

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**OVERVIEW**

This document discloses Bank Islam Group (“the Group”) quantitative disclosure 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 applied the Basic Indicator Approach for operational risk of the Pillar 1 since January 2008. Under the Standardised Approach, standard risk weights are used to assess the capital requirements for exposures in credit and market risk whilst the capital required for operational risk under the Basic Indicator Approach is computed based on a fixed percentage over the Group’s average gross income for a fixed number of quarterly periods.

In compliance with the Pillar 3 Guideline, the Pillar 3 report for the Bank is being regularly prepared for two periods: 30 June and 31 December, where the first Pillar 3 disclosure was made in the Annual Report as at 31 December 2011. The Bank’s Pillar 3 report will be made available under the Corporate Info section of the Bank’s website at [www.bankislam.com.my](http://www.bankislam.com.my) as attached to its annual and the half-yearly financial reports, after the notes to the financial statements.

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

Group	30.06.2012		31.12.2011	
	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	16,661,317	1,332,905	14,495,066	1,159,605
Market risk	611,617	48,929	501,309	40,105
Operational risk	2,055,972	164,478	1,929,294	154,344
<b>Total</b>	<b>19,328,907</b>	<b>1,546,313</b>	<b>16,925,669</b>	<b>1,354,054</b>

Bank	30.06.2012		31.12.2011	
	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	16,626,907	1,330,153	14,444,198	1,155,536
Market risk	624,483	49,959	503,621	40,290
Operational risk	2,038,065	163,045	1,914,767	153,181
<b>Total</b>	<b>19,289,455</b>	<b>1,543,156</b>	<b>16,862,586</b>	<b>1,349,007</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.

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**2. Capital Adequacy**

*Capital Adequacy Ratios*

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

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

	GROUP		BANK	
	30.06.2012 RM'000	31.12.2011 RM'000	30.06.2012 RM'000	31.12.2011 RM'000
<i>Before proposed dividend</i>				
Tier 1 Capital Ratio	<b>14.64%</b>	15.81%	<b>14.65%</b>	15.83%
Risk-Weighted Capital Ratio	<b>15.86%</b>	17.02%	<b>15.73%</b>	16.86%
<i>After proposed dividend</i>				
Tier 1 Capital Ratio	<b>14.38%</b>	15.55%	<b>14.39%</b>	15.57%
Risk-Weighted Capital Ratio	<b>15.60%</b>	16.75%	<b>15.47%</b>	16.60%

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

	GROUP		BANK	
	30.06.2012 RM'000	31.12.2011 RM'000	30.06.2012 RM'000	31.12.2011 RM'000
<i>Tier I capital</i>				
Paid-up share capital	<b>2,265,490</b>	2,265,490	<b>2,265,490</b>	2,265,490
Share premium	-	500,020	-	500,020
Retained Earnings/(Accumulated losses)	<b>196,999</b>	(1,040,270)	<b>193,485</b>	(1,047,148)
Other reserves	<b>391,223</b>	974,594	<b>391,223</b>	974,594
Less: Deferred tax assets	<b>(23,386)</b>	(23,386)	<b>(23,560)</b>	(23,560)
<b>Total Tier I capital</b>	<b>2,830,326</b>	2,676,448	<b>2,826,638</b>	2,669,396
<i>Tier II capital</i>				
Collective assessment allowance #	<b>258,213</b>	224,776	<b>258,213</b>	224,776
<b>Total Tier II capital</b>	<b>258,213</b>	224,776	<b>258,213</b>	224,776
<b>Total capital</b>	<b>3,088,539</b>	2,901,224	<b>3,084,851</b>	2,894,172
Less: investment in subsidiaries	-	-	<b>(28,027)</b>	(28,027)
Less: investment in associate company	<b>(23,518)</b>	(21,180)	<b>(22,563)</b>	(22,563)
<b>Capital base</b>	<b>3,065,021</b>	2,880,044	<b>3,034,261</b>	2,843,582

#Excludes collective assessment allowance restricted from Tier II capital by BNM amounting to RM 87,429,000 (December 2011: RM 123,779,000).

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**2. Capital Adequacy (continued)**

*Capital Adequacy Ratios (continued)*

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

(i) *Group*

30 JUNE 2012 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	3,912,472	3,912,472	-	-
Public Sector Entities	432,303	432,303	129,319	10,346
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	2,354,180	2,354,180	447,076	35,766
Corporate	11,674,131	11,585,567	4,517,853	361,428
Regulatory Retail	7,928,636	7,814,521	6,424,997	514,000
Residential Mortgages	4,565,652	4,565,092	2,618,850	209,508
Higher Risk Assets	22,447	22,447	33,670	2,694
Other Assets	1,976,053	2,033,707	409,375	32,750
Defaulted Exposures	421,773	418,406	582,229	46,578
<b>Total for On-Balance Sheet Exposures</b>	<b>33,287,646</b>	<b>33,138,695</b>	<b>15,163,368</b>	<b>1,213,069</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,550,368	1,550,368	1,464,107	117,129
Derivative Financial Instruments	59,546	59,546	19,389	1,551
Defaulted Exposures	9,666	9,666	14,453	1,156
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,619,581</b>	<b>1,619,581</b>	<b>1,497,949</b>	<b>119,836</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>34,907,227</b>	<b>34,758,276</b>	<b>16,661,317</b>	<b>1,332,905</b>
	Long position	Short Position		
<b>Market Risk</b>				
Benchmark Rate Risk	1,321,301	(1,320,203,)	1,098	250,752
Foreign Exchange Risk	68,659	(351,662)	(283,003)	351,662
Inventory Risk	-	-	9,204	9,204
<b>Total Market Risk</b>	<b>1,389,960</b>	<b>(1,671,865)</b>	<b>(281,905)</b>	<b>611,617</b>
Operational Risk			2,055,972	164,478
<b>Total RWA and Capital Requirements</b>			<b>19,328,907</b>	<b>1,546,313</b>

Note: As at 30 June 2012, the Group did not have any credit risk weighted assets absorbed by Profit Sharing Investment Account (“PSIA”), and exposures under securitisation.

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**2. Capital Adequacy (continued)**

*Capital Adequacy Ratios (continued)*

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

(i) *Group (continued)*

31 DECEMBER 2011 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	5,076,787	5,076,787	-	-
Public Sector Entities	260,365	260,365	98,926	7,914
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	2,772,684	2,772,684	567,248	45,380
Corporate	10,124,425	10,045,100	3,999,673	319,974
Regulatory Retail	6,540,918	6,524,006	5,118,164	409,453
Residential Mortgages	4,177,840	4,177,257	2,375,853	190,068
Higher Risk Assets	25,590	25,590	38,385	3,071
Other Assets	1,917,564	1,917,176	380,971	30,477
Defaulted Exposures	411,237	405,599	567,139	45,371
<b>Total for On-Balance Sheet Exposures</b>	<b>31,307,410</b>	<b>31,204,564</b>	<b>13,146,359</b>	<b>1,051,708</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,400,138	1,400,138	1,312,121	104,970
Derivative Financial Instruments	29,098	29,098	12,753	1,020
Defaulted Exposures	15,910	15,910	23,833	1,907
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,445,146</b>	<b>1,445,146</b>	<b>1,348,707</b>	<b>107,897</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>32,752,556</b>	<b>32,649,710</b>	<b>14,495,066</b>	<b>1,159,605</b>
	Long position	Short Position		
<b>Market Risk</b>				
Benchmark Rate Risk	1,685	(1,685)	-	100,946
Foreign Exchange Risk	66,323	(372,585)	(306,262)	29,807
Inventory Risk	-	-	27,778	2,222
<b>Total Market Risk</b>	<b>68,008</b>	<b>(374,270)</b>	<b>(274,484)</b>	<b>40,105</b>
Operational Risk			1,929,294	154,344
<b>Total RWA and Capital Requirements</b>			<b>16,925,669</b>	<b>1,354,054</b>

Note: As at 31 December 2011, the Group did not have any credit risk weighted assets absorbed by Profit Sharing Investment Account (“PSIA”), and exposures under securitisation.

