

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**Overview**

The Pillar 3 Disclosure for the financial half-year as at 30 June 2019 for Bank Islam Malaysia Berhad (“the Bank”) and its subsidiaries (“the Group”) is governed by Bank Negara Malaysia’s (“BNM”) “Capital Adequacy Framework for Islamic Banks (“CAFIB”) – Disclosure Requirements (“Pillar 3”)”.

The Group adopts the following approaches in determining the capital requirements of Pillar 1 in accordance to BNM’s Guidelines on CAFIB (Basel II – Risk Weighted Assets) since January 2008:

- Credit and Market Risk – the Standardised Approach (“SA”); and
- Operational Risk – the Basic Indicator Approach (“BIA”).

Under the Standardised Approach, standard risk weights are used to assess the capital requirements whilst under the Basic Indicator Approach, the capital requirements are computed based on a fixed percentage over the Group’s average gross income for a fixed number of quarterly periods.

**Medium and Location of Disclosure**

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.

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**Minimum Regulatory Capital Requirements**

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

GROUP	30.06.2019		31.12.2018	
	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	39,956,791	3,196,543	38,963,775	3,117,102
Less: Credit Risk absorbed by IA	(5,467,762)	(437,421)	(3,608,741)	(288,699)
Market Risk	747,171	59,774	422,763	33,821
Operational Risk	3,450,337	276,027	3,370,712	269,657
<b>Total</b>	<b>38,686,537</b>	<b>3,094,923</b>	<b>39,148,509</b>	<b>3,131,881</b>

BANK	30.06.2019		31.12.2018	
	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	39,940,328	3,195,226	38,951,812	3,116,145
Less: Credit Risk absorbed by IA	(5,467,762)	(437,421)	(3,608,741)	(288,699)
Market Risk	747,171	59,774	422,763	33,821
Operational Risk	3,418,265	273,461	3,342,947	267,436
<b>Total</b>	<b>38,638,002</b>	<b>3,091,040</b>	<b>39,108,781</b>	<b>3,128,703</b>

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

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**1. Scope of Application**

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

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

**2. Capital Adequacy 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 7.00%, 8.50% and 10.50% respectively for year 2019.

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:**

Before effect of IA	GROUP		BANK	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
<b><u>Before deducting proposed dividends</u></b>				
CET 1 Capital Ratio	12.20%	12.19%	12.18%	12.16%
Tier 1 Capital Ratio	12.20%	12.19%	12.18%	12.16%
Total Capital Ratio	16.28%	16.37%	16.26%	16.35%
<b><u>After deducting proposed dividends</u></b>				
CET 1 Capital Ratio	11.84%	11.84%	11.81%	11.81%
Tier 1 Capital Ratio	11.84%	11.84%	11.81%	11.81%
Total Capital Ratio	15.92%	16.02%	15.89%	15.99%
<b><u>After effect of IA</u></b>				
<b><u>Before deducting proposed dividends</u></b>				
CET 1 Capital Ratio	13.93%	13.32%	13.90%	13.29%
Tier 1 Capital Ratio	13.93%	13.32%	13.90%	13.29%
Total Capital Ratio	18.40%	17.77%	18.38%	17.74%
<b><u>After deducting proposed dividends</u></b>				
CET 1 Capital Ratio	13.51%	12.93%	13.48%	12.90%
Tier 1 Capital Ratio	13.51%	12.93%	13.48%	12.90%
Total Capital Ratio	17.99%	17.38%	17.96%	17.35%

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**2. Capital Adequacy Ratios (continued)**

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

	30.06.2019	
	Group	Bank
	RM'000	RM'000
<b><u>Tier I Capital</u></b>		
Paid-up share capital	3,012,368	3,012,368
Share Premium	-	-
Retained earnings	2,444,249	2,440,034
Other reserves	57,244	57,419
Less: Deferred tax assets	(28,209)	(26,703)
Less: 55% of fair value	(87,097)	(87,097)
Less: Regulatory Reserve attributable to financing	(10,000)	(10,000)
Less: Investment in subsidiaries	-	(15,525)
<b>Total Common Equity Tier I Capital</b>	<b>5,388,555</b>	<b>5,370,496</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital</b>	<b>5,388,555</b>	<b>5,370,496</b>
Subordinated sukuk	1,300,000	1,300,000
Collective assessment allowance <sup>^</sup>	431,113	430,907
<b>Total Tier II Capital</b>	<b>1,731,113</b>	<b>1,730,907</b>
<b>Total Capital</b>	<b>7,119,668</b>	<b>7,101,403</b>

<sup>^</sup> Collective assessment allowance on non-impaired financing and regulatory reserve, subject to maximum of 1.25% of total credit risk-weighted assets after deducting IA as Risk Absorbent.

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**2. Capital Adequacy Ratios (continued)**

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

	31.12.2018	
	GROUP	BANK
	RM'000	RM'000
<b><u>Tier I Capital</u></b>		
Paid-up share capital	3,012,368	3,012,368
Share Premium	-	-
Retained earnings	2,362,476	2,359,060
Other reserves	(98,437)	(98,261)
Less: Deferred tax assets	(51,385)	(49,842)
Less: 55% of fair value	(1,446)	(1,446)
Less: Regulatory reserve attributable to financing	(10,000)	(10,000)
Less: Investment in subsidiaries	-	(15,525)
<b>Total Common Equity Tier I Capital</b>	<b>5,213,576</b>	<b>5,196,354</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital</b>	<b>5,213,576</b>	<b>5,196,354</b>
Subordinated Sukuk	1,300,000	1,300,000
Collective assessment allowance <sup>^</sup>	441,938	441,788
<b>Total Tier II Capital</b>	<b>1,741,938</b>	<b>1,741,788</b>
<b>Total Capital</b>	<b>6,955,514</b>	<b>6,938,142</b>

<sup>^</sup> Collective assessment allowance on non-impaired financing and regulatory reserve, subject to maximum of 1.25% of total credit risk-weighted assets after deducting IA as Risk Absorbent.

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**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 2019 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	4,670,402	4,670,402	-	-
Public Sector Entities	1,763,644	1,747,191	364,487	29,159
Banks, Developments Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	115,770	115,770	24,853	1,988
Corporate	17,256,193	17,034,896	8,324,931	665,994
Regulatory Retail	16,867,954	16,771,208	16,225,215	1,298,017
Residential Mortgages	18,839,790	18,832,467	11,874,519	949,962
Higher Risk Assets	4,578	4,578	6,867	549
Other Assets	3,226,890	3,226,890	922,537	73,803
Defaulted Exposures	654,446	633,023	633,716	50,697
<b>Total for On-Balance Sheet Exposures</b>	<b>63,399,667</b>	<b>63,036,425</b>	<b>38,377,125</b>	<b>3,070,170</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,734,850	1,728,448	1,504,260	120,341
Derivative Financial Instruments	82,448	82,448	53,293	4,263
Defaulted Exposures	15,754	15,754	22,113	1,769
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,833,052</b>	<b>1,826,650</b>	<b>1,579,666</b>	<b>126,373</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>65,232,719</b>	<b>64,863,075</b>	<b>39,956,791</b>	<b>3,196,543</b>
Less: Credit Risk absorbed by IA			(5,467,762)	(437,421)
<b>Market Risk</b>				
	Long Position	Short Position		
Benchmark Rate Risk	5,811,124	(5,015,346)	795,778	372,037
Foreign Exchange Risk	19,800	(375,135)	(355,335)	375,134
Inventory Risk	-	-	-	-
<b>Total Market Risk</b>	<b>5,830,924</b>	<b>(5,390,481)</b>	<b>440,443</b>	<b>747,171</b>
Operational Risk			3,450,337	276,027
<b>Total RWA and Capital Requirements</b>			<b>38,686,537</b>	<b>3,094,923</b>

Note: As at 30 June 2019, the Group did not have any exposures under securitisation.

