLOWANCE				INDIVIDUAL ASSESSMENT AS AT 31.12.2017	COLLECTIVE ASSESSMENT ALLOWANCE AT 31.12.2017	TOTAL IMPAIRMENT ALLOWANCES FOR FINANCING AT 31.12.2017
	IMPAIRED FINANCING AT 31.12.2017	INDIVIDUAL ASSESSMENT AS AT 1.01.2017	NET CHARGE FOR THE FINANCIAL YEAR	AMOUNTS WRITTEN OFF/OTHER MOVEMENTS			
Primary Agriculture	-	1,059	(1,059)	-	-	4,800	4,800
Mining and Quarrying	-	-	-	-	-	174	174
Manufacturing (including Agro-based)	35,448	24,794	1,962	-	26,756	8,473	35,229
Electricity, Gas and Water	-	-	-	-	-	6,621	6,621
Wholesale & Retail Trade and Restaurants & Hotels	38,433	10,200	2,578	(3,065)	9,713	31,706	41,419
Construction	86,357	3,089	68,853	-	71,942	15,411	87,353
Real Estate	-	-	-	-	-	13,030	13,030
Transport, Storage and Communication	12,604	8,531	(4,617)	-	3,914	14,050	17,964
Finance, Insurance and Business Services	3,799	69,709	2,460	(70,421)	1,748	32,740	34,488
Education, Health and Others	5,106	632	414	-	1,046	11,171	12,217
Household Sectors	216,530	10,184	1,144	-	11,328	307,893	319,221
Other Sectors	-	-	-	-	-	-	-
Total	398,277	128,198	71,735	(73,486)	126,447	446,069	572,516

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

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 2018 RM '000	GROSS FINANCING	OF WHICH:			
		PAST DUE BUT NOT IMPAIRED FINANCING	IMPAIRED FINANCING	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES
Central Region	20,928,998	302,030	263,290	124,400	350,397
Eastern Region	7,199,445	88,298	92,705	10,098	80,603
Northern Region	6,309,341	104,024	30,290	-	76,525
Southern Region	6,304,177	71,855	24,901	2,546	75,500
East Malaysia Region	3,247,698	39,745	15,973	611	39,403
Grand Total	43,989,659	605,952	427,159	137,655	622,428

31 DECEMBER 2017 RM '000	GROSS FINANCING	OF WHICH:			
		PAST DUE BUT NOT IMPAIRED FINANCING	IMPAIRED FINANCING	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES
Central Region	20,673,380	288,837	223,305	89,877	225,342
Eastern Region	6,860,968	80,312	107,422	35,318	63,540
Northern Region	6,121,471	71,614	28,710	-	70,406
Southern Region	5,908,526	73,970	22,915	1,252	50,833
East Malaysia Region	3,121,591	36,364	15,925	-	35,948
Grand Total	42,685,936	551,097	398,277	126,447	446,069

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures

(a) Geographic Distribution of Credit Exposures

(i) Group

30 JUNE 2018 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	3,838,654	-	-	-	-	3,838,654
Public Sector Entities	1,355,664	164,645	12,113	238,645	-	1,771,067
Banks, Developments Financial Institutions and Multilateral Development Banks	107,671	379	-	116	14,512	122,678
Corporate	12,800,293	853,824	861,950	585,692	498,767	15,600,526
Regulatory Retail	6,756,842	3,026,290	2,449,097	2,359,771	1,649,316	16,241,316
Residential Mortgages	6,792,403	3,139,872	2,981,608	3,118,147	1,095,235	17,127,265
Higher Risk Assets	4,220	1,589	2,260	253	1,586	9,908
Other Assets	2,680,847	-	-	-	164	2,681,011
Total for On-Balance Sheet Exposures	34,336,594	7,186,599	6,307,028	6,302,624	3,259,580	57,392,425
Off-Balance Sheet Exposures						
Credit-related Exposures	1,436,692	97,358	61,884	209,230	50,397	1,855,561
Derivative Financial Instruments	100,950	-	-	-	-	100,950
Total for Off-Balance Sheet Exposures	1,537,642	97,358	61,884	209,230	50,397	1,956,511
Total On and Off-Balance Sheet Exposures	35,874,236	7,283,957	6,368,912	6,511,854	3,309,977	59,348,936

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(a) Geographic Distribution of Credit Exposures (continued)

(i) Group (continued)