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**2. Capital Adequacy (continued)**

*Capital Adequacy Ratios (continued)*

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

(i) *Bank*

30 JUNE 2012 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	3,912,472	3,912,472	-	-
Public Sector Entities	432,303	432,303	129,319	10,346
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	2,353,335	2,353,335	446,907	35,753
Corporate	11,674,131	11,585,567	4,517,853	361,428
Regulatory Retail	7,928,636	7,814,521	6,424,997	514,000
Residential Mortgages	4,565,652	4,565,092	2,618,850	209,508
Higher Risk Assets	22,447	22,447	33,670	2,694
Other Assets	1,959,766	1,955,611	375,134	30,011
Defaulted Exposures	421,773	418,406	582,229	46,578
<b>Total for On-Balance Sheet Exposures</b>	<b>33,270,515</b>	<b>33,059,754</b>	<b>15,128,958</b>	<b>1,210,317</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,550,368	1,550,368	1,464,107	117,129
Derivative Financial Instruments	59,546	59,546	19,389	1,551
Defaulted Exposures	9,666	9,666	14,453	1,156
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,619,581</b>	<b>1,619,581</b>	<b>1,497,949</b>	<b>119,836</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>34,890,095</b>	<b>34,679,335</b>	<b>16,626,907</b>	<b>1,330,153</b>
	Long position	Short Position		
<b>Market Risk</b>				
Benchmark Rate Risk	1,321,301	(1,320,203)	1,098	250,752
Foreign Exchange Risk	37,892	(364,528)	(326,635)	364,528
Inventory Risk	-	-	9,204	9,204
<b>Total Market Risk</b>	<b>1,359,193</b>	<b>(1,684,731)</b>	<b>(325,538)</b>	<b>624,483</b>
Operational Risk			2,038,065	163,045
<b>Total RWA and Capital Requirements</b>			<b>19,289,455</b>	<b>1,543,156</b>

Note: As at 30 June 2012, the Group did not have any credit risk weighted assets absorbed by Profit Sharing Investment Account (“PSIA”), and exposures under securitisation.

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**2. Capital Adequacy (continued)**

*Capital Adequacy Ratios (continued)*

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

(ii) *Bank (continued)*

31 DECEMBER 2011 EXPOSURE CLASS	GROSS EXPOSURE RM'000	NET EXPOSURE RM'000	RISK- WEIGHTED ASSET RM'000	MINIMUM CAPITAL REQUIREMENT AT 8% RM'000
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	5,076,787	5,076,787	-	-
Public Sector Entities	260,365	260,365	98,926	7,914
Banks, Developments Financial Institutions (“DFIs”) and Multilateral Development Banks (“MDBs”)	2,772,316	2,772,316	567,174	45,374
Corporate	10,124,425	10,045,100	3,999,673	319,974
Regulatory Retail	6,540,918	6,524,006	5,118,164	409,453
Residential Mortgages	4,177,840	4,177,257	2,375,853	190,068
Higher Risk Assets	25,590	25,590	38,385	3,071
Other Assets	1,858,720	1,858,332	330,177	26,414
Defaulted Exposures	411,237	405,599	567,139	45,371
<b>Total for On-Balance Sheet Exposures</b>	<b>31,248,198</b>	<b>31,145,352</b>	<b>13,095,491</b>	<b>1,047,639</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,400,138	1,400,138	1,312,121	104,970
Derivative Financial Instruments	29,098	29,098	12,753	1,020
Defaulted Exposures	15,910	15,910	23,833	1,907
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,445,146</b>	<b>1,445,146</b>	<b>1,348,707</b>	<b>107,897</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>32,693,344</b>	<b>32,590,498</b>	<b>14,444,198</b>	<b>1,155,536</b>

	Long position	Short Position		
<b>Market Risk</b>				
Benchmark Rate Risk	1,685	(1,685)	-	100,946
Foreign Exchange Risk	62,073	(374,898)	(312,195)	374,897
Inventory Risk	-	-	27,778	27,778
<b>Total Market Risk</b>	<b>63,758</b>	<b>(376,583)</b>	<b>(285,047)</b>	<b>503,621</b>
Operational Risk			1,914,767	153,181
<b>Total RWA and Capital Requirements</b>			<b>16,862,586</b>	<b>1,349,007</b>

Note: As at 31 December 2011, the Group did not have any credit risk weighted assets absorbed by Profit Sharing Investment Account (“PSIA”), and exposures under securitisation.

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**3. Credit Risk**

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

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

	GROUP		BANK	
	30.06.2012 RM'000	31.12.2011 RM'000	30.06.2012 RM'000	31.12.2011 RM'000
Neither past due nor impaired	<b>16,075,168</b>	13,866,046	<b>16,128,930</b>	13,864,546
Past due but not impaired	<b>367,501</b>	319,459	<b>367,501</b>	319,459
Impaired	<b>331,239</b>	379,790	<b>331,239</b>	379,790
	<b>16,773,908</b>	14,565,295	<b>16,827,670</b>	14,563,795
Gross impaired financing as a percentage of gross financing and advances	<b>1.97%</b>	2.61%	<b>1.97%</b>	2.61%

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

These are financing which the borrower has not missed a contractual payment (profit or principal) when contractually due and is not impaired as there is no objective evidence of impairment on the financing.

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

	GROUP		BANK	
	30.06.2012 RM'000	31.12.2011 RM'000	30.06.2012 RM'000	31.12.2011 RM'000
Excellent to good	<b>12,298,099</b>	10,409,626	<b>12,298,099</b>	10,408,126
Satisfactory	<b>3,456,049</b>	2,945,123	<b>3,509,811</b>	2,945,123
Fair	<b>321,021</b>	511,297	<b>321,021</b>	511,297
	<b>16,075,168</b>	13,866,046	<b>16,128,930</b>	13,864,546

Internal rating definition:-

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

Satisfactory: Adequate safety of meeting its obligations but more time is required to meet its obligation 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**

Those financing 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>30.06.2012</b>	<b>31.12.2011</b>
By ageing	<b>RM'000</b>	<b>RM'000</b>
Month-in-arrears 1	<b>256,509</b>	210,518
Month-in-arrears 2	<b>110,992</b>	108,941
	<b>367,501</b>	319,459

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

	<b>GROUP AND BANK</b>	
	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	<b>3,193</b>	145
Mining and quarrying	-	-
Manufacturing (including agro-based)	<b>716</b>	2,295
Electricity, gas and water	<b>161</b>	126
Wholesale & retail trade, and hotels & restaurants	<b>2,627</b>	3,002
Construction	<b>12,954</b>	5,127
Real estate	<b>283</b>	132
Transport, storage and communications	<b>897</b>	48
Finance, insurance and business activities	<b>2,735</b>	3,376
Education, health and others	<b>21</b>	76
Household sectors	<b>343,902</b>	305,103
Other sectors	<b>12</b>	29
	<b>367,501</b>	319,459

