

PUBLIC ISLAMIC BANK BERHAD
Company Registration No.: 197301001433 (14328-V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Note	30 September 2023 RM'000	31 December 2022 RM'000
ASSETS			
Cash and balances with banks		417,882	3,065,329
Financial assets at fair value through profit or loss	A8	505,139	-
Derivative financial assets		38,179	42,922
Financial investments at fair value through other comprehensive income	A9	14,175,880	12,076,612
Financial investments at amortised cost	A10	6,465,754	5,635,686
Financing and advances	A11	71,755,481	65,637,072
Other assets	A12	261,742	217,946
Statutory deposits with Bank Negara Malaysia		1,744,830	1,746,100
Deferred tax assets		119,500	148,606
Collective investment		604,559	589,838
Investment in an associated company		67,500	67,500
Right-of-use assets		18,701	19,846
Property and equipment		3,340	3,492
TOTAL ASSETS		96,178,487	89,250,949
LIABILITIES			
Deposits from customers	A13	80,099,418	76,088,570
Deposits from banks and other financial institutions	A14	4,910,872	2,715,451
Bills and acceptances payable		1,992	3,100
Recourse obligations on financing sold to Cagamas		1,100,000	1,100,000
Derivative financial liabilities		17,074	23,914
Senior Sukuk Murabahah		1,000,000	1,000,000
Subordinated Sukuk Murabahah		1,000,000	1,000,000
Lease liabilities		19,195	20,101
Other liabilities	A15	755,468	463,445
Provision for taxation		-	92,947
TOTAL LIABILITIES		88,904,019	82,507,528

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the year ended 31 December 2022.

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UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Note	30 September 2023 RM'000	31 December 2022 RM'000
EQUITY			
Share capital		3,032,717	3,032,717
Other reserves		(86,751)	(163,612)
Retained profits		4,328,502	3,874,316
TOTAL EQUITY		7,274,468	6,743,421
TOTAL LIABILITIES AND EQUITY		96,178,487	89,250,949
COMMITMENTS AND CONTINGENCIES	A29	14,033,681	13,328,439
CAPITAL ADEQUACY	A28		
<u>Before deducting interim dividend *</u>			
Common Equity Tier I Capital Ratio		12.695%	12.863%
Tier I Capital Ratio		12.695%	12.863%
Total Capital Ratio		15.717%	16.025%
<u>After deducting interim dividend *</u>			
Common Equity Tier I Capital Ratio		12.695%	12.863%
Tier I Capital Ratio		12.695%	12.863%
Total Capital Ratio		15.717%	16.025%
Net assets per share attributable to ordinary equity holder of the Bank (RM)		29.91	27.73

* Refer to interim dividend declared subsequent to the financial period / year end.

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PUBLIC ISLAMIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Income derived from investment of depositors' funds and others	A16	929,188	729,957	2,658,226	2,006,048
Income derived from investment of shareholder's funds	A17	79,490	61,921	229,736	168,305
Writeback of allowance / (Allowance) for impairment on financing and advances	A18	3,622	(25,819)	(9,561)	(51,681)
Writeback of allowance / (Allowance) for impairment on other assets	A19	105	(167)	(408)	(655)
Total distributable income		1,012,405	765,892	2,877,993	2,122,017
Income attributable to depositors and others	A20	(640,947)	(373,514)	(1,816,029)	(994,885)
Total net income		371,458	392,378	1,061,964	1,127,132
Personnel expenses	A21	(8,890)	(7,113)	(24,899)	(19,277)
Other overheads and expenditures	A22	(154,629)	(147,013)	(440,390)	(414,692)
Profit before zakat and taxation		207,939	238,252	596,675	693,163
Zakat		(1,064)	(705)	(2,359)	(2,115)
Taxation		(48,543)	(78,280)	(140,130)	(226,550)
Profit for the period		158,332	159,267	454,186	464,498
Earnings per share - basic / diluted (sen)	A23	65.1	65.5	186.7	195.6