31 DECEMBER 2017 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
<u>Credit Risk</u>						
On-Balance Sheet Exposures						
Sovereign/Central Banks	5,741,745	-	-	-	-	5,741,745
Public Sector Entities	244,295	170,601	15,687	220,121	-	650,704
Banks, Developments Financial Institutions and Multilateral Development Banks	93,662	392	-	122	4,410	98,586
Corporate	13,487,402	797,774	912,213	555,285	519,377	16,272,051
Regulatory Retail	6,643,074	2,895,645	2,356,204	2,248,838	1,543,257	15,687,018
Residential Mortgages	6,489,429	2,963,336	2,829,307	2,880,801	1,055,845	16,218,718
Higher Risk Assets	2,605	2,292	2,812	295	1,753	9,757
Other Assets	2,679,544	-	-	-	303	2,679,847
Total for On-Balance Sheet Exposures	35,381,756	6,830,040	6,116,223	5,905,462	3,124,945	57,358,426
Off-Balance Sheet Exposures						
Credit-related Exposures	4,092,988	-	-	-	-	4,092,988
Derivative Financial Instruments	132,147	-	-	-	-	132,147
Total for Off-Balance Sheet Exposures	4,225,135	-	-	-	-	4,225,135
Total On and Off-Balance Sheet Exposures	39,606,891	6,830,040	6,116,223	5,905,462	3,124,945	61,583,561

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(a) Geographic Distribution of Credit Exposures (continued)

(ii) Bank

30 JUNE 2018 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	3,838,654	-	-	-	-	3,838,654
Public Sector Entities	1,355,664	164,645	12,113	238,645	-	1,771,067
Banks, Developments Institutions and Development Banks	95,456	379	-	116	14,512	110,463
Corporate	12,800,294	853,824	861,950	585,692	498,767	15,600,526
Regulatory Retail	6,756,842	3,026,290	2,449,097	2,359,771	1,649,316	16,241,316
Residential Mortgages	6,792,403	3,139,872	2,981,608	3,118,147	1,095,235	17,127,265
Higher Risk Assets	4,220	1,589	2,260	254	1,586	9,908
Other Assets	2,672,314	-	-	-	164	2,672,478
Total for On-Balance Sheet Exposures	34,315,846	7,186,599	6,307,028	6,302,624	3,259,579	57,371,677
Off-Balance Sheet Exposures						
Credit-related Exposures	1,436,692	97,358	61,884	209,230	50,397	1,855,561
Derivative Financial Instruments	100,950	-	-	-	-	100,950
Total for Off-Balance Sheet Exposures	1,537,642	97,358	61,884	209,230	50,397	1,956,511
Total On and Off-Balance Sheet Exposures	35,853,488	7,283,957	6,368,912	6,511,854	3,309,976	59,328,188

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(a) Geographic Distribution of Credit Exposures (continued)

(ii) Bank (continued)

31 DECEMBER 2017 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	5,741,745	-	-	-	-	5,741,745
Public Sector Entities	244,295	170,601	15,687	220,121	-	650,704
Banks, Developments Financial Institutions and Multilateral Development Banks	93,526	392	-	122	4,410	98,450
Corporate	13,487,402	797,774	912,213	555,285	519,377	16,272,051
Regulatory Retail	6,643,074	2,895,645	2,356,204	2,248,838	1,543,257	15,687,018
Residential Mortgages	6,489,429	2,963,336	2,829,307	2,880,801	1,055,845	16,218,718
Higher Risk Assets	2,605	2,292	2,812	295	1,753	9,757
Other Assets	2,676,742	-	-	-	303	2,677,045
Total for On-Balance Sheet Exposures	35,378,818	6,830,040	6,116,223	5,905,462	3,124,945	57,355,488
Off-Balance Sheet Exposures						
Credit-related Exposures	4,092,988	-	-	-	-	4,092,988
Derivative Financial Instruments	132,147	-	-	-	-	132,147
Total for Off-Balance Sheet Exposures	4,225,135	-	-	-	-	4,225,135
Total On and Off-Balance Sheet Exposures	39,603,953	6,830,040	6,116,223	5,905,462	3,124,945	61,580,623

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(b) Distribution of Credit Exposures by Sector