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**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 2018 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	6,690,951	6,690,951	-	-
Public Sector Entities	1,673,208	1,658,820	311,888	24,951
Banks, Developments Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	324,860	324,860	66,285	5,303
Corporate	16,710,297	16,518,383	8,357,461	668,597
Regulatory Retail	16,734,824	16,631,502	16,088,922	1,287,114
Residential Mortgages	18,084,774	18,077,681	11,410,280	912,822
Higher Risk Assets	6,052	6,052	9,079	726
Other Assets	2,982,971	2,982,971	566,570	45,326
Defaulted Exposures	500,097	480,390	462,284	36,983
<b>Total for On-Balance Sheet Exposures</b>	<b>63,708,034</b>	<b>63,371,610</b>	<b>37,272,769</b>	<b>2,981,822</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,846,740	1,842,970	1,617,130	129,370
Derivative Financial Instruments	76,913	76,913	57,076	4,566
Defaulted Exposures	12,050	12,050	16,800	1,344
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,935,703</b>	<b>1,931,933</b>	<b>1,691,006</b>	<b>135,280</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>65,643,737</b>	<b>65,303,543</b>	<b>38,963,775</b>	<b>3,117,102</b>
Less: Credit Risk absorbed by IA			(3,608,741)	(288,699)
<b>Market Risk</b>				
	Long Position	Short Position		
Benchmark Rate Risk	3,978,758	(4,283,739)	(304,980)	27,688
Foreign Exchange Risk	18,408	(395,075)	(376,667)	395,075
Inventory Risk	-	-	-	-
<b>Total Market Risk</b>	<b>3,997,166</b>	<b>(4,678,814)</b>	<b>(681,647)</b>	<b>422,763</b>
Operational Risk			3,370,712	269,657
<b>Total RWA and Capital Requirements</b>			<b>39,148,509</b>	<b>3,131,881</b>

Note: As at 31 December 2018, the Group did not have any exposures under securitisation.

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**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 2019 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	4,670,402	4,670,402	-	-
Public Sector Entities	1,763,644	1,747,191	364,487	29,159
Banks, Developments Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	113,165	113,165	23,842	1,907
Corporate	17,256,193	17,034,896	8,324,931	665,994
Regulatory Retail	16,867,954	16,771,208	16,225,215	1,298,017
Residential Mortgages	18,839,790	18,832,467	11,874,519	949,962
Higher Risk Assets	4,578	4,578	6,867	549
Other Assets	3,216,455	3,216,455	907,085	72,567
Defaulted Exposures	654,446	633,023	633,716	50,697
<b>Total for On-Balance Sheet Exposures</b>	<b>63,386,627</b>	<b>63,023,385</b>	<b>38,360,662</b>	<b>3,068,853</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,734,850	1,728,448	1,504,260	120,341
Derivative Financial Instruments	82,448	82,448	53,293	4,263
Defaulted Exposures	15,754	15,754	22,113	1,769
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,833,052</b>	<b>1,826,650</b>	<b>1,579,666</b>	<b>126,373</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>65,219,679</b>	<b>64,850,035</b>	<b>39,940,328</b>	<b>3,195,226</b>
Less: Credit Risk absorbed by IA			(5,467,762)	(437,421)
<b>Market Risk</b>				
	Long Position	Short Position		
Benchmark Rate Risk	5,805,863	(5,015,346)	790,517	372,037
Foreign Exchange Risk	19,800	(375,135)	(355,335)	375,134
Inventory Risk	-	-	-	-
<b>Total Market Risk</b>	<b>5,825,663</b>	<b>(5,390,481)</b>	<b>435,182</b>	<b>747,171</b>
Operational Risk			3,418,265	273,461
<b>Total RWA and Capital Requirements</b>			<b>38,638,002</b>	<b>3,091,040</b>

Note: As at 30 June 2019, the Bank did not have any exposures under securitisation.



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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 2018 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	6,690,951	6,690,951	-	-
Public Sector Entities	1,673,208	1,658,820	311,888	24,951
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	319,237	319,237	65,130	5,210
Corporate	16,710,297	16,518,383	8,357,461	668,597
Regulatory Retail	16,734,824	16,631,502	16,088,922	1,287,114
Residential Mortgages	18,084,774	18,077,681	11,410,280	912,822
Higher Risk Assets	6,052	6,052	9,079	726
Other Assets	2,974,787	2,974,787	555,762	44,461
Defaulted Exposures	500,097	480,390	462,284	36,983
<b>Total for On-Balance Sheet Exposures</b>	<b>63,694,227</b>	<b>63,357,803</b>	<b>37,260,806</b>	<b>2,980,864</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,846,740	1,842,970	1,617,130	129,370
Derivative Financial Instruments	76,913	76,913	57,076	4,566
Defaulted Exposures	12,050	12,050	16,800	1,344
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,935,703</b>	<b>1,931,933</b>	<b>1,691,006</b>	<b>135,280</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>65,629,930</b>	<b>65,289,736</b>	<b>38,951,812</b>	<b>3,116,144</b>
Less: Credit Risk absorbed by IA			(3,608,741)	(288,699)
<b>Market Risk</b>				
	Long Position	Short Position		
Benchmark Rate Risk	3,973,497	(4,283,739)	(310,241)	27,688
Foreign Exchange Risk	18,408	(395,075)	(376,667)	395,075
Inventory Risk	-	-	-	-
<b>Total Market Risk</b>	<b>3,991,905</b>	<b>(4,678,814)</b>	<b>(686,908)</b>	<b>422,763</b>
Operational Risk			3,342,947	267,436
<b>Total RWA and Capital Requirements</b>			<b>39,108,781</b>	<b>3,128,702</b>

Note: As at 31 December 2018, the Bank did not have any exposures under securitisation.

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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>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	45,990,282	45,452,939
Past due but not impaired	598,564	591,509
Impaired	559,401	425,937
	<b>47,148,247</b>	<b>46,470,385</b>
Gross Impaired Financing as a percentage of Gross Financing and Advances	<b>1.19%</b>	<b>0.92%</b>

**(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>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Excellent to Good	42,515,842	42,095,370
Satisfactory	3,196,509	3,082,143
Fair	277,931	275,426
	<b>45,990,282</b>	<b>45,452,939</b>

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.