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**3. Credit Risk (continued)**

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

*(c) Impaired financing and advances*

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>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Individually assessed	<b>115,906</b>	133,864
<i>of which:</i>		
<i>Month-in-arrears 0</i>	<i>21,227</i>	54,325
<i>Month-in-arrears 1</i>	<i>6,199</i>	-
<i>Month-in-arrears 2</i>	<i>2,635</i>	6,193
<i>Month-in-arrears 3 and above</i>	<i>85,845</i>	73,346
Collectively assessed	<b>215,333</b>	245,926
	<b>331,239</b>	379,790

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**3. Credit Risk (continued)**

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

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

<b>30 JUNE 2012</b>	<b>INDIVIDUAL ASSESSMENT ALLOWANCE</b>					<b>COLLECTIVE ASSESSMENT ALLOWANCE AT 30.06.2012</b>	<b>TOTAL IMPAIRMENT ALLOWANCES FOR FINANCING AT 30.06.2012</b>
	<b>IMPAIRED FINANCING AT 30-06-2012</b>	<b>INDIVIDUAL ASSESSMENT AS AT 1.01.2012</b>	<b>NET CHARGE FOR THE FINANCIAL YEAR</b>	<b>AMOUNTS WRITTEN OFF/OTHER MOVEMENTS</b>	<b>INDIVIDUAL ASSESSMENT AS AT 30.06.2012</b>		
Primary Agriculture	1,370	(0)	1,025	(1,025)	(0)	4,807	4,807
Mining and quarrying	-	-	-	-	-	1,330	1,330
Manufacturing (including agro-based)	30,956	19,688	10,317	(5,521)	24,484	48,469	72,953
Electricity, gas and water	-	-	-	-	-	175	175
Wholesale & retail trade and restaurants & hotels	22,914	8,798	2,164	(1,801)	9,161	47,345	56,506
Construction	67,894	31,441	5,535	(3,738)	33,238	37,245	70,483
Real estate	1,128	1,325	185	(1,202)	308	13,548	13,856
Transport, storage and communication	978	-	-	-	-	7,939	7,939
Finance, insurance and business services	7,923	12,780	2,844	(12,880)	2,744	10,449	13,193
Education, health and others	40	-	-	-	-	5,358	5,358
Household sectors	197,994	1,738	121	-	1,859	168,254	170,113
Other Sectors	42	-	-	-	-	723	723
<b>Total</b>	<b>331,239</b>	<b>75,770</b>	<b>22,191</b>	<b>(26,167)</b>	<b>71,794</b>	<b>345,642</b>	<b>417,436</b>

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**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

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

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

31 DECEMBER 2011 RM '000	IMPAIRED FINANCING AT 31.12.2011	INDIVIDUAL ASSESSMENT ALLOWANCE			INDIVIDUAL ASSESSMENT AS AT 31.12.2011	COLLECTIVE ASSESSMENT ALLOWANCE AT 31.12.2011	TOTAL IMPAIRMENT ALLOWANCES FOR FINANCING AT 31.12.2011
		INDIVIDUAL ASSESSMENT AS AT 1.01.2011	NET CHARGE FOR THE FINANCIAL YEAR	AMOUNTS WRITTEN OFF/OTHER MOVEMENTS			
Primary Agriculture	3,511	-	5,885	(5,885)	-	3,222	3,222
Mining and quarrying	-	-	-	-	-	-	-
Manufacturing (including agro- based)	42,184	37,561	21,956	(39,829)	19,688	23,715	43,403
Electricity, gas and water	-	-	-	-	-	-	-
Wholesale & retail trade and restaurants & hotels	23,606	21,212	10,402	(22,816)	8,798	21,664	30,462
Construction	71,680	18,313	34,990	(21,862)	31,441	65,785	97,226
Real estate	1,203	122	1,203	-	1,325	1,104	2,429
Transport, storage and communication	1,062	-	-	-	-	975	975
Finance, insurance and business services	16,255	-	12,780	-	12,780	14,918	27,698
Education, health and others	71	-	-	-	-	65	65
Household sectors	217,371	1,853	(115)	-	1,738	214,494	216,232
Other Sectors	2,847	-	-	-	-	2,613	2,613
<b>Total</b>	<b>379,790</b>	<b>79,061</b>	<b>87,101</b>	<b>(90,392)</b>	<b>75,770</b>	<b>348,555</b>	<b>424,325</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**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 2012 RM '000	GROSS FINANCING	OF WHICH:			
		PAST DUE BUT NOT IMPAIRED FINANCING	IMPAIRED FINANCING	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES
Central Region	6,905,684	148,151	138,436	39,673	175,292
Eastern Region	3,150,900	57,004	33,392	3,352	33,297
Northern Region	2,724,641	79,747	56,395	6,218	41,485
Southern Region	2,757,247	49,980	33,170	913	62,771
East Malaysia Region	1,289,198	32,619	69,846	21,638	32,797
<b>Grand Total</b>	<b>16,827,670</b>	<b>367,501</b>	<b>331,239</b>	<b>71,794</b>	<b>345,642</b>

31 DECEMBER 2011 RM '000	GROSS FINANCING	OF WHICH:			
		PAST DUE BUT NOT IMPAIRED FINANCING	IMPAIRED FINANCING	INDIVIDUAL ALLOWANCES	COLLECTIVE ALLOWANCES
Central Region	6,081,541	147,523	155,544	38,307	195,789
Eastern Region	2,596,305	42,178	45,950	3,186	42,170
Northern Region	2,321,457	63,128	58,028	4,949	45,593
Southern Region	2,334,693	45,172	44,940	5,890	38,804
East Malaysia Region	1,229,799	21,458	75,328	23,438	26,199
<b>Grand Total</b>	<b>14,563,795</b>	<b>319,459</b>	<b>379,790</b>	<b>75,770</b>	<b>348,555</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures**

*(a) Geographic distribution of credit exposures*

*(i) Group*

<b>30 JUNE 2012 EXPOSURE CLASS</b>	<b>CENTRAL REGION RM'000</b>	<b>EASTERN REGION RM'000</b>	<b>NORTHERN REGION RM'000</b>	<b>SOUTHERN REGION RM'000</b>	<b>EAST MALAYSIA REGION RM '000</b>	<b>TOTAL RM '000</b>
<b>Credit Risk</b>						
<b>On-Balance Sheet Exposures</b>						
Sovereign/Central Banks	3,912,472	-	-	-	-	3,912,472
Public Sector Entities	315,310	22,420	27,672	66,701	200	432,303
Banks, Developments Financial Institutions and Multilateral Development Banks	2,341,306	-	-	-	12,874	2,354,180
Corporate	10,146,793	347,636	247,823	699,530	283,353	11,725,134
Regulatory Retail	2,872,514	1,923,356	1,373,461	1,211,075	686,028	8,066,434
Residential Mortgages	1,809,482	846,626	1,071,195	779,540	290,304	4,797,147
Higher Risk Assets	12,856	7,380	2,197	1,290	200	23,924
Other Assets	1,975,560	-	-	-	492	1,976,053
<b>Total for On-Balance Sheet Exposures</b>	<b>23,386,294</b>	<b>3,147,418</b>	<b>2,722,349</b>	<b>2,758,135</b>	<b>1,273,450</b>	<b>33,287,647</b>
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	1,550,835	-	-	-	9,199	1,560,035
Derivative Financial Instruments	59,546	-	-	-	-	59,546
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,610,381</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,199</b>	<b>1,619,581</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>24,996,676</b>	<b>3,147,418</b>	<b>2,722,349</b>	<b>2,758,135</b>	<b>1,282,650</b>	<b>34,907,227</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