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the year ended 31 December 2022.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Profit for the period	158,332	159,267	454,186	464,498
Other comprehensive (loss) / income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Revaluation reserves:				
- Net change in revaluation of financial investments at fair value through other comprehensive income	(4,315)	(10,766)	98,941	(172,419)
Hedging reserves:				
- Net change in cash flow hedges	10,241	16,183	2,192	129,308
	5,926	5,417	101,133	(43,111)
Income tax relating to components of other comprehensive (loss) / income :				
- Revaluation reserves	1,036	2,583	(23,746)	41,380
- Hedging reserves	(2,458)	(3,884)	(526)	(31,034)
	(1,422)	(1,301)	(24,272)	10,346
Other comprehensive income / (loss) for the period, net of tax	4,504	4,116	76,861	(32,765)
Total comprehensive income for the period	162,836	163,383	531,047	431,733

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the year ended 31 December 2022.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	<----- Non-distributable ----->				Distributable		Total Equity RM'000
	Share Capital RM'000	Revaluation Reserves RM'000	Hedging Reserves RM'000	Defined Benefit Reserves RM'000	Other Reserve RM'000	Retained Profits RM'000	
At 1 January 2023	3,032,717	(185,007)	14,567	6,828	-	3,874,316	6,743,421
Profit for the period	-	-	-	-	-	454,186	454,186
Other comprehensive income for the period	-	75,195	1,666	-	-	-	76,861
Total comprehensive income for the period	-	75,195	1,666	-	-	454,186	531,047
At 30 September 2023	3,032,717	(109,812)	16,233	6,828	-	4,328,502	7,274,468

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the year ended 31 December 2022.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	<----- Non-distributable ----->					Distributable	Total Equity RM'000
	Share Capital RM'000	Revaluation Reserves RM'000	Hedging Reserves RM'000	Defined Benefit Reserves RM'000	Other Reserve RM'000	Retained Profits RM'000	
At 1 January 2022	2,732,717	(99,858)	(67,878)	5,473	172	3,257,318	5,827,944
Profit for the period	-	-	-	-	-	464,498	464,498
Other comprehensive (loss) / income for the period	-	(131,039)	98,274	-	-	-	(32,765)
Total comprehensive (loss) / income for the period	-	(131,039)	98,274	-	-	464,498	431,733
Transactions with owner / other equity movements:							
Increase in share capital	300,000	-	-	-	-	-	300,000
Transfer from Profit Equalisation Reserves of the Bank	-	-	-	-	(172)	172	-
	300,000	-	-	-	(172)	172	300,000
At 30 September 2022	3,032,717	(230,897)	30,396	5,473	-	3,721,988	6,559,677

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the year ended 31 December 2022.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	30 September 2023 RM'000	30 September 2022 RM'000
Profit before zakat and taxation	596,675	693,163
Adjustments for non-cash items	9,639	67,349
Operating profit before working capital changes	<u>606,314</u>	<u>760,512</u>
Changes in working capital:		
Net changes in operating assets	(6,673,042)	(5,688,802)
Net changes in operating liabilities	6,499,380	7,128,386
Cash generated from operations	<u>432,652</u>	<u>2,200,096</u>
Zakat and tax paid	(261,844)	(198,368)
Tax refunded	7,206	4,104
Net cash generated from operating activities	<u>178,014</u>	<u>2,005,832</u>
Net cash used in investing activities	(2,824,433)	(2,252,827)
Net cash (used in) / generated from financing activities	(1,028)	299,137
Net change in cash and cash equivalents	<u>(2,647,447)</u>	<u>52,142</u>
Cash and cash equivalents at beginning of the year	<u>3,065,329</u>	<u>659,606</u>
Cash and cash equivalents at end of the period	<u><u>417,882</u></u>	<u><u>711,748</u></u>
Note:		
Cash and balances with banks	417,882	711,748
Less: Balances with banks with original maturity more than three months	-	-
Cash and cash equivalents at end of the period	<u><u>417,882</u></u>	<u><u>711,748</u></u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the year ended 31 December 2022.