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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 aging analysis:

	<b>GROUP AND BANK</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
By ageing	<b>RM'000</b>	<b>RM'000</b>
Month-in-arrears 1	410,750	357,420
Month-in-arrears 2	187,814	234,089
	<b>598,564</b>	<b>591,509</b>

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

	<b>GROUP AND BANK</b>	
	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	-	30,905
Manufacturing (including agro-based)	2,561	1,542
Wholesale & retail trade, and hotels & restaurants	3,379	50,329
Construction	4,574	18,321
Real estate	-	23,651
Transport, storage and communications	46,587	-
Finance, insurance and business activities	4,298	619
Education, health and others	3,102	13,808
Household sectors	534,063	452,334
	<b>598,564</b>	<b>591,509</b>

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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>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Individually Assessed	<b>363,282</b>	251,694
<i>of which:</i>		
<i>Month-in-Arrears 0</i>	145,466	21,789
<i>Month-in-Arrears 1</i>	44,256	6,433
<i>Month-in-Arrears 2</i>	4,933	5,247
<i>Month-in-Arrears 3 and above</i>	168,627	218,225
Collectively Assessed	<b>196,119</b>	174,243
	<b>559,401</b>	425,937

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**3. Credit Risk (continued)**

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

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

30 JUNE 2019 RM '000	INDIVIDUAL ASSESSMENT ALLOWANCE				INDIVIDUAL ASSESSMENT AS AT 30.06.2019	COLLECTIVE ASSESSMENT ALLOWANCE AT 30.06.2019	TOTAL IMPAIRMENT ALLOWANCES FOR FINANCING AT 30.06.2019
	IMPAIRED FINANCING AT 30.06.2019	INDIVIDUAL ASSESSMENT AS AT 01.01.2019	NET CHARGE FOR THE FINANCIAL YEAR	AMOUNTS WRITTEN OFF/OTHER MOVEMENTS			
Primary Agriculture	3	-	-	-	-	8,138	8,138
Mining and Quarrying	-	-	-	-	-	560	560
Manufacturing (including Agro-based)	37,393	5,438	14,919	-	20,357	19,697	40,054
Electricity, Gas and Water	-	-	-	-	-	11,089	11,089
Wholesale & Retail Trade and Restaurants & Hotels	110,925	28,202	(493)	-	27,709	22,750	50,459
Construction	57,181	106,338	1,646	(76,092)	31,892	62,199	94,091
Real Estate	24,278	-	-	-	-	29,963	29,963
Transport, Storage and Communication	10,272	3,434	(24)	-	3,410	15,371	18,781
Finance, Insurance and Business Services	73,884	762	(762)	-	-	37,467	37,467
Education, Health and Others	4,449	1,777	(38)	-	1,739	11,958	13,697
Household Sectors	241,016	10,740	7,585	(184)	18,141	375,631	393,772
Other Sectors	-	-	-	-	-	54,707	54,707
<b>Total</b>	<b>559,401</b>	<b>156,691</b>	<b>22,833</b>	<b>(76,276)</b>	<b>103,248</b>	<b>649,530</b>	<b>752,778</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

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

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

31 DECEMBER 2018 RM '000	INDIVIDUAL ASSESSMENT ALLOWANCE				INDIVIDUAL ASSESSMENT AS AT 31.12.2018	COLLECTIVE ASSESSMENT ALLOWANCE AT 31.12.2018	TOTAL IMPAIRMENT ALLOWANCES FOR FINANCING AT 31.12.2018
	IMPAIRED FINANCING AT 31.12.2018	INDIVIDUAL ASSESSMENT AS AT 1.01.2018	NET CHARGE FOR THE FINANCIAL YEAR	AMOUNTS WRITTEN OFF/OTHER MOVEMENTS			
Primary Agriculture	-	-	-	-	-	17,975	17,975
Mining and Quarrying	-	-	-	-	-	677	677
Manufacturing (including Agro-based)	21,426	28,451	3,583	(26,596)	5,438	24,071	29,509
Electricity, Gas and Water	-	-	-	-	-	11,271	11,271
Wholesale & Retail Trade and Restaurants & Hotels	56,665	9,713	18,489	-	28,202	33,003	61,205
Construction	123,007	71,942	36,739	(2,343)	106,338	69,521	175,859
Real Estate	-	-	-	-	-	37,267	37,267
Transport, Storage and Communication	10,936	3,914	(480)	-	3,434	21,737	25,171
Finance, Insurance and Business Services	3,066	1,748	(986)	-	762	50,545	51,307
Education, Health and Others	4,642	1,046	731	-	1,777	16,200	17,977
Household Sectors	206,195	11,328	725	(1,313)	10,740	350,747	361,487
Other Sectors	-	-	-	-	-	-	-
<b>Total</b>	<b>425,937</b>	<b>128,142</b>	<b>58,801</b>	<b>(30,252)</b>	<b>156,691</b>	<b>633,014</b>	<b>789,705</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**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 2019 RM '000	GROSS FINANCING	OF WHICH:			
		PAST DUE BUT NOT IMPAIRED FINANCING	IMPAIRED FINANCING	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES
Central Region	21,959,653	315,818	257,783	62,199	361,819
Eastern Region	7,855,104	83,993	104,933	21,419	83,147
Northern Region	6,682,354	71,275	123,388	-	75,784
Southern Region	7,148,635	85,087	47,848	17,971	84,437
East Malaysia Region	3,502,501	42,391	25,449	1,659	44,343
<b>Grand Total</b>	<b>47,148,247</b>	<b>598,564</b>	<b>559,401</b>	<b>103,248</b>	<b>649,530</b>

31 DECEMBER 2018 RM '000	GROSS FINANCING	OF WHICH:			
		PAST DUE BUT NOT IMPAIRED FINANCING	IMPAIRED FINANCING	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES
Central Region	22,125,064	289,650	245,531	131,896	366,402
Eastern Region	7,646,307	98,506	101,868	21,153	82,395
Northern Region	6,640,816	106,304	25,349	-	72,181
Southern Region	6,723,490	64,523	31,320	3,567	74,274
East Malaysia Region	3,334,708	32,526	21,869	75	37,762
<b>Grand Total</b>	<b>46,470,385</b>	<b>591,509</b>	<b>425,937</b>	<b>156,691</b>	<b>633,014</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures**

*(a) Geographic Distribution of Credit Exposures*

*(i) Group*

30 JUNE 2019 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	4,670,402	-	-	-	-	4,670,402
Public Sector Entities	1,377,551	153,463	6,204	226,426	-	1,763,644
Banks, Developments Financial Institutions and Multilateral Development Banks	115,230	352	-	102	86	115,770
Corporate	14,678,299	921,468	820,612	826,687	519,064	17,766,130
Regulatory Retail	6,846,349	3,224,154	2,577,042	2,509,665	1,783,437	16,940,647
Residential Mortgages	7,338,697	3,530,712	3,267,438	3,580,865	1,193,846	18,911,558
Higher Risk Assets	2,210	938	284	176	1,018	4,626
Other Assets	3,221,193	-	-	-	5,697	3,226,890
<b>Total for On-Balance Sheet Exposures</b>	<b>38,249,931</b>	<b>7,831,087</b>	<b>6,671,580</b>	<b>7,143,921</b>	<b>3,503,148</b>	<b>63,399,667</b>
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	1,395,423	76,391	31,769	219,669	27,352	1,750,604
Derivative Financial Instruments	82,448	-	-	-	-	82,448
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,477,871</b>	<b>76,391</b>	<b>31,769</b>	<b>219,669</b>	<b>27,352</b>	<b>1,833,052</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>39,727,802</b>	<b>7,907,478</b>	<b>6,703,349</b>	<b>7,363,590</b>	<b>3,530,500</b>	<b>65,232,719</b>