*(i) Group(continued)*

<b>31 DECEMBER 2011 EXPOSURE CLASS</b>	<b>CENTRAL REGION RM'000</b>	<b>EASTERN REGION RM'000</b>	<b>NORTHERN REGION RM'000</b>	<b>SOUTHERN REGION RM'000</b>	<b>EAST MALAYSIA REGION RM '000</b>	<b>TOTAL RM '000</b>
<b>Credit Risk</b>						
<b>On-Balance Sheet Exposures</b>						
Sovereign/Central Banks	5,076,787	-	-	-	-	5,076,787
Public Sector Entities	187,103	240	22,663	23,034	27,325	260,365
Banks, Developments Financial Institutions and Multilateral Development Banks	2,651,667	120,984	-	30	-	2,772,682
Corporate	8,654,853	439,636	289,281	180,133	601,979	10,165,881
Regulatory Retail	2,494,256	568,376	1,505,281	1,117,746	985,637	6,671,294
Residential Mortgages	1,658,907	279,971	765,586	992,485	716,500	4,413,449
Higher Risk Assets	17,674	262	7,624	2,440	1,387	29,387
Other Assets	1,917,024	540	-	-	-	1,917,564
<b>Total for On-Balance Sheet Exposures</b>	<b>22,658,270</b>	<b>1,410,009</b>	<b>2,590,435</b>	<b>2,315,868</b>	<b>2,332,828</b>	<b>31,307,410</b>
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	1,410,466	-	-	-	-	1,410,466
Derivative Financial Instruments	34,679	-	-	-	-	34,679
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,445,146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,445,146</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>24,103,416</b>	<b>1,410,009</b>	<b>2,590,435</b>	<b>2,315,868</b>	<b>2,332,828</b>	<b>32,752,556</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

*(ii) Bank*

<b>30 JUNE 2012 EXPOSURE CLASS</b>	<b>CENTRAL REGION RM'000</b>	<b>EASTERN REGION RM'000</b>	<b>NORTHERN REGION RM'000</b>	<b>SOUTHERN REGION RM'000</b>	<b>EAST MALAYSIA REGION RM '000</b>	<b>TOTAL RM '000</b>
<b>Credit Risk</b>						
<b>On-Balance Sheet Exposures</b>						
Sovereign/Central Banks	3,912,472	-	-	-	-	3,912,472
Public Sector Entities	315,310	22,420	27,672	66,701	200	432,303
Banks, Developments Financial Institutions and Multilateral Development Banks	2,340,461	-	-	-	12,874	2,353,335
Corporate	10,146,793	347,636	247,823	699,530	283,353	11,725,134
Regulatory Retail	2,872,514	1,923,356	1,373,461	1,211,075	686,028	8,066,434
Residential Mortgages	1,809,482	846,626	1,071,195	779,540	290,304	4,797,147
Higher Risk Assets	12,856	7,380	2,197	1,290	200	23,924
Other Assets	1,959,273	-	-	-	492	1,959,766
Total for On-Balance Sheet Exposures	23,369,162	3,147,418	2,722,349	2,758,135	1,273,450	33,270,515
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	1,550,835	-	-	-	9,199	1,560,035
Derivative Financial Instruments	59,546	-	-	-	-	59,546
Total for Off-Balance Sheet Exposures	1,610,381	-	-	-	9,199	1,619,581
Total On and Off-Balance Sheet Exposures	<b>24,979,544</b>	<b>3,147,418</b>	<b>2,722,349</b>	<b>2,758,135</b>	<b>1,282,650</b>	<b>34,890,095</b>



**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

*(ii) Bank (continued)*

<b>31 DECEMBER 2011 EXPOSURE CLASS</b>	<b>CENTRAL REGION RM'000</b>	<b>EASTERN REGION RM'000</b>	<b>NORTHERN REGION RM'000</b>	<b>SOUTHERN REGION RM'000</b>	<b>EAST MALAYSIA REGION RM '000</b>	<b>TOTAL RM '000</b>
<b>Credit Risk</b>						
<b>On-Balance Sheet Exposures</b>						
Sovereign/Central Banks	5,076,787	-	-	-	-	5,076,787
Public Sector Entities	187,103	240	22,663	23,034	27,325	260,365
Banks, Developments Financial Institutions and Multilateral Development Banks	2,651,301	120,984	-	30	-	2,772,316
Corporate	8,654,853	439,636	289,281	180,133	601,979	10,165,881
Regulatory Retail	2,494,256	568,376	1,505,281	1,117,746	985,637	6,671,294
Residential Mortgages	1,658,907	279,971	765,586	992,485	716,500	4,413,449
Higher Risk Assets	17,674	262	7,624	2,440	1,387	29,387
Other Assets	1,858,180	540	-	-	-	1,858,720
<b>Total for On-Balance Sheet Exposures</b>	<b>22,599,060</b>	<b>1,410,009</b>	<b>2,590,435</b>	<b>2,315,868</b>	<b>2,332,828</b>	<b>31,248,198</b>
<b>Off-Balance Sheet Exposures</b>						
Credit-related Exposures	1,410,466	-	-	-	-	1,410,466
Derivative Financial Instruments	34,679	-	-	-	-	34,679
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,445,146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,445,146</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>24,044,206</b>	<b>1,410,009</b>	<b>2,590,435</b>	<b>2,315,868</b>	<b>2,332,828</b>	<b>32,693,344</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

*(b) Distribution of credit exposures by sector*

*(i) Group*

30 JUNE 2012 Exposure Class	Primary Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Wholesale & retail trade and restaurant & hotels	Construction	Real Estate	Transport, storage & communi- cation	Finance, insurance and business services	Education, health and others	Household Sector	Other Sectors	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Credit Risk</b>													
<b>On-Balance Sheet Exposures</b>													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	3,912,472	-	-	-	3,912,472
Public Sector Entities	6,509	-	-	-	-	-	-	120,749	-	118,801	-	186,243	432,303
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	163,149	538,231	-	1,652,799	2,354,180
Corporate	288,385	49,201	1,066,621	2,527,794	419,645	1,734,902	679,656	1,151,253	1,185,230	68,451	50,965	2,503,031	11,725,134
Regulatory Retail	12,371	34	34,321	3,828	63,282	55,642	16,956	10,295	38,003	127,998	7,303,966	399,740	8,066,434
Residential Mortgages	-	-	-	-	-	-	-	231	248	123,760	4,668,992	3,916	4,797,147
Higher Risk Assets	-	-	-	-	-	-	-	-	-	7,117	16,807	-	23,924
Other Assets	-	-	-	-	-	-	-	-	-	-	-	1,976,053	1,976,053
<b>Total for On-Balance Sheet Exposures</b>	<b>307,265</b>	<b>49,235</b>	<b>1,100,942</b>	<b>2,531,623</b>	<b>482,926</b>	<b>1,790,544</b>	<b>696,611</b>	<b>1,282,529</b>	<b>5,299,103</b>	<b>984,358</b>	<b>12,040,731</b>	<b>6,721,782</b>	<b>33,287,647</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	41,816	195,166	103,858	127,858	20,666	286,576	74,382	194,054	128,749	72,906	125,180	188,823	1,560,035
Derivative Financial Instruments	2,810	-	3,694	18	2,645	17	-	-	71	879	-	49,411	59,546
<b>Total for Off-Balance Sheet Exposures</b>	<b>44,626</b>	<b>195,166</b>	<b>107,552</b>	<b>127,876</b>	<b>23,311</b>	<b>286,593</b>	<b>74,382</b>	<b>194,054</b>	<b>128,821</b>	<b>73,785</b>	<b>125,180</b>	<b>238,234</b>	<b>1,619,581</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>351,891</b>	<b>244,401</b>	<b>1,208,494</b>	<b>2,659,499</b>	<b>506,237</b>	<b>2,077,138</b>	<b>770,993</b>	<b>1,476,583</b>	<b>5,427,923</b>	<b>1,058,143</b>	<b>12,165,911</b>	<b>6,960,016</b>	<b>34,907,227</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