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Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting for Islamic Banking Institutions Issued by Bank Negara Malaysia

A1. Basis of Preparation

The unaudited condensed interim financial statements for the 3rd quarter and nine months ended 30 September 2023 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss ("FVTPL"), financial investments at fair value through other comprehensive income ("FVOCI") and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2022. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2022.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2022, except for the adoption of the following during the current financial period:

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)
- Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)
- Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 Insurance Contracts)
- International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)

MFRS 17 Insurance Contracts - MFRS 17 introduces consistent accounting for all insurance contracts based on a current measurement model. Under MFRS 17, the general model requires entities to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts.

Amendments to MFRS 17 Insurance Contracts - The amendments are designed to minimise the risk of disruption to implementation already underway and do not change the fundamental principles of the standard or reduce the usefulness of information for investors. In addition, the amendments also defer the effective date of MFRS 17 by two years to annual reporting periods beginning on or after 1 January 2023.

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A1. Basis of Preparation (continued)

Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts) - The amendments extend the expiry date for the temporary exemption from applying MFRS 9 Financial Instruments by two years to annual periods beginning on or after 1 January 2023, to be aligned with the effective date of MFRS 17, which replaces MFRS 4.

Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements) - The amendments require entities to disclose their material accounting policy information rather than significant accounting policies and include examples of what is considered to be material to their financial statements. To support the amendments, MFRS Practice Statement 2 Making Materiality Judgments was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes) - The amendments clarify how companies should account for deferred tax on transactions such as leases and decommissioning obligation. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 Insurance Contracts) - In order to avoid the temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of MFRS 17 and MFRS 9, the amendment provides an option for the presentation of comparative information about financial assets as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset.

International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes) - The amendments give entities temporary relief from recognising and disclosing accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ("OECD") international tax reform; and introduces targeted disclosure requirements to help investors better understand an entity's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

The adoption of MFRS 17 Insurance Contracts and its related Amendments did not have any financial impact on the financial statements of the Bank as it is not applicable to the Bank.

The adoption of other amendments to MFRSs did not have any financial impact on the financial statements of the Bank.

The following Amendments to MFRSs have been issued by MASB but are not yet effective to the Bank:

Effective for annual periods commencing on or after 1 January 2024

- Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)
- Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)

Effective for annual periods commencing on or after 1 January 2025

- Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)

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A1. Basis of Preparation (continued)

The following Amendments to MFRSs have been issued by MASB but are not yet effective to the Bank (continued):

Effective date of these Amendments to Standards has been deferred, pending further announcement

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements) -

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures) - The amendments require entities to disclose information that would enable users of financial statements to assess the effects of supplier finance arrangements on an entity's liability, cash flows and exposures to liquidity risk.

Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates) -

The amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact of a currency not being exchangeable.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - The amendments clarify that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The adoption of the above amendments to MFRSs is not expected to have any financial impact on the financial statements of the Bank.

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A2. Auditors' Report on Preceding Audited Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2022 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the current financial period.

A4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the current financial period.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial period.

A6. Debt and Equity Securities

There were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Bank in the current financial period.

A7. Dividends Paid, Distributed and Declared

No dividend has been paid nor declared during the financial period ended 30 September 2023.

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A8. Financial Assets at Fair Value through Profit or Loss ("FVTPL")

	30 September 2023 RM'000	31 December 2022 RM'000
At fair value		
Government securities and treasury bills:		
Malaysian Government Investment Issues	10,430	-
Money market instruments:		
Negotiable Islamic Debt Certificates	494,709	-
Total financial assets at FVTPL	505,139	-

A9. Financial Investments at Fair Value through Other Comprehensive Income ("FVOCI")

	30 September 2023 RM'000	31 December 2022 RM'000
At fair value		
Government securities and treasury bills:		
Malaysian Government Investment Issues	14,175,880	11,807,580
Malaysian Government Treasury Bills	-	269,032
Total financial investments at FVOCI	14,175,880	12,076,612

The following expected credit losses ("ECL") for debt instruments are recognised in other comprehensive income. Such ECL do not reduce the carrying amount in the statement of financial position as the carrying amount of debt instruments at FVOCI is equivalent to their fair value:

	12-Month ECL (Stage 1) RM'000	Lifetime ECL Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	2,096	-	-	2,096
New financial investments purchased	664	-	-	664
Net allowance written back	(1)	-	-	(1)
Amount derecognised	(323)	-	-	(323)
At 30 September 2023	2,436	-	-	2,436
At 1 January 2022	1,765	-	-	1,765
New financial investments purchased	406	-	-	406
Net allowance written back	(20)	-	-	(20)
Amount derecognised	(55)	-	-	(55)
At 31 December 2022	2,096	-	-	2,096

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A10. Financial Investments at Amortised Cost

	30 September 2023 RM'000	31 December 2022 RM'000
At amortised cost		
Government securities and treasury bills:		
Malaysian Government Investment Issues	5,355,035	4,321,334
Non-money market instruments:		
Debt securities		
- Cagamas sukuk	1,111,819	1,103,389
- Unquoted corporate sukuk	-	211,921
	<u>1,111,819</u>	<u>1,315,310</u>
Allowance for impairment	(1,100)	(958)
Total financial investments at amortised cost	<u><u>6,465,754</u></u>	<u><u>5,635,686</u></u>

Movements in allowances for impairment on debt instruments which reflect the ECL model on impairment are as follows:

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
At 1 January 2023	958	-	-	958
New financial investments purchased	230	-	-	230
Net allowance made	7	-	-	7
Amount derecognised	(95)	-	-	(95)
At 30 September 2023	<u>1,100</u>	<u>-</u>	<u>-</u>	<u>1,100</u>
At 1 January 2022	934	-	-	934
New financial investments purchased	162	-	-	162
Net allowance written back	(3)	-	-	(3)
Amount derecognised	(135)	-	-	(135)
At 31 December 2022	<u>958</u>	<u>-</u>	<u>-</u>	<u>958</u>

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A11. Financing and Advances

a. By type and contract

30 September 2023	Bai' Bithaman Ajil RM'000	Ijarah ^ Thumma Al-Bai' RM'000	Bai' Inah RM'000	Musharakah Mutanaqisah RM'000	Murabahah RM'000	Others RM'000	Total Financing and Advances RM'000
At amortised cost							
Cash line	1,483,197	-	181,920	-	-	-	1,665,117
Term financing							
- House financing	4,932,787	-	-	29,221,697	-	-	34,154,484
- Syndicated financing	1,371,282	-	-	-	-	-	1,371,282
- Hire purchase receivables	-	11,447,983	-	-	-	-	11,447,983
- Other term financing	6,865,272	-	1,384,171	14,705,768	-	22,535	22,977,746
Credit card receivables	-	-	-	-	-	98,333	98,333
Bills receivables	-	-	-	-	1,284	-	1,284
Trust receipts	-	-	-	-	2,052	-	2,052
Claims on customers under acceptance credits	-	-	-	-	224,656	-	224,656
Revolving credits	568,400	-	-	-	-	-	568,400
Staff financing	-	16,537	-	113,156	-	-	129,693
Gross financing and advances	15,220,938	11,464,520	1,566,091	44,040,621	227,992	120,868	72,641,030
Less : Allowance for impairment on financing and advances							
- Expected credit losses							(885,549)
- Stage 1: 12-Month ECL							(179,695)
- Stage 2: Lifetime ECL not credit-impaired							(635,361)
- Stage 3: Lifetime ECL credit-impaired							(70,493)
Net financing and advances							71,755,481

^ The Bank is the owner of the asset throughout the tenure of the Ijarah financing. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

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A11. Financing and Advances (continued)

a. By type and contract (continued)