(i) Group

30 JUNE 2018 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
Credit Risk													
On-Balance Sheet Exposures													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	1,474,355	-	-	2,364,299	3,838,654
Public Sector Entities	-	-	-	-	-	-	180,583	-	1,194,111	396,070	303	-	1,771,067
Banks, Developments Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	49,494	-	494	72,690	122,678
Corporate	493,199	10,333	983,383	2,184,834	1,127,813	2,664,545	1,777,947	1,688,937	3,836,163	365,218	97,748	370,406	15,600,526
Regulatory Retail	8,114	-	22,038	174	72,014	77,786	25,933	9,095	58,336	42,143	15,925,494	189	16,241,316
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	17,127,265	-	17,127,265
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	9,908	-	9,908
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,681,011	2,681,011
Total for On-Balance Sheet Exposures	501,313	10,333	1,005,421	2,185,008	1,199,827	2,742,331	1,984,463	1,698,032	6,612,459	803,431	33,161,212	5,488,595	57,392,425
Off-Balance Sheet Exposures													
Credit-related Exposures	26,361	10,677	149,498	114,282	122,056	457,837	314,944	84,535	179,410	180,067	215,292	602	1,855,561
Derivative Financial Instruments	-	-	374	-	35,114	4	-	-	16,343	40,644	-	8,471	100,950
Total for Off-Balance Sheet Exposures	26,361	10,677	149,872	114,282	157,170	457,841	314,944	84,535	195,753	220,711	215,292	9,073	1,956,511
Total On and Off-Balance Sheet Exposures	527,674	21,010	1,155,293	2,299,290	1,356,997	3,200,172	2,299,407	1,782,567	6,808,212	1,024,142	33,376,504	5,497,669	59,348,936

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(b) Distribution of Credit Exposures by Sector (continued)

(i) Group (continued)

31 DECEMBER 2017 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
Credit Risk													
On-Balance Sheet Exposures													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	4,216,651	-	-	1,525,094	5,741,745
Public Sector Entities	510	-	-	-	-	-	185,977	-	89,647	372,683	1,887	-	650,704
Banks, Developments Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	49,937	-	514	48,135	98,586
Corporate	479,966	8,247	968,481	2,302,964	1,114,519	2,681,748	2,079,447	1,627,597	4,246,712	355,718	107,884	298,768	16,272,051
Regulatory Retail	9,563	-	31,574	196	74,731	77,126	28,002	15,132	54,408	41,306	15,353,903	1,077	15,687,018
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	16,218,718	-	16,218,718
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	9,757	-	9,757
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,679,847	2,679,847
Total for On-Balance Sheet Exposures	490,039	8,247	1,000,055	2,303,160	1,189,250	2,758,874	2,293,426	1,642,729	8,657,355	769,707	31,692,663	4,552,921	57,358,426
Off-Balance Sheet Exposures													
Credit-related Exposures	50,900	17,942	205,372	114,774	198,186	867,113	247,216	141,133	621,835	217,200	1,402,445	8,872	4,092,988
Derivative Financial Instruments	-	-	92	-	59,469	78	-	1	21,553	22,701	-	28,253	132,147
Total for Off-Balance Sheet Exposures	50,900	17,942	205,464	114,774	257,655	867,191	247,216	141,134	643,388	239,901	1,402,445	37,125	4,225,135
Total On and Off-Balance Sheet Exposures	540,939	26,189	1,205,519	2,417,934	1,446,905	3,626,065	2,540,642	1,783,863	9,300,743	1,009,608	33,095,108	4,590,046	61,583,561

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(b) Distribution of Credit Exposures by Sector (continued)

(ii) Bank

30 JUNE 2018 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
Credit Risk													
On-Balance Sheet Exposures													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	1,474,355	-	-	2,364,299	3,838,654
Public Sector Entities	-	-	-	-	-	-	180,583	-	1,194,111	396,070	303	-	1,771,067
Financial Banks, Developments Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	49,494	-	494	60,475	110,463
Corporate	493,199	10,333	983,383	2,184,834	1,127,813	2,664,545	1,777,947	1,688,937	3,836,163	365,218	97,748	370,406	15,600,526
Regulatory Retail	8,114	-	22,038	174	72,014	77,786	25,933	9,095	58,336	42,143	15,925,494	189	16,241,316
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	17,127,265	-	17,127,265
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	9,908	-	9,908
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,672,478	2,672,478
Total for On-Balance Sheet Exposures	501,313	10,333	1,005,421	2,185,008	1,199,827	2,742,331	1,984,463	1,698,032	6,612,459	803,431	33,161,212	5,467,847	57,371,677
Off-Balance Sheet Exposures													
Credit-related Exposures	26,361	10,677	149,498	114,282	122,056	457,837	314,944	84,535	179,410	180,067	215,292	602	1,855,561
Derivative Financial Instruments	-	-	374	-	35,114	4	-	-	16,343	40,644	-	8,471	100,950
Total for Off-Balance Sheet Exposures	26,361	10,677	149,872	114,282	157,170	457,841	314,944	84,535	195,753	220,711	215,292	9,073	1,956,511
Total On and Off-Balance Sheet Exposures	527,674	21,010	1,155,293	2,299,290	1,356,997	3,200,172	2,299,407	1,782,567	6,808,212	1,024,142	33,376,504	5,476,920	59,328,188