*(i) Group (continued)*

31 DECEMBER 2011 Exposure Class	Primary Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Wholesale & retail trade and restaurant & hotels	Construction	Real Estate	Transport, storage & communi- cation	Finance, insurance and business services	Education, health and others	Household Sector	Other Sectors	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Credit Risk</b>													
<b>On-Balance Sheet Exposures</b>													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	5,076,787	-	-	-	5,076,787
Public Sector Entities	6,265	-	-	-	-	-	22,639	93,008	-	53,662	323	84,468	260,365
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	2,434,402	56,553	30	281,698	2,772,684
Corporate	241,611	115,939	929,517	2,503,713	442,384	1,037,366	494,889	1,041,220	1,114,435	51,233	56,655	2,136,920	10,165,881
Regulatory Retail	15,938	38	47,825	1,373	56,682	55,009	22,775	8,244	25,449	70,247	5,970,682	397,033	6,671,294
Residential Mortgages	232	-	41	-	-	-	-	111	75	114,268	4,295,421	3,301	4,413,449
Higher Risk Assets	-	-	-	-	-	-	-	-	-	7,333	22,054	-	29,387
Other Assets	-	-	-	-	-	-	-	-	-	-	-	1,917,564	1,917,564
<b>Total for On-Balance Sheet Exposures</b>	<b>264,047</b>	<b>115,977</b>	<b>977,383</b>	<b>2,505,086</b>	<b>499,066</b>	<b>1,092,375</b>	<b>540,303</b>	<b>1,142,582</b>	<b>8,651,147</b>	<b>353,297</b>	<b>10,345,165</b>	<b>4,820,984</b>	<b>31,307,410</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	35,985	154,275	114,523	119,931	26,268	284,518	80,147	193,754	55,655	68,734	109,650	167,025	1,410,465
Derivative Financial Instruments	4,302	-	1,264	-	2,772	-	-	-	26,087	254	-	-	34,679
<b>Total for Off-Balance Sheet Exposures</b>	<b>40,287</b>	<b>154,275</b>	<b>115,787</b>	<b>119,931</b>	<b>29,041</b>	<b>284,518</b>	<b>80,147</b>	<b>193,754</b>	<b>81,741</b>	<b>68,989</b>	<b>109,650</b>	<b>167,025</b>	<b>1,445,146</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>304,334</b>	<b>270,252</b>	<b>1,093,170</b>	<b>2,625,017</b>	<b>528,106</b>	<b>1,376,893</b>	<b>620,450</b>	<b>1,336,336</b>	<b>8,732,888</b>	<b>422,286</b>	<b>10,454,815</b>	<b>4,988,009</b>	<b>32,752,556</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

*(ii) Bank*

30 JUNE 2012 Exposure Class	Primary Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Wholesale & retail trade and restaurant & hotels	Construction	Real Estate	Transport, storage & communica tion	Finance, insurance and business services	Education, health and others	Household Sector	Other Sectors	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Credit Risk</b>													
<b>On-Balance Sheet Exposures</b>													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	3,912,472	-	-	-	3,912,472
Public Sector Entities	6,509	-	-	-	-	-	-	120,749	-	118,801	-	186,243	432,303
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	163,149	538,231	-	1,651,954	2,353,335
Corporate	288,385	49,201	1,066,621	2,527,794	419,645	1,734,902	679,656	1,151,253	1,185,230	68,451	50,965	2,503,031	11,725,134
Regulatory Retail	12,371	34	34,321	3,828	63,282	55,642	16,956	10,295	38,003	127,998	7,303,966	399,740	8,066,434
Residential Mortgages	-	-	-	-	-	-	-	231	248	123,760	4,668,992	3,916	4,797,147
Higher Risk Assets	-	-	-	-	-	-	-	-	-	7,117	16,807	-	23,924
Other Assets	-	-	-	-	-	-	-	-	-	-	-	1,959,766	1,959,766
<b>Total for On-Balance Sheet Exposures</b>	<b>307,265</b>	<b>49,235</b>	<b>1,100,942</b>	<b>2,531,623</b>	<b>482,926</b>	<b>1,790,544</b>	<b>696,611</b>	<b>1,282,529</b>	<b>5,299,103</b>	<b>984,358</b>	<b>12,040,731</b>	<b>6,704,650</b>	<b>33,270,515</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	41,816	195,166	103,858	127,858	20,666	286,576	74,382	194,054	128,749	72,906	125,180	188,823	1,560,035
Derivative Financial Instruments	2,810	-	3,694	18	2,645	17	-	-	71	879	-	49,411	59,546
<b>Total for Off-Balance Sheet Exposures</b>	<b>44,626</b>	<b>195,166</b>	<b>107,552</b>	<b>127,876</b>	<b>23,311</b>	<b>286,593</b>	<b>74,382</b>	<b>194,054</b>	<b>128,821</b>	<b>73,785</b>	<b>125,180</b>	<b>238,234</b>	<b>1,619,581</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>351,891</b>	<b>244,401</b>	<b>1,208,494</b>	<b>2,659,499</b>	<b>506,237</b>	<b>2,077,138</b>	<b>770,993</b>	<b>1,476,583</b>	<b>5,427,923</b>	<b>1,058,143</b>	<b>12,165,911</b>	<b>6,942,884</b>	<b>34,890,095</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

*(ii) Bank (continued)*

31 DECEMBER 2011 Exposure Class	Primary Agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water	Wholesale & retail trade and restaurant & hotels	Construction	Real Estate	Transport, storage & communica tion	Finance, insurance and business services	Education, health and others	Household Sector	Other Sectors	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Credit Risk</b>													
<b>On-Balance Sheet Exposures</b>													
Sovereign/Central Banks	-	-	-	-	-	-	-	5,076,787	-	-	-	-	5,076,787
Public Sector Entities	6,265	-	-	-	-	-	22,639	93,008	-	53,662	323	84,468	260,365
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	2,434,402	56,553	30	281,330	2,772,316
Corporate	241,611	115,939	929,517	2,503,713	442,384	1,037,366	494,889	1,041,220	1,114,435	51,233	56,655	2,136,920	10,165,881
Regulatory Retail	15,938	38	47,825	1,373	56,682	55,009	22,775	8,244	25,449	70,247	5,970,682	397,033	6,671,294
Residential Mortgages	232	-	41	-	-	-	-	111	75	114,268	4,295,421	3,301	4,413,449
Higher Risk Assets	-	-	-	-	-	-	-	-	-	7,333	22,054	-	29,387
Other Assets	-	-	-	-	-	-	-	-	-	-	-	1,858,720	1,858,720
<b>Total for On-Balance Sheet Exposures</b>	<b>264,047</b>	<b>115,977</b>	<b>977,383</b>	<b>2,505,086</b>	<b>499,066</b>	<b>1,092,375</b>	<b>540,303</b>	<b>1,142,582</b>	<b>8,651,147</b>	<b>353,297</b>	<b>10,345,165</b>	<b>4,761,772</b>	<b>31,248,198</b>
<b>Off-Balance Sheet Exposures</b>													
Credit-related Exposures	35,985	154,275	114,523	119,931	26,268	284,518	80,147	193,754	55,655	68,734	109,650	167,025	1,410,465
Derivative Financial Instruments	4,302	-	1,264	-	2,772	-	-	-	26,087	254	-	-	34,679
<b>Total for Off-Balance Sheet Exposures</b>	<b>40,287</b>	<b>154,275</b>	<b>115,787</b>	<b>119,931</b>	<b>29,041</b>	<b>284,518</b>	<b>80,147</b>	<b>193,754</b>	<b>81,741</b>	<b>68,989</b>	<b>109,650</b>	<b>167,025</b>	<b>1,445,146</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>304,334</b>	<b>270,252</b>	<b>1,093,170</b>	<b>2,625,017</b>	<b>528,106</b>	<b>1,376,893</b>	<b>620,450</b>	<b>1,336,336</b>	<b>8,732,888</b>	<b>422,286</b>	<b>10,454,815</b>	<b>4,928,798</b>	<b>32,693,344</b>