**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

**(a) Geographic Distribution of Credit Exposures (continued)**

**(i) Group (continued)**

31 DECEMBER 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
<b><u>Credit Risk</u></b>						
<b>On-Balance Sheet Exposures</b>						
Sovereign/Central Banks	6,690,951	-	-	-	-	6,690,951
Public Sector Entities	1,269,035	158,543	8,754	236,876	-	1,673,208
Banks, Developments Financial Institutions and Multilateral Development Banks	312,226	366	-	109	12,159	324,860
Corporate	14,124,048	929,434	914,331	660,719	448,010	17,076,542
Regulatory Retail	6,888,474	3,171,344	2,553,599	2,458,643	1,735,725	16,807,785
Residential Mortgages	7,119,052	3,362,542	3,153,992	3,362,927	1,147,149	18,145,662
Higher Risk Assets	3,177	1,047	294	230	1,307	6,055
Other Assets	2,982,877	-	-	-	94	2,982,971
<b>Total for On-Balance Sheet Exposures</b>	<b>39,389,840</b>	<b>7,623,276</b>	<b>6,630,970</b>	<b>6,719,504</b>	<b>3,344,444</b>	<b>63,708,034</b>
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	1,412,859	93,999	52,085	266,307	33,540	1,858,790
Derivative Financial Instruments	76,913	-	-	-	-	76,913
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,489,772</b>	<b>93,999</b>	<b>52,085</b>	<b>266,307</b>	<b>33,540</b>	<b>1,935,703</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>40,879,612</b>	<b>7,717,275</b>	<b>6,683,055</b>	<b>6,985,811</b>	<b>3,377,984</b>	<b>65,643,737</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

**(a) Geographic Distribution of Credit Exposures (continued)**

**(ii) Bank**

30 JUNE 2019 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	4,670,402	-	-	-	-	4,670,402
Public Sector Entities	1,377,551	153,464	6,203	226,426	-	1,763,644
Banks, Developments Institutions and Development Banks	112,625	352	-	102	86	113,165
Corporate	14,678,299	921,468	820,612	826,687	519,064	17,766,130
Regulatory Retail	6,846,349	3,224,154	2,577,042	2,509,665	1,783,437	16,940,647
Residential Mortgages	7,338,697	3,530,712	3,267,438	3,580,865	1,193,846	18,911,558
Higher Risk Assets	2,210	937	285	176	1,018	4,626
Other Assets	3,210,758	-	-	-	5,697	3,216,455
<b>Total for On-Balance Sheet Exposures</b>	<b>38,236,891</b>	<b>7,831,087</b>	<b>6,671,580</b>	<b>7,143,921</b>	<b>3,503,148</b>	<b>63,386,627</b>
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	1,395,423	76,391	31,769	219,669	27,352	1,750,604
Derivative Financial Instruments	82,448	-	-	-	-	82,448
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,477,871</b>	<b>76,391</b>	<b>31,769</b>	<b>219,669</b>	<b>27,352</b>	<b>1,833,052</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>39,714,762</b>	<b>7,907,478</b>	<b>6,703,349</b>	<b>7,363,590</b>	<b>3,530,500</b>	<b>65,219,679</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

**(a) Geographic Distribution of Credit Exposures (continued)**

**(ii) Bank (continued)**

31 DECEMBER 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
<b><u>Credit Risk</u></b>						
<b>On-Balance Sheet Exposures</b>						
Sovereign/Central Banks	6,690,951	-	-	-	-	6,690,951
Public Sector Entities	1,269,035	158,543	8,754	236,876	-	1,673,208
Banks, Developments Financial Institutions and Multilateral Development Banks	306,603	366	-	109	12,159	319,237
Corporate	14,124,048	929,434	914,331	660,719	448,010	17,076,542
Regulatory Retail	6,888,474	3,171,344	2,553,599	2,458,643	1,735,725	16,807,785
Residential Mortgages	7,119,052	3,362,542	3,153,992	3,362,927	1,147,149	18,145,662
Higher Risk Assets	3,177	1,047	294	230	1,307	6,055
Other Assets	2,974,693	-	-	-	94	2,974,787
<b>Total for On-Balance Sheet Exposures</b>	<b>39,376,033</b>	<b>7,623,276</b>	<b>6,630,970</b>	<b>6,719,504</b>	<b>3,344,444</b>	<b>63,694,227</b>
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	1,412,859	93,999	52,085	266,307	33,540	1,858,790
Derivative Financial Instruments	76,913	-	-	-	-	76,913
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,489,772</b>	<b>93,999</b>	<b>52,085</b>	<b>266,307</b>	<b>33,540</b>	<b>1,935,703</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>40,865,805</b>	<b>7,717,275</b>	<b>6,683,055</b>	<b>6,985,811</b>	<b>3,377,984</b>	<b>65,629,930</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

**(i) Group**

30 JUNE 2019 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	-	-	-	-	-	-	-	-	2,238,313	-	-	2,432,089	4,670,402
Public Sector Entities	-	-	-	-	-	-	-	-	1,142,123	607,105	169	14,247	1,763,644
Banks, Developments Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	45,811	-	455	69,504	115,770
Corporate	649,789	7,024	769,275	1,761,310	761,232	2,542,398	1,641,712	2,376,341	3,343,845	277,907	70,721	3,564,576	17,766,130
Regulatory Retail	7,863	1,231	18,542	813	40,430	67,812	26,628	10,381	47,354	41,790	16,614,649	63,154	16,940,647
Residential Mortgages	-	431	-	-	-	-	-	-	-	-	18,911,127	-	18,911,558
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	4,626	-	4,626
Other Assets	-	-	-	-	-	-	-	-	-	-	-	3,226,890	3,226,890
<b>Total for On-Balance Sheet Exposures</b>	<b>657,652</b>	<b>8,686</b>	<b>787,817</b>	<b>1,762,123</b>	<b>801,662</b>	<b>2,610,210</b>	<b>1,668,340</b>	<b>2,386,722</b>	<b>6,817,446</b>	<b>926,802</b>	<b>35,601,747</b>	<b>9,370,460</b>	<b>63,399,667</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	37,517	245	89,106	47,211	86,574	256,068	236,819	59,267	106,706	260,958	232,325	337,808	1,750,604
Derivative Financial Instruments	-	-	926	-	17,434	-	-	-	16,462	38,086	-	9,540	82,448
<b>Total for Off-Balance Sheet Exposures</b>	<b>37,517</b>	<b>245</b>	<b>90,032</b>	<b>47,211</b>	<b>104,008</b>	<b>256,068</b>	<b>236,819</b>	<b>59,267</b>	<b>123,168</b>	<b>299,044</b>	<b>232,325</b>	<b>347,348</b>	<b>1,833,052</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>695,169</b>	<b>8,931</b>	<b>877,849</b>	<b>1,809,334</b>	<b>905,670</b>	<b>2,866,278</b>	<b>1,905,159</b>	<b>2,445,989</b>	<b>6,940,614</b>	<b>1,225,846</b>	<b>35,834,072</b>	<b>9,717,808</b>	<b>65,232,719</b>