31 December 2022	Bai' Bithaman Ajil RM'000	Ijarah ^ Thumma Al-Bai' RM'000	Bai' Inah RM'000	Musharakah Mutanaqisah RM'000	Murabahah RM'000	Others RM'000	Total Financing and Advances RM'000
At amortised cost							
Cash line	1,582,097	-	27,635	-	-	-	1,609,732
Term financing							
- House financing	5,159,217	-	-	26,408,385	-	-	31,567,602
- Syndicated financing	1,360,085	-	-	-	-	-	1,360,085
- Hire purchase receivables	-	10,507,358	-	-	-	-	10,507,358
- Other term financing	4,504,667	-	1,538,824	14,214,875	-	149,016	20,407,382
Credit card receivables	-	-	-	-	-	74,392	74,392
Bills receivables	-	-	-	-	2,636	-	2,636
Trust receipts	-	-	-	-	3,709	-	3,709
Claims on customers under acceptance credits	-	-	-	-	205,354	-	205,354
Revolving credits	656,246	-	-	-	-	-	656,246
Staff financing	-	14,154	-	110,870	-	-	125,024
Gross financing and advances	13,262,312	10,521,512	1,566,459	40,734,130	211,699	223,408	66,519,520
Less : Allowance for impairment on financing and advances							
- Expected credit losses							(882,448)
- Stage 1: 12-Month ECL							(455,527)
- Stage 2: Lifetime ECL not credit-impaired							(376,749)
- Stage 3: Lifetime ECL credit-impaired							(50,172)
Net financing and advances							<u>65,637,072</u>

All the financing and advances are located in Malaysia.

^ The Bank is the owner of the asset throughout the tenure of the Ijarah financing. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

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A11. Financing and Advances (continued)

b. By class

	30 September 2023 RM'000	31 December 2022 RM'000
Retail financing *		
- House financing	34,154,484	31,567,602
- Hire purchase	11,447,983	10,507,358
- Credit cards	98,333	74,392
- Other financing ^	19,239,719	18,935,679
	64,940,519	61,085,031
Corporate financing	7,700,511	5,434,489
Gross financing and advances	72,641,030	66,519,520

* Included in retail financing are financing granted to individual customers and mid-market commercial enterprises.

^ Included in other financing are term financing, trade financing, cash line and revolving credits.

c. By type of customer

	30 September 2023 RM'000	31 December 2022 RM'000
Domestic non-bank financial institutions		
- Others	2,449,477	1,180,545
Domestic business enterprises		
- Small and medium enterprises	10,183,750	10,168,277
- Others	4,012,451	3,885,570
Government and statutory bodies	2,018,790	1,001,616
Individuals	53,819,179	50,119,693
Other domestic entities	3,553	3,932
Foreign entities	153,830	159,887
Gross financing and advances	72,641,030	66,519,520

d. By rate of return sensitivity

	30 September 2023 RM'000	31 December 2022 RM'000
Fixed rate		
- House financing	165,783	191,655
- Hire purchase receivables	11,447,710	10,507,052
- Other fixed rate financing	4,783,680	3,679,634
Variable rate		
- Base rate / base financing rate plus	51,226,283	48,195,971
- Cost plus	5,017,574	3,945,208
Gross financing and advances	72,641,030	66,519,520

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A11. Financing and Advances (continued)

e. By residual contractual maturity

	30 September 2023 RM'000	31 December 2022 RM'000
Maturity within one year	2,917,933	2,805,056
More than one year to three years	5,179,144	4,876,974
More than three years to five years	2,989,885	3,333,226
More than five years	61,554,068	55,504,264
Gross financing and advances	72,641,030	66,519,520

f. By economic purpose

	30 September 2023 RM'000	31 December 2022 RM'000
Purchase of transport vehicles	11,464,522	10,521,513
Purchase of properties	48,469,796	45,171,068
(of which: - residential	34,916,080	32,320,362
- non-residential)	13,553,716	12,850,706
Purchase of fixed assets (excluding properties)	2,878	294
Personal use	2,921,353	3,051,575
Credit card	98,333	74,392
Purchase of consumer durables	473	477
Construction	1,088,311	996,641
Working capital	7,901,461	5,880,292
Other purpose	693,903	823,268
Gross financing and advances	72,641,030	66,519,520

g. By sector

	30 September 2023 RM'000	31 December 2022 RM'000
Agriculture, hunting, forestry and fishing	463,147	446,671
Mining and quarrying	104,205	106,478
Manufacturing	1,790,738	1,774,574
Electricity, gas and water	20,344	22,957
Construction	2,793,348	2,822,927
Wholesale & retail trade and restaurants & hotels	3,566,634	3,510,445
Transport, storage and communication	1,403,711	1,202,869
Finance, insurance and business services	2,869,388	1,602,030
Real estate	3,350,295	3,415,684
Community, social and personal services	2,328,614	1,382,598
Households	53,950,606	50,232,287
Gross financing and advances	72,641,030	66,519,520