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

**3.2 Gross Credit Exposures (continued)**

*(c) Residual contractual maturity breakdown*

*(i) Group*

<b>30 JUNE 2012</b>	<b>Up to 1 year</b>	<b>&gt; 1 – 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Exposure Class</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	2,989,118	618,622	304,732	3,912,472
Public Sector Entities	33,062	126,721	272,520	432,303
Banks, Developments Financial Institutions and Multilateral Development Banks	2,280,309	42,218	31,653	2,354,180
Corporate	2,541,797	5,243,851	3,939,486	11,725,134
Regulatory Retail	161,028	1,563,675	6,341,732	8,066,434
Residential Mortgages	4,492	65,353	4,727,303	4,797,147
Higher Risk Assets	84	425	23,415	23,924
Other Assets	1,539,091	-	436,962	1,976,053
<b>Total for On-Balance Sheet Exposures</b>	<b>9,548,980</b>	<b>7,660,865</b>	<b>16,077,802</b>	<b>33,287,647</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	808,549	496,920	254,566	1,560,035
Derivative Financial Instruments	16,795	18,750	24,000	59,546
<b>Total for Off-Balance Sheet Exposures</b>	<b>825,344</b>	<b>515,670</b>	<b>278,566</b>	<b>1,619,581</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>10,374,324</b>	<b>8,176,535</b>	<b>16,356,368</b>	<b>34,907,227</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

*(i) Group (continued)*

<b>31 DECEMBER 2011</b>	<b>Up to 1 year</b>	<b>&gt; 1 – 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Exposure Class</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	3,248,951	1,745,340	82,495	5,076,787
Public Sector Entities	33,293	123,360	103,712	260,365
Banks, Developments Financial Institutions and Multilateral Development Banks	2,609,110	163,550	24	2,772,684
Corporate	2,724,671	4,204,493	3,236,717	10,165,881
Regulatory Retail	40,503	1,615,942	5,014,849	6,671,294
Residential Mortgages	4,977	60,579	4,347,893	4,413,449
Higher Risk Assets	169	152	29,066	29,387
Other Assets	1,535,513	-	382,051	1,917,564
<b>Total for On-Balance Sheet Exposures</b>	<b>10,197,187</b>	<b>7,913,416</b>	<b>13,196,808</b>	<b>31,307,410</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	564,551	615,001	230,913	1,410,465
Derivative Financial Instruments	19,926	14,754	-	34,679
<b>Total for Off-Balance Sheet Exposures</b>	<b>584,477</b>	<b>629,754</b>	<b>230,913</b>	<b>1,445,145</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>10,781,664</b>	<b>8,543,171</b>	<b>13,427,721</b>	<b>32,752,556</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

*(ii) Bank*

<b>30 JUNE 2012</b> <b>Exposure Class</b>	<b>Up to 1 year</b> <b>RM'000</b>	<b>&gt; 1 – 5 years</b> <b>RM'000</b>	<b>Over 5 years</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b><u>Credit Risk</u></b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	2,989,118	618,622	304,732	3,912,472
Public Sector Entities	33,062	126,721	272,520	432,303
Banks, Developments Financial Institutions and Multilateral Development Banks	2,279,464	42,218	31,653	2,353,335
Corporate	2,541,797	5,243,851	3,939,486	11,725,134
Regulatory Retail	161,028	1,563,675	6,341,732	8,066,434
Residential Mortgages	4,492	65,353	4,727,303	4,797,147
Higher Risk Assets	84	425	23,415	23,924
Other Assets	1,522,804	-	436,962	1,959,766
<b>Total for On-Balance Sheet Exposures</b>	<b>9,531,848</b>	<b>7,660,865</b>	<b>16,077,802</b>	<b>33,270,515</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	808,549	496,920	254,566	1,560,035
Derivative Financial Instruments	16,795	18,750	24,000	59,546
<b>Total for Off-Balance Sheet Exposures</b>	<b>825,344</b>	<b>515,670</b>	<b>278,566</b>	<b>1,619,581</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>10,357,192</b>	<b>8,176,535</b>	<b>16,356,368</b>	<b>34,890,095</b>



**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

**3.2 Gross Credit Exposures (continued)**

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

*(ii) Bank (continued)*

<b>31 DECEMBER 2011</b>	<b>Up to 1 year</b>	<b>&gt; 1 – 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Exposure Class</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Credit Risk</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereign/Central Banks	3,248,951	1,745,340	82,495	5,076,787
Public Sector Entities	33,293	123,360	103,712	260,365
Banks, Developments Financial Institutions and Multilateral Development Banks	2,608,742	163,550	24	2,772,316
Corporate	2,724,671	4,204,493	3,236,717	10,165,881
Regulatory Retail	40,503	1,615,942	5,014,849	6,671,294
Residential Mortgages	4,977	60,579	4,347,893	4,413,449
Higher Risk Assets	169	152	29,066	29,387
Other Assets	1,476,669	-	382,051	1,858,720
<b>Total for On-Balance Sheet Exposures</b>	<b>10,137,975</b>	<b>7,913,416</b>	<b>13,196,808</b>	<b>31,248,198</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	564,551	615,001	230,913	1,410,465
Derivative Financial Instruments	19,926	14,754	-	34,679
<b>Total for Off-Balance Sheet Exposures</b>	<b>584,477</b>	<b>629,754</b>	<b>230,913</b>	<b>1,445,145</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>10,722,452</b>	<b>8,543,171</b>	<b>13,427,721</b>	<b>32,693,344</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