**BANK ISLAM MALAYSIA BERHAD  
PILLAR 3 DISCLOSURE  
AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

**(i) Group (continued)**

31 DECEMBER 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
<b>Credit Risk</b>													
<b>On-Balance Sheet Exposures</b>													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	4,450,005	-	-	2,240,946	6,690,951
Public Sector Entities	-	-	-	-	-	-	163,817	-	1,038,657	454,985	-	15,749	1,673,208
Banks, Developments Institutions and Development Banks	-	-	-	-	-	-	-	-	245,709	-	475	78,676	324,860
Corporate	541,219	8,105	805,145	1,843,077	879,286	2,527,404	1,723,332	2,020,459	3,426,733	205,789	70,891	3,025,102	17,076,542
Regulatory Retail	3,152	1,237	19,984	904	49,923	60,190	24,591	9,693	42,154	42,601	16,530,058	23,298	16,807,785
Residential Mortgages	-	316	-	-	-	-	-	-	-	-	18,145,346	-	18,145,662
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	6,055	-	6,055
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,982,971	2,982,971
<b>Total for On-Balance Sheet Exposures</b>	<b>544,371</b>	<b>9,658</b>	<b>825,129</b>	<b>1,843,981</b>	<b>929,209</b>	<b>2,587,594</b>	<b>1,911,740</b>	<b>2,030,152</b>	<b>9,203,258</b>	<b>703,375</b>	<b>34,752,825</b>	<b>8,366,742</b>	<b>63,708,034</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	55,151	3,352	119,644	48,053	109,514	271,903	243,047	76,269	94,219	157,009	214,834	465,795	1,858,790
Derivative Financial Instruments	-	-	90	-	16,018	3	-	-	11,495	45,614	-	3,693	76,913
<b>Total for Off-Balance Sheet Exposures</b>	<b>55,151</b>	<b>3,352</b>	<b>119,734</b>	<b>48,053</b>	<b>125,532</b>	<b>271,906</b>	<b>243,047</b>	<b>76,269</b>	<b>105,714</b>	<b>202,623</b>	<b>214,834</b>	<b>469,488</b>	<b>1,935,703</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>599,522</b>	<b>13,010</b>	<b>944,863</b>	<b>1,892,034</b>	<b>1,054,741</b>	<b>2,859,500</b>	<b>2,154,787</b>	<b>2,106,421</b>	<b>9,308,972</b>	<b>905,998</b>	<b>34,967,659</b>	<b>8,836,230</b>	<b>65,643,737</b>

**BANK ISLAM MALAYSIA BERHAD  
PILLAR 3 DISCLOSURE  
AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

**(ii) Bank**

30 JUNE 2019 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	-	-	-	-	-	-	-	-	2,238,313	-	-	2,432,089	4,670,402
Public Sector Entities	-	-	-	-	-	-	-	-	1,142,123	607,105	169	14,247	1,763,644
Banks, Developments Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	45,811	-	455	66,899	113,165
Corporate	649,789	7,024	769,275	1,761,310	761,232	2,542,398	1,641,712	2,376,341	3,343,845	277,907	70,721	3,564,576	17,766,130
Regulatory Retail	7,863	1,231	18,542	813	40,430	67,812	26,628	10,381	47,354	41,790	16,614,649	63,154	16,940,647
Residential Mortgages	-	431	-	-	-	-	-	-	-	-	18,911,127	-	18,911,558
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	4,626	-	4,626
Other Assets	-	-	-	-	-	-	-	-	-	-	-	3,216,455	3,216,455
<b>Total for On-Balance Sheet Exposures</b>	<b>657,652</b>	<b>8,686</b>	<b>787,817</b>	<b>1,762,123</b>	<b>801,662</b>	<b>2,610,210</b>	<b>1,668,340</b>	<b>2,386,722</b>	<b>6,817,446</b>	<b>926,802</b>	<b>35,601,747</b>	<b>9,357,420</b>	<b>63,386,627</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	37,517	245	89,106	47,211	86,574	256,068	236,819	59,267	106,706	260,958	232,325	337,808	1,750,604
Derivative Financial Instruments	-	-	926	-	17,434	-	-	-	16,462	38,086	-	9,540	82,448
<b>Total for Off-Balance Sheet Exposures</b>	<b>37,517</b>	<b>245</b>	<b>90,032</b>	<b>47,211</b>	<b>104,008</b>	<b>256,068</b>	<b>236,819</b>	<b>59,267</b>	<b>123,168</b>	<b>299,044</b>	<b>232,325</b>	<b>347,348</b>	<b>1,833,052</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>695,169</b>	<b>8,931</b>	<b>877,849</b>	<b>1,809,334</b>	<b>905,670</b>	<b>2,866,278</b>	<b>1,905,159</b>	<b>2,445,989</b>	<b>6,940,614</b>	<b>1,225,846</b>	<b>35,834,072</b>	<b>9,704,768</b>	<b>65,219,679</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

**(ii) Bank (continued)**

31 DECEMBER 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
<b>Credit Risk</b>													
<b>On-Balance Sheet Exposures</b>													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	4,450,005	-	-	2,240,946	6,690,951
Public Sector Entities	-	-	-	-	-	-	163,817	-	1,038,657	454,985	-	15,749	1,673,208
Banks, Developments Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	245,709	-	475	73,053	319,237
Corporate	541,219	8,105	805,145	1,843,077	879,286	2,527,404	1,723,332	2,020,459	3,426,733	205,789	70,891	3,025,102	17,076,542
Regulatory Retail	3,152	1,237	19,984	904	49,923	60,190	24,591	9,693	42,154	42,601	16,530,058	23,298	16,807,785
Residential Mortgages	-	316	-	-	-	-	-	-	-	-	18,145,346	-	18,145,662
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	6,055	-	6,055
Other Assets	-	-	-	-	-	-	-	-	-	-	-	2,974,787	2,974,787
<b>Total for On-Balance Sheet Exposures</b>	<b>544,371</b>	<b>9,658</b>	<b>825,129</b>	<b>1,843,981</b>	<b>929,209</b>	<b>2,587,594</b>	<b>1,911,740</b>	<b>2,030,152</b>	<b>9,203,258</b>	<b>703,375</b>	<b>34,752,825</b>	<b>8,352,935</b>	<b>63,694,227</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	55,151	3,352	119,644	48,053	109,514	271,903	243,047	76,269	94,219	157,009	214,834	465,795	1,858,790
Derivative Financial Instruments	-	-	90	-	16,018	3	-	-	11,495	45,614	-	3,693	76,913
<b>Total for Off-Balance Sheet Exposures</b>	<b>55,151</b>	<b>3,352</b>	<b>119,734</b>	<b>48,053</b>	<b>125,532</b>	<b>271,906</b>	<b>243,047</b>	<b>76,269</b>	<b>105,714</b>	<b>202,623</b>	<b>214,834</b>	<b>469,488</b>	<b>1,935,703</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>599,522</b>	<b>13,010</b>	<b>944,863</b>	<b>1,892,034</b>	<b>1,054,741</b>	<b>2,859,500</b>	<b>2,154,787</b>	<b>2,106,421</b>	<b>9,308,972</b>	<b>905,998</b>	<b>34,967,659</b>	<b>8,822,423</b>	<b>65,629,930</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