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(b) Distribution of Credit Exposures by Sector (continued)

(ii) Bank (continued)

31 DECEMBER 2017 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
Credit Risk													
On-Balance Sheet Exposures													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	4,216,651	-	-	1,525,094	5,741,745
Public Sector Entities	510	-	-	-	-	-	185,977	-	89,647	372,683	1,887	-	650,704
Banks, Developments Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	49,937	-	514	47,999	98,450
Corporate	479,966	8,247	968,481	2,302,963	1,114,519	2,681,748	2,079,447	1,627,597	4,246,712	355,718	107,884	298,768	16,272,051
Regulatory Retail	9,563	-	31,574	196	74,731	77,126	28,002	15,132	54,408	41,306	15,353,903	1,077	15,687,018
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	16,218,718	-	16,218,718
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	9,757	-	9,757
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,677,045	2,677,045
Total for On-Balance Sheet Exposures	490,039	8,247	1,000,055	2,303,160	1,189,250	2,758,874	2,293,426	1,642,729	8,657,355	769,707	31,692,663	4,549,983	57,355,488
Off-Balance Sheet Exposures													
Credit-related Exposures	50,900	17,942	205,372	114,774	198,186	867,113	247,216	141,133	621,835	217,200	1,402,445	8,872	4,092,988
Derivative Financial Instruments	-	-	92	-	59,469	78	-	1	21,553	22,701	-	28,253	132,147
Total for Off-Balance Sheet Exposures	50,900	17,942	205,464	114,774	257,655	867,191	247,216	141,133	643,388	239,901	1,402,445	37,126	4,225,135
Total On and Off-Balance Sheet Exposures	540,939	26,189	1,205,519	2,417,934	1,446,905	3,626,065	2,540,642	1,783,863	9,300,743	1,009,608	33,095,108	4,587,108	61,580,623

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(c) Residual Contractual Maturity Breakdown

(i) Group

30 JUNE 2018 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	1,262,475	1,528,786	1,047,393	3,838,654
Public Sector Entities	85,754	762,708	922,605	1,771,067
Banks, Developments Financial Institutions and Multilateral Development Banks	72,689	46,428	3,561	122,678
Corporate	3,417,267	4,819,033	7,364,226	15,600,526
Regulatory Retail	192,314	2,798,167	13,250,835	16,241,316
Residential Mortgages	10,650	115,573	17,001,042	17,127,265
Higher Risk Assets	30	162	9,716	9,908
Other Assets	2,458,119	-	222,892	2,681,011
Total for On-Balance Sheet Exposures	7,499,298	10,070,857	39,822,270	57,392,425
Off-Balance Sheet Exposures				
Credit-related Exposures	700,846	359,511	795,204	1,855,561
Derivative Financial Instruments	89,219	2,026	9,704	100,950
Total for Off-Balance Sheet Exposures	790,065	361,537	804,908	1,956,511
Total On and Off-Balance Sheet Exposures	8,289,363	10,432,394	40,627,178	59,348,936

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(c) Residual Contractual Maturity Breakdown (continued)

(i) Group (continued)

31 DECEMBER 2017 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	3,514,011	1,578,434	649,300	5,741,745
Public Sector Entities	35,689	108,949	506,066	650,704
Banks, Developments Financial Institutions and Multilateral Development Banks	48,140	46,781	3,665	98,586
Corporate	4,021,994	4,635,595	7,614,462	16,272,051
Regulatory Retail	244,950	2,701,312	12,740,756	15,687,018
Residential Mortgages	11,033	107,138	16,100,547	16,218,718
Higher Risk Assets	66	31	9,660	9,757
Other Assets	2,503,401	-	176,446	2,679,847
Total for On-Balance Sheet Exposures	10,379,284	9,178,240	37,800,902	57,358,426
Off-Balance Sheet Exposures				
Credit-related Exposures	2,099,737	1,363,471	629,780	4,092,988
Derivative Financial Instruments	115,614	4,000	12,533	132,147
Total for Off-Balance Sheet Exposures	2,215,351	1,367,471	642,313	4,225,135
Total On and Off-Balance Sheet Exposures	12,594,635	10,545,711	38,443,215	61,583,561