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A11. Financing and Advances (continued)

h. Movements in credit-impaired financing and advances ("impaired financing") are as follows:

	30 September 2023 RM'000	31 December 2022 RM'000
At 1 January	154,367	132,260
Impaired during the period / year	464,296	183,719
Reclassified as non-credit impaired	(211,101)	(89,625)
Recoveries	(127,207)	(35,025)
Amount written off	(24,971)	(29,561)
Financing converted to foreclosed properties	(6,160)	(7,401)
Closing balance	<u>249,224</u>	<u>154,367</u>
Gross impaired financing as a percentage of gross financing and advances	<u>0.34%</u>	<u>0.23%</u>

i. Impaired financing and advances by economic purpose

	30 September 2023 RM'000	31 December 2022 RM'000
Purchase of transport vehicles	40,014	32,574
Purchase of properties	178,909	94,017
(of which: - residential	<u>138,930</u>	<u>63,370</u>
- non-residential)	<u>39,979</u>	<u>30,647</u>
Personal use	24,483	24,310
Credit card	898	580
Working capital	4,898	2,871
Other purpose	22	15
	<u>249,224</u>	<u>154,367</u>

j. Impaired financing and advances by sector

	30 September 2023 RM'000	31 December 2022 RM'000
Agriculture, hunting, forestry and fishing	51	58
Mining and quarrying	174	-
Manufacturing	325	307
Construction	5,864	3,121
Wholesale & retail trade and restaurants & hotels	3,212	1,852
Transport, storage and communication	557	263
Finance, insurance and business services	19,107	19,484
Real estate	4,324	1,087
Community, social and personal services	197	78
Households	215,413	128,117
	<u>249,224</u>	<u>154,367</u>

All the impaired financing and advances are located in Malaysia.

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A11. Financing and Advances (continued)

k. Movements in loss allowance for financing which reflect the ECL model on impairment are as follows:

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
At 1 January 2023	455,527	376,749	50,172	882,448
Changes due to financing and advances recognised as at 1 January 2023:	71,834	(71,841)	7	-
- Transfer to Stage 1: 12-Month ECL	75,436	(72,766)	(2,670)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(3,489)	8,695	(5,206)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(113)	(7,770)	7,883	-
New financing and advances originated	11,180	3,879	509	15,568
Net remeasurement due to changes in credit risk	(354,186)	336,450	40,095	22,359
Financing and advances derecognised (other than write-off)	(4,160)	(6,699)	(3,348)	(14,207)
Modifications to contractual cash flows of financing and advances	(500)	(3,177)	8,029	4,352
Changes in models / risk parameters	-	-	-	-
Amount written off	-	-	(24,971)	(24,971)
At 30 September 2023	179,695	635,361	70,493	885,549
At 1 January 2022	401,495	283,903	41,963	727,361
Changes due to financing and advances recognised as at 1 January 2022:	53,581	(52,862)	(719)	-
- Transfer to Stage 1: 12-Month ECL	63,042	(60,579)	(2,463)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(9,306)	12,561	(3,255)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(155)	(4,844)	4,999	-
New financing and advances originated	14,087	9,296	708	24,091
Net remeasurement due to changes in credit risk	(3,281)	73,861	37,736	108,316
Financing and advances derecognised (other than write-off)	(5,536)	(6,131)	(5,224)	(16,891)
Modifications to contractual cash flows of financing and advances	(73)	91,418	5,269	96,614
Changes in models / risk parameters	(4,694)	(22,736)	-	(27,430)
Amount written off	(52)	-	(29,561)	(29,613)
At 31 December 2022	455,527	376,749	50,172	882,448