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

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

(i) As at 30 June 2012

Risk Weights	Exposures after Netting & Credit Risk Mitigation (CRM)								Total Exposures after Netting & CRM RM'000	Total Risk Weighted Asset RM'000
	Sovereigns / Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs & MDBs RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000		
0%	3,912,560	221,076	141,538	3,340,555	21,376	-	-	1,625,502	9,262,606	-
20%	-	85,917	2,247,700	4,458,785	10,619	16,775	-	-	6,819,797	1,363,959
35%	-	-	-	-	-	1,576,784	-	-	1,576,784	551,874
50%	-	26,348	16,452	244,034	252,759	993,244	-	-	1,533,107	766,554
75%	-	-	-	236,032	5,201,976	1,755,269	-	-	7,193,277	5,394,958
100%	-	134,255	-	4,494,320	2,562,603	346,629	-	412,361	7,950,169	7,950,169
150%	-	-	-	85,592	89,172	212,833	34,939	-	422,536	633,803
Total Exposures	3,912,560	467,596	2,405,690	12,859,589	8,138,505	4,901,532	34,939	2,037,863	34,758,276	16,661,317
RWA by Exposures	-	164,613	457,766	5,813,641	6,726,346	3,034,180	52,409	412,361	16,661,317	
Average Risk Weight	0.0%	35.2%	19.0%	45.2%	82.6%	61.9%	150.0%	20.2%	47.9%	
Deduction from Capital Base										

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

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

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

(ii) As at 31 December 2011

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%	5,076,875	93,008	141,801	2,913,884	21,219	-	-	1,536,399	9,783,186	-
20%	-	84,468	2,520,135	3,709,365	9,752	16,917	-	-	6,340,637	1,268,127
35%	-	-	-	-	-	1,443,290	-	-	1,443,290	505,152
50%	-	1,714	138,599	307,307	233,671	823,387	-	-	1,504,678	752,339
75%	-	-	-	138,924	5,295,816	1,852,134	-	-	7,286,874	5,465,155
100%	-	114,442	5,918	4,027,611	1,187,351	148,061	-	381,167	5,864,550	5,864,550
150%	-	-	-	81,133	80,533	223,537	41,292	-	426,495	639,743
Total Exposures	5,076,875	293,632	2,806,453	11,178,224	6,828,342	4,507,326	41,292	1,917,566	32,649,710	14,495,066
RWA by Exposures	-	132,192	579,245	5,149,030	5,398,798	2,792,696	61,938	381,167	14,495,066	
Average Risk Weight	0.0%	45.0%	20.6%	46.1%	79.1%	62.0%	150.0%	19.9%	44.4%	
Deduction from Capital Base										

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

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

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

(i) As at 30 June 2012

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%	3,912,560	221,076	141,538	3,340,555	21,376	-	-	1,581,647	9,218,751	-
20%	-	85,917	2,246,855	4,458,785	10,619	16,775	-	-	6,818,952	1,363,790
35%	-	-	-	-	-	1,576,784	-	-	1,576,784	551,874
50%	-	26,348	16,452	244,034	252,759	993,244	-	-	1,533,107	766,554
75%	-	-	-	236,032	5,201,976	1,755,269	-	-	7,193,277	5,394,958
100%	-	134,255	-	4,494,320	2,562,603	346,629	-	378,120	7,915,928	7,915,928
150%	-	-	-	85,592	89,172	212,833	34,939	-	422,536	633,803
Total Exposures	3,912,560	467,596	2,404,845	12,859,589	8,138,505	4,901,532	34,939	1,959,767	34,679,335	16,626,907
RWA by Exposures	-	164,613	457,597	5,813,641	6,726,346	3,034,180	52,409	378,120	16,626,907	
Average Risk Weight	0.0%	35.2%	19.0%	45.2%	82.6%	61.9%	150.0%	19.3%	47.9%	
Deduction from Capital Base										

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

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

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

(ii) As at 31 December 2011

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%	5,076,875	93,008	141,801	2,913,884	21,219	-	-	1,528,350	9,775,137	-
20%	-	84,468	2,519,767	3,709,365	9,752	16,917	-	-	6,340,269	1,268,054
35%	-	-	-	-	-	1,443,290	-	-	1,443,290	505,152
50%	-	1,714	138,599	307,307	233,671	823,387	-	-	1,504,678	752,339
75%	-	-	-	138,924	5,295,816	1,852,134	-	-	7,286,874	5,465,155
100%	-	114,442	5,918	4,027,611	1,187,351	148,061	-	330,372	5,813,755	5,813,755
150%	-	-	-	81,133	80,533	223,537	41,292	-	426,495	639,743
Total Exposures	5,076,875	293,632	2,806,085	11,178,224	6,828,342	4,507,326	41,292	1,858,722	32,590,498	14,444,198
RWA by Exposures	-	132,192	579,172	5,149,030	5,398,798	2,792,696	61,938	330,372	14,444,198	
Average Risk Weight	0.0%	45.0%	20.6%	46.1%	79.1%	62.0%	150.0%	17.8%	44.3%	
Deduction from Capital Base										

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

**3. Credit Risk (continued)**

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

a) Ratings of Corporate by Approved ECAIs

30 JUNE 2012 Exposure Class	Ratings of Corporate by Approved ECAIs						Unrated
	Moody's S&P Fitch RAMs MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB to BB BBB+ to BB-	B+ to C B+ to D B+ to D B to D B+ to D	Unrated	
<u>On and Off Balance-Sheet Credit Exposures</u>							
Public Sector Entities		-	-	-	-	-	
Insurance Cos, Securities Firms & Fund Manager		-	-	-	-	-	
Corporate		4,288,176	129,101	82,703	-	-	8,246,692
<b>Total</b>		<b>4,288,176</b>	<b>129,101</b>	<b>82,703</b>	<b>-</b>	<b>-</b>	<b>8,246,692</b>

31 DECEMBER 2011 Exposure Class	Ratings of Corporate by Approved ECAIs						Unrated
	Moody's S&P Fitch RAMs MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A-	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB to BB BBB+ to BB-	B+ to C B+ to D B+ to D B to D B+ to D	Unrated	
<u>On and Off Balance-Sheet Credit Exposures</u>							
Public Sector Entities		-	-	-	-	-	
Insurance Cos, Securities Firms & Fund Manager		-	-	-	-	-	
Corporate		3,516,152	129,337	119,657	-	-	7,229,430
<b>Total</b>		<b>3,516,152</b>	<b>129,337</b>	<b>119,657</b>	<b>-</b>	<b>-</b>	<b>7,229,430</b>

b) Short term Ratings of Banking Institutions and Corporate by Approved ECAIs

30 JUNE 2012 Exposure Class	Short term Ratings of Banking Institutions and Corporates by Approved ECAIs						Unrated
	Moody's S&P Fitch RAMs MARC	P-1 A-1 F1+, F1 P-1 MARC-1	P-2 A-2 F2 P-2 MARC-2	P-3 A-3 F3 P-3 MARC-3	Others Others B to D NP MARC-4	Unrated	
<u>On and Off Balance-Sheet Credit Exposures</u>							
Public Sector Entities		-	-	-	-	-	
Insurance Cos, Securities Firms & Fund Manager		-	-	-	-	-	
Corporate		135,938	25,000	-	-	-	
Banks, MDBs, and DFIs		-	-	-	-	-	
<b>Total</b>		<b>135,938</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**BANK ISLAM MALAYSIA BERHAD**  
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		Short term Ratings of Banking Institutions and Corporates by Approved ECAIs					
31 DECEMBER 2011 Exposure Class	Moody's	P-1	P-2	P-3	Others	Unrated	
	S&P	A-1	A-2	A-3	Others	Unrated	
	Fitch	F1+, F1	F2	F3	B to D	Unrated	
	RAMs	P-1	P-2	P-3	NP	Unrated	
	MARC	MARC-1	MARC-2	MARC-3	MARC-4	Unrated	
<u>On and Off Balance-Sheet Credit Exposures</u>							
Public Sector Entities		-	-	-	-	-	
Insurance Cos, Securities Firms & Fund Manager		-	-	-	-	-	
Corporate		158,648	25,000	-	-	-	
Banks, MDBs, and DFIs		49,919	-	-	-	-	
<b>Total</b>		<b>208,566</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	

c) Ratings of Banking Institutions by Approved ECAIs

		Ratings of Banking Institutions by Approved ECAIs						
30 JUNE 2012 Exposure Class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1+ to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated	
	RAMs	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated	
<u>On and Off Balance-Sheet Credit Exposures</u>								
Banks, MDBs, and DFIs		2,164,311	3,221	-	-	-	237,313	
<b>Total</b>		<b>2,164,311</b>	<b>3,221</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>237,313</b>	