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(c) Residual Contractual Maturity Breakdown (continued)

(ii) Bank

30 JUNE 2018 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	1,262,475	1,528,786	1,047,393	3,838,654
Public Sector Entities	85,754	762,709	922,604	1,771,066
Banks, Developments Financial Institutions and Multilateral Development Banks	60,474	46,427	3,562	110,464
Corporate	3,417,267	4,819,033	7,364,226	15,600,526
Regulatory Retail	192,313	2,798,167	13,250,836	16,241,316
Residential Mortgages	10,651	115,573	17,001,042	17,127,265
Higher Risk Assets	30	162	9,716	9,908
Other Assets	2,449,585	-	222,893	2,672,478
Total for On-Balance Sheet Exposures	7,478,549	10,070,857	39,822,271	57,371,677
Off-Balance Sheet Exposures				
Credit-related Exposures	700,846	359,511	795,204	1,855,561
Derivative Financial Instruments	89,219	2,026	9,704	100,950
Total for Off-Balance Sheet Exposures	790,065	361,537	804,908	1,956,511
Total On and Off-Balance Sheet Exposures	8,268,614	10,432,394	40,627,179	59,328,188

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.2 Gross Credit Exposures (continued)

(c) Residual Contractual Maturity Breakdown (continued)

(ii) Bank (continued)

31 DECEMBER 2017 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	3,514,011	1,578,434	649,300	5,741,745
Public Sector Entities	35,689	108,949	506,066	650,704
Banks, Developments Financial Institutions and Multilateral Development Banks	48,004	46,781	3,665	98,450
Corporate	4,021,994	4,635,595	7,614,462	16,272,051
Regulatory Retail	244,950	2,701,312	12,740,756	15,687,018
Residential Mortgages	11,033	107,138	16,100,547	16,218,718
Higher Risk Assets	66	31	9,660	9,757
Other Assets	2,500,599	-	176,446	2,677,045
Total for On-Balance Sheet Exposures	10,376,346	9,178,240	37,800,902	57,355,488
Off-Balance Sheet Exposures				
Credit-related Exposures	2,099,737	1,363,471	629,780	4,092,988
Derivative Financial Instruments	115,614	4,000	12,533	132,147
Total for Off-Balance Sheet Exposures	2,215,351	1,367,471	642,313	4,225,135
Total On and Off-Balance Sheet Exposures	12,591,697	10,545,711	38,443,215	61,580,623

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.3 Assignment of Risk Weights for Portfolios Under the Standardised Approach

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

(i) As at 30 June 2018

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%	3,838,793	1,187,528	-	3,582,587	11,537	-	-	2,406,134	11,026,579	-
20%	-	20,166	166,727	2,745,953	1,290	-	-	-	2,934,136	586,827
35%	-	-	-	-	-	5,387,346	-	-	5,387,346	1,885,571
50%	-	582,604	20,911	3,549,858	411,112	3,818,676	-	-	8,383,161	4,191,581
75%	-	-	-	548,901	1,384,791	3,899,997	-	-	5,833,689	4,375,267
100%	-	80,109	-	6,402,204	14,275,234	4,157,465	-	274,878	25,189,890	25,189,890
150%	-	-	-	188,715	45,572	48,682	20,687	-	303,656	455,484
Total Exposures	3,838,793	1,870,407	187,638	17,018,218	16,129,536	17,312,166	20,687	2,681,012	59,058,457	36,684,620
RWA by Exposures	-	375,444	43,801	9,421,071	15,588,000	10,950,395	31,031	274,878	36,684,620	
Average Risk Weight	0.0%	20.1%	23.3%	55.4%	96.6%	63.3%	150.0%	10.3%	62.1%	
Deduction from Capital Base										

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

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 after the effect of credit risk mitigation of the Group (continued):