**(c) Residual Contractual Maturity Breakdown**

**(i) Group**

30 JUNE 2019 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	1,725,367	1,072,213	1,872,822	4,670,402
Public Sector Entities	175,464	901,796	686,384	1,763,644
Banks, Developments Financial Institutions and Multilateral Development Banks	65,929	46,926	2,915	115,770
Corporate	4,652,401	5,327,432	7,786,297	17,766,130
Regulatory Retail	151,603	3,088,615	13,700,429	16,940,647
Residential Mortgages	8,661	135,041	18,767,856	18,911,558
Higher Risk Assets	3	42	4,581	4,626
Other Assets	2,353,849	-	873,041	3,226,890
Total for On-Balance Sheet Exposures	<u>9,133,277</u>	<u>10,572,065</u>	<u>43,694,325</u>	<u>63,399,667</u>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	503,626	392,646	854,332	1,750,604
Derivative Financial Instruments	75,891	6,557	-	82,448
Total for Off-Balance Sheet Exposures	<u>579,517</u>	<u>399,203</u>	<u>854,332</u>	<u>1,833,052</u>
<b>Total On and Off-Balance Sheet Exposures</b>	<b><u>9,712,794</u></b>	<b><u>10,971,268</u></b>	<b><u>44,548,657</u></b>	<b><u>65,232,719</u></b>



**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

**(c) Residual Contractual Maturity Breakdown (continued)**

**(i) Group (continued)**

31 DECEMBER 2018 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	4,021,947	773,057	1,895,947	6,690,951
Public Sector Entities	23,683	810,099	839,426	1,673,208
Banks, Developments Financial Institutions and Multilateral Development Banks	274,942	46,940	2,978	324,860
Corporate	4,418,188	5,692,376	6,965,978	17,076,542
Regulatory Retail	261,922	2,887,671	13,658,192	16,807,785
Residential Mortgages	10,308	124,121	18,011,233	18,145,662
Higher Risk Assets	5	122	5,928	6,055
Other Assets	2,418,217	-	564,754	2,982,971
Total for On-Balance Sheet Exposures	11,429,212	10,334,386	41,944,436	63,708,034
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	697,631	350,823	810,336	1,858,790
Derivative Financial Instruments	67,960	-	8,953	76,913
Total for Off-Balance Sheet Exposures	765,591	350,823	819,289	1,935,703
<b>Total On and Off-Balance Sheet Exposures</b>	<b>12,194,803</b>	<b>10,685,209</b>	<b>42,763,725</b>	<b>65,643,737</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

*(c) Residual Contractual Maturity Breakdown (continued)*

*(ii) Bank*

30 JUNE 2019 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	1,725,367	1,072,213	1,872,822	4,670,402
Public Sector Entities	175,464	901,796	686,384	1,763,644
Banks, Developments Financial Institutions and Multilateral Development Banks	63,324	46,926	2,915	113,165
Corporate	4,652,401	5,327,432	7,786,297	17,766,130
Regulatory Retail	151,603	3,088,615	13,700,429	16,940,647
Residential Mortgages	8,661	135,041	18,767,856	18,911,558
Higher Risk Assets	3	42	4,581	4,626
Other Assets	2,343,414	-	873,041	3,216,455
Total for On-Balance Sheet Exposures	<u>9,120,237</u>	<u>10,572,065</u>	<u>43,694,325</u>	<u>63,386,627</u>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	503,626	392,646	854,332	1,750,604
Derivative Financial Instruments	75,891	6,557	-	82,448
Total for Off-Balance Sheet Exposures	<u>579,517</u>	<u>399,203</u>	<u>854,332</u>	<u>1,833,052</u>
<b>Total On and Off-Balance Sheet Exposures</b>	<b><u>9,699,754</u></b>	<b><u>10,971,268</u></b>	<b><u>44,548,657</u></b>	<b><u>65,219,679</u></b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

**(c) Residual Contractual Maturity Breakdown (continued)**

**(ii) Bank (continued)**

31 DECEMBER 2018 EXPOSURE CLASS	UP TO 1 YEAR RM'000	> 1 – 5 YEARS RM'000	OVER 5 YEARS RM'000	TOTAL RM'000
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	4,021,947	773,057	1,895,947	6,690,951
Public Sector Entities	23,683	810,099	839,426	1,673,208
Banks, Developments Financial Institutions and Multilateral Development Banks	269,319	46,940	2,978	319,237
Corporate	4,418,188	5,692,376	6,965,978	17,076,542
Regulatory Retail	261,922	2,887,671	13,658,192	16,807,785
Residential Mortgages	10,308	124,121	18,011,233	18,145,662
Higher Risk Assets	5	122	5,928	6,055
Other Assets	2,410,033	-	564,754	2,974,787
<b>Total for On-Balance Sheet Exposures</b>	<b>11,415,405</b>	<b>10,334,386</b>	<b>41,944,436</b>	<b>63,694,227</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	697,631	350,823	810,336	1,858,790
Derivative Financial Instruments	67,960	-	8,953	76,913
<b>Total for Off-Balance Sheet Exposures</b>	<b>765,591</b>	<b>350,823</b>	<b>819,289</b>	<b>1,935,703</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>12,180,996</b>	<b>10,685,209</b>	<b>42,763,725</b>	<b>65,629,930</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**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 2019

<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%	4,670,572	1,131,574	-	4,218,367	33,752	-	-	2,304,353	12,358,618	-
20%	-	103,517	145,242	3,543,822	895	-	-	-	3,793,476	758,695
35%	-	-	-	-	-	5,980,495	-	-	5,980,495	2,093,173
50%	-	401,154	12,475	3,529,317	407,995	4,413,422	-	-	8,764,363	4,382,182
75%	-	-	-	690,114	1,277,051	3,667,338	-	-	5,634,503	4,225,877
100%	-	243,588	-	6,756,927	15,078,423	4,999,660	-	922,537	28,001,135	28,001,135
150%	-	-	-	214,548	48,591	53,772	13,575	-	330,486	495,729
Total Exposures	4,670,572	1,879,833	157,717	18,953,095	16,846,707	19,114,687	13,575	3,226,890	64,863,076	39,956,791
RWA by Exposures	-	464,868	35,286	10,069,757	16,313,275	12,130,705	20,363	922,537	39,956,791	
Average Risk Weight	0.0%	24.7%	22.4%	53.1%	96.8%	63.5%	150.0%	28.6%	61.6%	
Deduction from Capital Base										

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**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 2018