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A12. Other Assets

	30 September 2023 RM'000	31 December 2022 RM'000
Deferred handling fees	62,590	54,962
Income receivable	-	422
Other receivables, deposits and prepayments	141,884	132,237
Tax recoverable	24,035	-
Employee benefits	1,953	2,056
Foreclosed properties	31,280	28,269
	<u>261,742</u>	<u>217,946</u>

A13. Deposits from Customers

a. By type of deposit and contract

	30 September 2023 RM'000	31 December 2022 RM'000
<u>At amortised cost</u>		
Savings deposit		
- Qard	9,521,700	9,797,611
Demand deposit		
- Qard	8,170,220	7,653,155
Term deposit		
- Term deposit		
- Commodity Murabahah	50,735,803	42,025,215
- Special term deposit account		
- Commodity Murabahah	11,671,695	16,612,589
	<u>80,099,418</u>	<u>76,088,570</u>

b. By type of customer

	30 September 2023 RM'000	31 December 2022 RM'000
Federal and state governments	6,711,366	7,027,155
Local government and statutory authorities	1,517,740	969,567
Business enterprises	15,728,863	14,956,487
Individuals	37,560,718	32,020,178
Foreign customers	876,974	713,180
Others	17,703,757	20,402,003
	<u>80,099,418</u>	<u>76,088,570</u>

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A13. Deposits from Customers (continued)

c. The maturity structure of term deposits are as follows:

	30 September 2023 RM'000	31 December 2022 RM'000
Due within six months	50,071,239	47,739,245
More than six months to one year	11,252,709	6,785,332
More than one year to three years	1,082,837	4,112,882
More than three years to five years	713	345
	<u>62,407,498</u>	<u>58,637,804</u>

A14. Deposits from Banks and Other Financial Institutions

	30 September 2023 RM'000	31 December 2022 RM'000
At amortised cost		
<u>Non-Mudharabah Fund</u>		
Licensed banks	2,801,609	2,136,785
Licensed Islamic banks	1,327,772	400,000
Licensed investment banks	211,909	109,257
Bank Negara Malaysia	62,959	64,686
Other financial institutions	506,623	4,723
	<u>4,910,872</u>	<u>2,715,451</u>

A15. Other Liabilities

	30 September 2023 RM'000	31 December 2022 RM'000
Income payable	656,799	393,574
Other payables and accruals	87,193	56,199
Accrued restoration costs	1,094	1,094
Allowance for impairment on financing commitments and financial guarantees	10,382	12,578
	<u>755,468</u>	<u>463,445</u>

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A15. Other Liabilities (continued)

Movements in allowance for impairment on financing commitments and financial guarantees are as follows:

	12-Month ECL (Stage 1) RM'000	Lifetime ECL Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	Total RM'000
At 1 January 2023	7,152	5,254	172	12,578
Changes due to financing commitments and financial guarantees recognised as at 1 January 2023:	1,865	(1,906)	41	-
- Transfer to Stage 1: 12-Month ECL	2,060	(2,048)	(12)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(195)	250	(55)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	(108)	108	-
New financing commitments and financial guarantees originated	670	211	1	882
Net remeasurement due to changes in credit risk	(2,766)	(264)	89	(2,941)
Financing commitments and financial guarantees derecognised	(187)	(112)	-	(299)
Modifications to contractual cash flows of financing commitments and financial guarantees	(12)	106	68	162
Changes in models / risk parameters	-	-	-	-
At 30 September 2023	6,722	3,289	371	10,382
At 1 January 2022	7,188	4,910	18	12,116
Changes due to financing commitments and financial guarantees recognised as at 1 January 2022:	888	(913)	25	-
- Transfer to Stage 1: 12-Month ECL	1,088	(1,088)	-	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(198)	208	(10)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(2)	(33)	35	-
New financing commitments and financial guarantees originated	703	1,461	39	2,203
Net remeasurement due to changes in credit risk	(1,014)	128	57	(829)
Financing commitments and financial guarantees derecognised	(311)	(369)	(2)	(682)
Modifications to contractual cash flows of financing commitments and financial guarantees	(2)	595	35	628
Changes in models / risk parameters	(300)	(558)	-	(858)
At 31 December 2022	7,152	5,254	172	12,578