(ii) As at 31 December 2017

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%	5,741,857	84,623	-	3,859,637	4,933	-	-	2,279,485	11,970,535	-
20%	-	20,181	397,547	3,018,103	1,617	-	-	-	3,437,448	687,490
35%	-	-	-	-	-	5,095,061	-	-	5,095,061	1,783,271
50%	-	459,210	140,505	3,594,511	430,506	3,522,263	-	-	8,146,995	4,073,498
75%	-	-	-	548,077	2,652,726	3,875,570	-	-	7,076,373	5,307,280
100%	-	221,124	-	7,128,938	13,627,965	3,893,415	-	400,362	25,271,804	25,271,804
150%	-	-	-	105,477	40,252	48,735	18,145	-	212,609	318,913
Total Exposures	5,741,857	785,138	538,052	18,254,743	16,757,999	16,435,044	18,145	2,679,847	61,210,825	37,442,256
RWA by Exposures	-	454,766	149,761	10,099,088	15,893,464	10,417,598	27,217	400,362	37,442,256	
Average Risk Weight	0.0%	57.9%	27.8%	55.3%	94.8%	63.4%	150.0%	14.9%	61.2%	
Deduction from Capital Base										

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

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 after the effect of credit risk mitigation of the Bank (continued):

(i) As at 30 June 2018

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%	3,838,793	1,187,528	-	3,582,586	11,537	-	-	2,407,647	11,028,091	-
20%	-	20,166	154,512	2,745,953	1,290	-	-	-	2,921,921	584,384
35%	-	-	-	-	-	5,387,346	-	-	5,387,346	1,885,571
50%	-	582,604	20,911	3,549,858	411,112	3,818,676	-	-	8,383,161	4,191,581
75%	-	-	-	548,901	1,384,791	3,899,997	-	-	5,833,689	4,375,267
100%	-	80,109	-	6,402,204	14,275,234	4,157,465	-	264,831	25,179,843	25,179,843
150%	-	-	-	188,715	45,572	48,682	20,687	-	303,656	455,484
Total Exposures	3,838,793	1,870,407	175,424	17,018,217	16,129,536	17,312,166	20,687	2,672,478	59,037,709	36,672,130
RWA by Exposures	-	375,444	41,358	9,421,071	15,588,000	10,950,395	31,031	264,831	36,672,130	
Average Risk Weight	0.0%	20.1%	23.6%	55.4%	96.6%	63.3%	150.0%	9.9%	62.1%	
Deduction from Capital Base										

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

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 after the effect of credit risk mitigation of the Bank (continued):

(ii) As at 31 December 2017

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%	5,741,857	84,623	-	3,859,637	4,933	-	-	2,281,056	11,972,106	-
20%	-	20,181	397,411	3,018,103	1,617	-	-	-	3,437,312	687,462
35%	-	-	-	-	-	5,095,061	-	-	5,095,061	1,783,271
50%	-	459,210	140,505	3,594,511	430,506	3,522,263	-	-	8,146,995	4,073,498
75%	-	-	-	548,077	2,652,726	3,875,570	-	-	7,076,373	5,307,280
100%	-	221,124	-	7,128,938	13,627,965	3,893,415	-	395,989	25,267,431	25,267,431
150%	-	-	-	105,477	40,252	48,735	18,145	-	212,609	318,913
Total Exposures	5,741,857	785,138	537,916	18,254,743	16,757,999	16,435,044	18,145	2,677,045	61,207,887	37,437,855
RWA by Exposures	-	454,766	149,733	10,099,088	15,893,464	10,417,598	27,217	395,989	37,437,855	
Average Risk Weight	0.0%	57.9%	27.8%	55.3%	94.8%	63.4%	150.0%	14.8%	61.2%	
Deduction from Capital Base										

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

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

30 JUNE 2018 Exposure Class	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
	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
<u>On and Off Balance-Sheet Credit Exposures</u>							
Sovereign and Central Banks*		-	3,838,793	-	-	-	-
Total		-	3,838,793	-	-	-	-

31 DECEMBER 2017 Exposure Class	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
	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
<u>On and Off Balance-Sheet Credit Exposures</u>							
Sovereign and Central Banks*		-	5,741,857	-	-	-	-
Total		-	5,741,857	-	-	-	-

* 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

30 JUNE 2018 Exposure Class	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 MARC	AAA to AA3 AAA to AA-	A to A3 A+ to A-	BBB to BB BBB+ to BB-	B to D B+ to D	Unrated Unrated
<u>On and Off Balance-Sheet Credit Exposures</u>						
Public Sector Entities		20,166	-	-	-	1,850,242
Insurance Cos, Securities & Fund Manager	Firms	-	-	-	-	-
Corporate		2,715,764	47,255	47,394	-	14,207,804
Total		2,735,930	47,255	47,394	-	16,058,046