<b>EXPOSURES AFTER NETTING &amp; CREDIT RISK MITIGATION (CRM)</b>										
<b>RISK WEIGHTS</b>	<b>SOVEREIGNS / CENTRAL BANKS</b>	<b>PUBLIC SECTOR ENTITIES</b>	<b>BANKS, DFIS &amp; MDBS</b>	<b>CORPORATE</b>	<b>REGULATORY RETAIL</b>	<b>RESIDENTIAL MORTGAGES</b>	<b>HIGHER RISK ASSETS</b>	<b>OTHER ASSETS</b>	<b>TOTAL EXPOSURES AFTER NETTING &amp; CRM</b>	<b>TOTAL RISK WEIGHTED ASSET</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	6,691,158	1,028,088	-	3,452,499	16,019	-	-	2,416,400	13,604,164	-
20%	-	102,060	351,644	3,661,826	1,038	-	-	-	4,116,568	823,314
35%	-	-	-	-	-	5,791,127	-	-	5,791,127	2,026,894
50%	-	477,122	21,878	3,776,521	412,959	4,179,389	-	-	8,867,869	4,433,934
75%	-	-	-	661,420	1,327,668	3,445,209	-	-	5,434,297	4,075,723
100%	-	154,413	-	6,778,701	14,902,673	4,858,378	-	566,570	27,260,735	27,260,735
150%	-	-	-	109,059	47,283	56,625	15,816	-	228,783	343,175
Total Exposures	6,691,158	1,761,683	373,522	18,440,026	16,707,640	18,330,728	15,816	2,982,970	65,303,543	38,963,775
RWA by Exposures	-	413,386	81,268	10,058,980	16,176,036	11,643,811	23,724	566,570	38,963,775	
Average Risk Weight	0.0%	23.5%	21.8%	54.5%	96.8%	63.5%	150.0%	19.0%	59.7%	
Deduction from Capital Base										

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**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 2019

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%	4,670,572	1,131,574	-	4,218,367	33,752	-	-	2,309,370	12,363,635	-
20%	-	103,517	144,270	3,543,822	895	-	-	-	3,792,504	758,501
35%	-	-	-	-	-	5,980,495	-	-	5,980,495	2,093,173
50%	-	401,154	10,842	3,529,317	407,995	4,413,422	-	-	8,762,730	4,381,365
75%	-	-	-	690,114	1,277,051	3,667,338	-	-	5,634,503	4,225,877
100%	-	243,588	-	6,756,927	15,078,423	4,999,660	-	907,085	27,985,683	27,985,683
150%	-	-	-	214,548	48,591	53,772	13,575	-	330,486	495,729
Total Exposures	4,670,572	1,879,833	155,112	18,953,095	16,846,707	19,114,687	13,575	3,216,455	64,850,036	39,940,328
RWA by Exposures	-	464,868	34,275	10,069,757	16,313,275	12,130,705	20,363	907,085	39,940,328	
Average Risk Weight	0.0%	24.7%	22.1%	53.1%	96.8%	63.5%	150.0%	28.2%	61.6%	
Deduction from Capital Base										

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2019**

**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 2018

<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%	6,691,158	1,028,088	-	3,452,499	16,019	-	-	2,419,024	13,606,788	-
20%	-	102,060	346,121	3,661,826	1,038	-	-	-	4,111,045	822,209
35%	-	-	-	-	-	5,791,127	-	-	5,791,127	2,026,894
50%	-	477,122	21,778	3,776,521	412,959	4,179,389	-	-	8,867,769	4,433,884
75%	-	-	-	661,420	1,327,668	3,445,209	-	-	5,434,297	4,075,723
100%	-	154,413	-	6,778,701	14,902,673	4,858,378	-	555,762	27,249,927	27,249,927
150%	-	-	-	109,059	47,283	56,625	15,816	-	228,783	343,175
<b>Total Exposures</b>	<b>6,691,158</b>	<b>1,761,683</b>	<b>367,899</b>	<b>18,440,026</b>	<b>16,707,640</b>	<b>18,330,728</b>	<b>15,816</b>	<b>2,974,786</b>	<b>65,289,736</b>	<b>38,951,812</b>
<b>RWA by Exposures</b>	<b>-</b>	<b>413,386</b>	<b>80,113</b>	<b>10,058,980</b>	<b>16,176,036</b>	<b>11,643,811</b>	<b>23,724</b>	<b>555,762</b>	<b>38,951,812</b>	
<b>Average Risk Weight</b>	<b>0.0%</b>	<b>23.5%</b>	<b>21.8%</b>	<b>54.5%</b>	<b>96.8%</b>	<b>63.5%</b>	<b>150.0%</b>	<b>18.7%</b>	<b>59.7%</b>	
<b>Deduction from Capital Base</b>										

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**3. Credit Risk (continued)**

**3.4 Disclosures of Rated and Unrated Exposures According to Ratings by ECAI**

a) Ratings of Sovereigns and Central Banks by Approved ECAIs

		RATINGS OF SOVEREIGNS AND CENTRAL BANKS BY APPROVED ECAIS						
		Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
30 JUNE 2019		S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Exposure Class		Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<u>On and Off Balance-Sheet Credit Exposures</u>								
Sovereign and Central Banks*			-	4,670,572	-	-	-	-
<b>Total</b>			-	<b>4,670,572</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
31 DECEMBER 2018		S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Exposure Class		Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
<u>On and Off Balance-Sheet Credit Exposures</u>								
Sovereign and Central Banks*			-	6,691,158	-	-	-	-
<b>Total</b>			-	<b>6,691,158</b>	-	-	-	-

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

b) Ratings of Corporate by Approved ECAIs

		RATINGS OF CORPORATE BY APPROVED ECAIS						
		Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated	
30 JUNE 2019		S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Exposure Class		Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
		RAMs	AAA to AA3	A to A3	BBB to BB	B to D	Unrated	
		MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
<u>On and Off Balance-Sheet Credit Exposures</u>								
Public Sector Entities			103,517	-	-	-	1,776,316	
Insurance Cos, Securities & Fund Manager		Firms	-	-	-	-	-	
Corporate			3,568,074	35,788	93,141	-	15,256,091	
<b>Total</b>			<b>3,671,591</b>	<b>35,788</b>	<b>93,141</b>	-	<b>17,032,407</b>	

		RATINGS OF CORPORATE BY APPROVED ECAIS						
		Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ to C	Unrated	
31 DECEMBER 2018		S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Exposure Class		Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
		RAMs	AAA to AA3	A to A3	BBB to BB	B to D	Unrated	
		MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
<u>On and Off Balance-Sheet Credit Exposures</u>								
Public Sector Entities			102,060	-	-	-	1,659,623	
Insurance Cos, Securities & Fund Manager		Firms	-	-	-	-	-	
Corporate			3,341,257	47,704	47,841	-	15,003,225	
<b>Total</b>			<b>3,443,317</b>	<b>47,704</b>	<b>47,841</b>	-	<b>16,662,848</b>	



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**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 2019	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		76,393	4,405	-	-	-	74,313	
<b>Total</b>		<b>76,393</b>	<b>4,405</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,313</b>	

		Ratings of Banking Institutions by Approved ECAIs						
31 DECEMBER 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		268,464	120	-	-	-	99,315	
<b>Total</b>		<b>268,464</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,315</b>	

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

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**3. Credit Risk (continued)**

**3.5 Credit Risk Mitigation (CRM)**

Disclosure of Credit Risk Mitigation (CRM):