		Ratings of Banking Institutions by Approved ECAIs						
31 DECEMBER 2011 Exposure Class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1+ to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated	
	RAMs	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated	
<u>On and Off Balance-Sheet Credit Exposures</u>								
Banks, MDBs, and DFIs		1,281,504	90,634	-	-	-	1,384,397	
<b>Total</b>		<b>1,281,504</b>	<b>90,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,384,397</b>	

**BANK ISLAM MALAYSIA BERHAD**  
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**4. Credit Risk Mitigation (CRM)**

Disclosure of Credit Risk Mitigation (CRM):

<b>30 June 2012</b>	<b>Exposures</b>	<b>Exposures</b>	<b>Exposures</b>
<b>Exposure Class</b>	<b>before CRM</b>	<b>covered by</b>	<b>covered by</b>
	<b>RM'000</b>	<b>Guarantees</b>	<b>Financial and</b>
		<b>RM'000</b>	<b>Non-Financial</b>
			<b>Collateral</b>
			<b>RM'000</b>
<b>On-Balance Sheet Exposures</b>			
Sovereign/Central Banks	3,912,472	-	-
Public Sector Entities	432,303	-	-
Banks, DFIs and MDBs	2,353,335	-	-
Corporates	11,674,131	272,048	168,789
Regulatory Retail	7,928,636	29,012	134,838
Residential Mortgages	4,565,652	15,305	9,179
Higher Risk Assets	22,447	-	-
Other Assets	1,959,766	-	-
Defaulted Exposures	421,773	25,940	8,040
<b>Total for On-Balance Sheet Exposures</b>	<b>33,270,515</b>	<b>342,304</b>	<b>320,847</b>
<b>Off-Balance Sheet Exposures</b>			
Credit-related Exposures	1,550,368	3,994	486
Derivative Financial Instruments	59,546	-	-
Defaulted Exposures	9,666	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,619,581</b>	<b>3,994</b>	<b>486</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>34,890,095</b>	<b>346,298</b>	<b>321,333</b>



**BANK ISLAM MALAYSIA BERHAD**  
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**4. Credit Risk Mitigation (CRM) (continued)**

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

<b>31 December 2011 Exposure Class</b>	<b>Exposures before CRM RM'000</b>	<b>Exposures covered by Guarantees RM'000</b>	<b>Exposures covered by Eligible Financial and Non-Financial Collateral RM'000</b>
<b>On-Balance Sheet Exposures</b>			
Sovereign/Central Banks	5,076,787	-	-
Public Sector Entities	260,365	-	-
Banks, DFIs and MDBs	2,772,684	-	-
Corporates	10,124,425	173,633	134,292
Regulatory Retail	6,540,918	28,936	24,750
Residential Mortgages	4,177,840	15,328	9,064
Higher Risk Assets	25,590	-	-
Other Assets	1,917,564	-	-
Defaulted Exposures	411,237	30,090	9,369
<b>Total for On-Balance Sheet Exposures</b>	<b>31,307,410</b>	<b>247,987</b>	<b>177,475</b>
<b>Off-Balance Sheet Exposures</b>			
Credit-related Exposures	1,400,138	280	961
Derivative Financial Instruments	29,098	-	-
Defaulted Exposures	15,910	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,445,146</b>	<b>280</b>	<b>961</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>32,752,556</b>	<b>248,267</b>	<b>178,436</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

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

(i) As at 30 June 2012

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	532,792		532,792	524,913
Assets sold with recourse	2		2	2
Transaction related contingent items	955,695		477,847	471,500
Short term self-liquidating trade related contingencies	300,400		60,080	60,123
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	157		31	1
- exceeding one year	631,916		315,958	292,029
Unutilised credit card lines	866,621		173,324	129,993
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	4,710,752		-	-
	<b>7,998,335</b>		<b>1,560,035</b>	<b>1,478,560</b>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	1,281,054	6,300	13,798	8,849
- one year to less than five years	40,244	738	2,750	1,941
Profit rate related contracts				
- less than one year	271,740	7,236	2,998	600
- one year to less than five years	600,000	2,220	16,000	3,200
- five years and above	400,000	1,119	24,000	4,800
	<b>2,593,038</b>	<b>17,613</b>	<b>59,546</b>	<b>19,389</b>
<i>Other Treasury related exposures</i>				
Obligations under an on-going underwriting agreement	-		-	-
	-		-	-
<b>Total</b>	<b>10,591,373</b>	<b>17,613</b>	<b>1,619,581</b>	<b>1,497,949</b>

**BANK ISLAM MALAYSIA BERHAD**  
**PILLAR 3 DISCLOSURE**  
**AS AT 30 JUNE 2012**

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

(ii) As at 31 December 2011

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	452,553		452,553	444,839
Assets sold with recourse	2		2	2
Transaction related contingent items	884,095		442,048	435,825
Short term self-liquidating trade related contingencies	288,665		57,733	57,221
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	1		-	-
- exceeding one year	589,414		294,707	274,384
Unutilised credit card lines	817,113		163,423	122,567
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	3,897,622		-	-
	<b>6,929,465</b>		<b>1,410,466</b>	<b>1,334,838</b>
<i>Derivative Financial Instruments</i>				
Foreign exchange related contracts				
- less than one year	1,644,655	5,589	14,344	8,409
- one year to less than five years	40,244	-	2,754	1,944
Profit rate related contracts				
- less than one year	171,740	7,549	5,582	1,116
- one year to less than five years	500,000	-	12,000	2,400
	<b>2,356,639</b>	<b>13,138</b>	<b>34,680</b>	<b>13,869</b>
<i>Other Treasury related exposures</i>				
Obligations under an on-going underwriting agreement	-		-	-
	-		-	-
<b>Total</b>	<b>9,286,104</b>	<b>13,138</b>	<b>1,445,146</b>	<b>1,348,707</b>

**BANK ISLAM MALAYSIA BERHAD**  
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**6. Profit Rate Risk in the Banking Book**

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

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

	2012 Q2		2011 (Reinstated)		2011	
	-100bps	+100bps	-100bps	+100bps	-100bps	+100bps
	Increase/(Decrease)					
	RM million	RM million	RM million	RM million	RM million	RM million
<b>Bank</b>						
Impact on EaR	63.5	(63.5)	62.61	(62.61)	58.08	(58.08)
Impact on EVE	275.88	(275.88)	227.07	(227.07)	155.16	(155.16)

**7. Non-Shariah Compliant Income**

30 June 2012	31 December 2011
Nil	RM40,941.67

**Managing Director Attestation**

In accordance with Bank Negara Malaysia’s Capital Adequacy Framework for Islamic Bank (CAFIB) Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Bank Islam Berhad’s Pillar 3 Disclosures report for the financial half-year as at 30 June 2012 are consistent with the manner in which the Group and the Bank assesses and manages its risk, and are not misleading in any particular way.

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Dato’ Sri Zukri Samat  
Managing Director