31 DECEMBER 2017 Exposure Class	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 MARC	AAA to AA3 AAA to AA-	A to A3 A+ to A-	BBB to BB BBB+ to BB-	B to D B+ to D	Unrated Unrated
<u>On and Off Balance-Sheet Credit Exposures</u>						
Public Sector Entities		20,181	-	-	-	764,957
Insurance Cos, Securities & Fund Manager	Firms	-	-	-	-	-
Corporate		3,184,977	46,059	64,231	-	14,959,477
Total		3,205,158	46,059	64,231	-	15,724,434

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.4 Disclosure of Rated and Unrated Exposures According to Ratings by ECAI (continued)

c) Ratings of Banking Institutions by Approved ECAIs

		Ratings of Banking Institutions by Approved ECAIs						
30 JUNE 2018	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		89,795	1,428	-	-	-	84,200	
Total		89,795	1,428	-	-	-	84,200	

		Ratings of Banking Institutions by Approved ECAIs						
31 DECEMBER 2017	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		143,657	144	-	-	-	394,115	
Total		143,657	144	-	-	-	394,115	

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

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.5 Credit Risk Mitigation (CRM)

Disclosure of Credit Risk Mitigation (CRM):

30 JUNE 2018 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	3,838,654	-	-
Public Sector Entities	1,771,067	-	9,857
Banks, DFIs and MDBs	110,463	-	-
Corporates	15,197,741	600,959	683,533
Regulatory Retail	16,171,052	12,775	165,984
Residential Mortgages	17,073,677	463	90,110
Higher Risk Assets	9,908	-	-
Other Assets	2,672,478	-	-
Defaulted Exposures	526,637	36,348	119,742
Total for On-Balance Sheet Exposures	57,371,677	650,545	1,069,226
Off-Balance Sheet Exposures			
Credit-related Exposures	1,843,691	-	10,733
Derivative Financial Instruments	100,950	-	-
Defaulted Exposures	11,870	3,045	-
Total for Off-Balance Sheet Exposures	1,956,511	3,045	10,733
Total On and Off-Balance Sheet Exposures	59,328,188	653,590	1,079,959

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.5 Credit Risk Mitigation (CRM) (continued)

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

31 DECEMBER 2017 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	5,741,745	-	-
Public Sector Entities	650,704	-	6,201
Banks, DFIs and MDBs	98,450	-	-
Corporates	16,047,139	604,534	705,962
Regulatory Retail	15,629,546	6,286	185,180
Residential Mortgages	16,165,970	466	70,725
Higher Risk Assets	9,756	-	-
Other Assets	2,677,045	-	-
Defaulted Exposures	335,133	2,386	60,324
Total for On-Balance Sheet Exposures	57,355,488	613,672	1,028,392
Off-Balance Sheet Exposures			
Credit-related Exposures	4,068,803	27,127	190,925
Derivative Financial Instruments	132,147	-	-
Defaulted Exposures	24,185	-	6,362
Total for Off-Balance Sheet Exposures	4,225,135	27,127	197,287
Total On and Off-Balance Sheet Exposures	61,580,623	640,799	1,225,679

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.6 Off-Balance Sheet and Counterparties Credit Risk for the Group and the Bank

(i) As at 30 June 2018

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	483,624		483,624	483,342
Assets sold with recourse	-		-	-
Transaction related contingent items	1,067,070		533,535	498,646
Short term self-liquidating trade related contingencies	283,780		56,756	55,666
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	-		-	-
- exceeding one year	1,563,291		781,646	586,693
Unutilised credit card lines	-		-	-
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	7,837,874		-	-
	<u>11,235,639</u>		<u>1,855,561</u>	<u>1,624,347</u>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	3,635,933	48,500	85,877	55,574
- one year to less than five years	40,525	-	2,026	405
Profit rate related contracts				
- less than one year	400,000	2,060	1,801	360
- one year to less than five years	-	-	-	-
- five years and above	193,388	2,030	11,246	6,889
	<u>4,269,846</u>	<u>52,590</u>	<u>100,950</u>	<u>63,228</u>
Total	<u>15,505,485</u>	<u>52,590</u>	<u>1,956,511</u>	<u>1,687,575</u>