30 JUNE 2019 EXPOSURE CLASS	EXPOSURES BEFORE CRM RM'000	EXPOSURES COVERED BY GUARANTEES RM'000	EXPOSURES COVERED BY ELIGIBLE FINANCIAL AND NON-FINANCIAL COLLATERAL RM'000
<b>On-Balance Sheet Exposures</b>			
Sovereign/Central Banks	4,670,402	-	-
Public Sector Entities	1,763,644	-	28,505
Banks, DFIs and MDBs	113,165	-	-
Corporates	17,256,193	736,819	947,864
Regulatory Retail	16,867,954	34,434	149,496
Residential Mortgages	18,839,790	458	106,312
Higher Risk Assets	4,578	-	-
Other Assets	3,216,455	-	-
Defaulted Exposures	654,446	90,530	90,619
<b>Total for On-Balance Sheet Exposures</b>	<b>63,386,627</b>	<b>862,241</b>	<b>1,322,796</b>
<b>Off-Balance Sheet Exposures</b>			
Credit-related Exposures	1,734,850	-	25,323
Derivative Financial Instruments	82,448	-	-
Defaulted Exposures	15,754	1,525	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,833,052</b>	<b>1,525</b>	<b>25,323</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>65,219,679</b>	<b>863,766</b>	<b>1,348,119</b>

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**3. Credit Risk (continued)**

**3.5 Credit Risk Mitigation (CRM) (continued)**

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

31 DECEMBER 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
<b>On-Balance Sheet Exposures</b>			
Sovereign/Central Banks	6,690,951	-	-
Public Sector Entities	1,673,208	-	21,972
Banks, DFIs and MDBs	319,237	-	-
Corporates	16,710,297	683,111	760,201
Regulatory Retail	16,734,824	16,571	156,176
Residential Mortgages	18,084,774	461	102,017
Higher Risk Assets	6,052	-	-
Other Assets	2,974,787	-	-
Defaulted Exposures	500,097	70,729	70,910
<b>Total for On-Balance Sheet Exposures</b>	<b>63,694,227</b>	<b>770,872</b>	<b>1,111,276</b>
<b>Off-Balance Sheet Exposures</b>			
Credit-related Exposures	1,846,740	-	22,409
Derivative Financial Instruments	76,913	-	-
Defaulted Exposures	12,050	1,632	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,935,703</b>	<b>1,632</b>	<b>22,409</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>65,629,930</b>	<b>772,504</b>	<b>1,133,685</b>

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**3. Credit Risk (continued)**

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

(i) As at 30 June 2019

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
<b><i>Credit related Exposures</i></b>				
Direct credit substitutes	373,399		373,399	372,792
Assets sold with recourse	-		-	-
Transaction related contingent items	945,445		472,722	452,410
Short term self-liquidating trade related contingencies	780,192		156,039	155,506
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	-		-	-
- exceeding one year	1,496,888		748,444	545,665
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	7,577,717		-	-
	<b>11,173,641</b>		<b>1,750,604</b>	<b>1,526,373</b>
<b><i>Derivative Financial Instruments</i></b>				
Foreign exchange related contracts				
- less than one year	5,014,504	22,573	74,520	47,972
- one year to less than five years	-	-	-	-
Profit rate related contracts				
- less than one year	-	-	-	-
- one year to less than five years	162,952	1,773	7,928	5,321
- five years and above	-	-	-	-
	<b>5,177,456</b>	<b>24,346</b>	<b>82,448</b>	<b>53,293</b>
<b>Total</b>	<b>16,351,097</b>	<b>24,346</b>	<b>1,833,052</b>	<b>1,579,666</b>

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**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 2018

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
<b><i>Credit related Exposures</i></b>				
Direct credit substitutes	487,980		487,980	488,189
Assets sold with recourse	-		-	-
Transaction related contingent items	1,015,198		507,599	471,867
Short term self-liquidating trade related contingencies	247,008		49,402	43,608
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	-		-	-
- exceeding one year	1,627,618		813,809	630,266
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	7,336,717		-	-
	<b>10,714,521</b>		<b>1,858,790</b>	<b>1,633,930</b>
<b><i>Derivative Financial Instruments</i></b>				
Foreign exchange related contracts				
- less than one year	2,869,455	30,653	65,839	50,495
Profit rate related contracts				
- less than one year	400,000	1,708	810	162
- one year to less than five years	-	-	-	-
- five years and above	178,379	1,787	10,264	6,419
Equity related contracts				
- less than one year	-	-	-	-
	<b>3,447,834</b>	<b>34,148</b>	<b>76,913</b>	<b>57,076</b>
<b>Total</b>	<b>14,162,355</b>	<b>34,148</b>	<b>1,935,703</b>	<b>1,691,006</b>

**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 2019		31 December 2018	
	(Decrease) / Increase		(Decrease) / Increase	
	-100bps	+100bps	-100bps	+100bps
	RM million	RM million	RM million	RM million
Impact on EaR	(115.41)	115.41	(129.46)	129.46
Impact on EVE	228.47	(228.47)	133.41	(133.41)

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

Market risk in the trading portfolio is monitored and managed using Value-at-Risk (“VaR”). It is a technique that estimates the potential losses that could occur on risk positions as a result of market rates movements over a specified time horizon and to a given level of confidence. The VaR model used by the Group is based on historical simulation which derives plausible future scenarios from past series of recorded market rates and prices. The historical VaR model used by the Group incorporates the following features:

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

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

	As at 30.6.2019	1.1.2019 to 30.6.2019		
	RM million	Average RM million	Maximum RM million	Minimum RM million
<b>Bank</b>				
Profit Rate Risk	0.80	1.18	1.60	0.03
Foreign Exchange Risk	0.42	0.52	0.94	0.21
Overall	1.22	1.69	2.26	0.30
	As at 31.12.2018	1.1.2017 to 31.12.2018		
	RM million	Average RM million	Maximum RM million	Minimum RM million
<b>Bank</b>				
Profit Rate Risk	0.05	1.96	4.08	0.05
Foreign Exchange Risk	0.26	0.48	1.00	0.15
Overall	0.31	2.44	4.62	0.29

**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. 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**

The Bank has in place a sensitivity limit for managing the foreign exchange risk. 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 2019		31 December 2018	
	-1% Depreciation	+1% Appreciation	-1% Depreciation	+1% Appreciation
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
US Dollar	11,379	(11,379)	11,830	(11,830)
Euro	4,683	(4,683)	4,938	(4,938)
Others	(106)	106	(112)	112

**4.1 Capital Treatment for Market Risk**

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

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**5. Shariah Non-Compliant Income**

<b>30 June 2019</b>	<b>31 December 2018</b>
RM43,865.68	RM9,852.53

The above amount consists of the following:

- a) transaction fee from mixed and Shariah non-compliant merchants of card business of RM42,263.68 of which RM36,911.78 was from Shariah non-compliance (SNC) event where the transaction fees received from Shariah non-compliant merchants have been recognized as Bank's income. The SNC events happened from July 2016 to November 2018 due to lapses in maintaining non-halal merchant code; and
- b) rental income purification from the Group's land that was used for bai' inah based transactions of RM1,602.00.

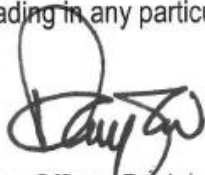
The income was channelled to charitable causes upon approval by the Shariah Supervisory Council.



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**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 2019 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.



Chief Executive Officer, Bank Islam Malaysia Berhad