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

3. Credit Risk (continued)

3.6 Off-Balance Sheet and Counterparties Credit Risk for the Group and the Bank (continued)

(ii) As at 31 December 2017

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	2,871,511		2,871,511	2,167,427
Assets sold with recourse	-		-	-
Transaction related contingent items	1,066,956		533,478	499,771
Short term self-liquidating trade related contingencies	373,328		74,666	71,836
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	318		64	32
- exceeding one year	1,226,538		613,269	445,326
Unutilised credit card lines	-		-	-
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	4,402,695		-	-
	9,941,346		4,092,988	3,184,392
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	3,218,824	63,827	112,875	41,796
Profit rate related contracts				
- less than one year	-	-	-	-
- one year to less than five years	400,000	2,132	4,921	984
- five years and above	207,992	2,360	14,351	8,894
Equity related contracts				
- less than one year	-	-	-	-
	3,826,816	68,319	132,147	51,674
Total	13,768,162	68,319	4,225,135	3,236,066

4. 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 earnings-at-risk ("EaR") and economic-value-of-equity ("EVE").

The Group monitors the sensitivity of EaR and EVE under varying profit rate scenarios (i.e. simulation modeling). The model is a combination of standard and non-standard scenarios relevant to the local market. The standard scenarios include the parallel fall or rise in the profit rate curve and historical simulation. These scenarios assume 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 Bank's profit rate sensitivity to a 100 basis points parallel shift as at reporting date.

Bank	30 June 2018		31 December 2017	
	(Decrease) / Increase		(Decrease) / Increase	
	-100bps	+100bps	-100bps	+100bps
	RM million	RM million	RM million	RM million
Impact on EaR	(104.50)	104.50	(85.41)	85.41
Impact on EVE	150.23	(150.23)	168.00	(168.00)

b) Market Risk in the Trading Portfolio

Market risk in the trading portfolio is monitored and controlled using Value-at-Risk ("VaR"). It is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates over a specified time horizon and to a given level of confidence. The VaR model used by the Group is based on historical simulation. This model derives plausible future scenarios from past series of recorded market rates and prices, taking into account inter-relationship between different markets and rates such as profit rates and foreign exchange rates. The historical simulation model used by the Group incorporates the following features:

- Potential market movements are calculated with reference to data from the past two years;
- Historical market rates are calculated with reference to foreign exchange rates and profit rates; and
- VaR is calculated using a 99 per cent confidence level and for a one-day holding period.

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

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

	As at 30.6.2018	1.1.2018 to 30.6.2018		
	RM million	Average RM million	Maximum RM million	Minimum RM million
Bank				
Profit Rate Risk	1.64	1.92	3.27	1.09
Foreign Exchange Risk	0.47	0.47	0.91	0.15
Overall	2.11	2.39	3.66	1.44
	As at 31.12.2017	1.1.2017 to 31.12.2017		
	RM million	Average RM million	Maximum RM million	Minimum RM million
Bank				
Profit Rate Risk	1.74	1.88	3.29	0.59
Foreign Exchange Risk	0.43	0.29	0.86	0.01
Overall	2.17	2.17	3.67	0.62

c) Foreign Exchange Risk

The Group manages and controls the trading portfolio's foreign exchange risk by limiting the net open exposure to individual currencies and on an aggregate basis. The Group also has in place the sensitivity limit. For the Group-wide (trading and non-trading portfolios) foreign exchange risk, the Group manages and controls by limiting the net open exposure on an aggregate basis.

Sensitivity Analysis

Assuming that other risk variables remain constant, the foreign currency revaluation sensitivity for the Bank as at reporting date is summarised as follows (only net open position for major currencies are shown in its specific currency in the table below. For other currencies, these exposures are grouped as "Others"):

	30 June 2018		31 December 2017	
	-1% Depreciation	+1% Appreciation	-1% Depreciation	+1% Appreciation
	RM'000	RM'000	RM'000	RM'000
Bank				
US Dollar	2,647	(2,647)	9,331	(9,331)
Euro	5,040	(5,040)	5,197	(5,197)
Others	6,795	(6,795)	826	(826)

4.1 Capital Treatment for Market Risk

The Group adopts the Standardised Approach to compute the market risk capital requirement under BNM's CAFIB.

BANK ISLAM MALAYSIA BERHAD
PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2018

5. Shariah Non-Compliant Income

30 June 2018	31 December 2017
RM5,489.25	8,374.23

The above amount consists of commissions from mixed halal/Shariah non-compliant merchants of card business, interest received as well as rental purification from the Group's land that is being used to facilitate *bai' inah* based transaction. The income was channelled to charitable causes upon approval by the Shariah Supervisory Council.

Chief Executive Officer 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 2018 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.



Acting Chief Executive Officer, Bank Islam Malaysia Berhad