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A16. Income Derived from Investment of Depositors' Funds and Others

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Income derived from investment of:				
(a) Term deposits	687,427	521,694	2,000,880	1,426,028
(b) Other deposits	241,761	208,263	657,346	580,020
	929,188	729,957	2,658,226	2,006,048

a. Income derived from investment of term deposits:

Finance income and Hibah

Financing and advances	558,954	419,397	1,618,815	1,146,757
Financial investments at fair value through other comprehensive income	70,516	53,623	201,197	146,675
Financial investments at amortised cost	35,068	31,522	103,636	87,666
Balances with banks	17	1,245	3,139	1,503
	664,555	505,787	1,926,787	1,382,601
Financial assets at fair value through profit or loss	4,294	-	16,045	-
Total finance income and Hibah	668,849	505,787	1,942,832	1,382,601

Other operating income

Fee and commission income:

- Commissions	8,599	8,276	25,509	22,348
- Service charges and fees	3,554	3,054	9,757	8,734
- Other fee income	1,169	1,354	4,397	3,642

Net gains and losses on financial instruments:

- Net gain arising from sale of financial investments at fair value through other comprehensive income	324	143	2,444	626
- Net (loss) / gain representing ineffective portions of hedging derivatives	(15)	97	(67)	(417)
- Others	(13)	3	346	3

Gross distribution income from collective investment

	3,446	2,157	10,391	5,990
Other income	1,514	823	5,271	2,501
Total other operating income	18,578	15,907	58,048	43,427
	687,427	521,694	2,000,880	1,426,028

Of which:

Financing income earned on impaired financing

	1,665	821	4,403	2,046
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A16. Income Derived from Investment of Depositors' Funds and Others (continued)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
b. Income derived from investment of other deposits:				
<u>Finance income and Hibah</u>				
Financing and advances	196,480	167,424	531,827	466,430
Financial investments at fair value through other comprehensive income	24,751	21,406	66,099	59,658
Financial investments at amortised cost	12,352	12,577	34,047	35,657
Balances with banks	43	505	1,031	611
	<u>233,626</u>	<u>201,912</u>	<u>633,004</u>	<u>562,356</u>
Financial assets at fair value through profit or loss	1,553	-	5,271	-
Total finance income and Hibah	<u>235,179</u>	<u>201,912</u>	<u>638,275</u>	<u>562,356</u>
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	3,030	3,305	8,380	9,090
- Service charges and fees	1,243	1,218	3,206	3,553
- Other fee income	422	542	1,444	1,482
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments at fair value through other comprehensive income	132	56	803	254
- Net (loss) / gain representing ineffective portions of hedging derivatives	(5)	41	(21)	(170)
- Others	-	1	113	1
Gross distribution income from collective investment	1,216	861	3,414	2,437
Other income	544	327	1,732	1,017
Total other operating income	<u>6,582</u>	<u>6,351</u>	<u>19,071</u>	<u>17,664</u>
	<u>241,761</u>	<u>208,263</u>	<u>657,346</u>	<u>580,020</u>
Of which:				
Financing income earned on impaired financing	580	329	1,447	832

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A17. Income Derived from Investment of Shareholder's Funds

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
<u>Finance income and Hibah</u>				
Financing and advances	64,631	49,779	185,868	135,344
Financial investments at fair value through other comprehensive income	8,152	6,365	23,101	17,311
Financial investments at amortised cost	4,055	3,742	11,899	10,347
Balances with banks	4	146	361	177
	<u>76,842</u>	<u>60,032</u>	<u>221,229</u>	<u>163,179</u>
Financial assets at fair value through profit or loss	498	-	1,842	-
Total finance income and Hibah	<u>77,340</u>	<u>60,032</u>	<u>223,071</u>	<u>163,179</u>
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	995	983	2,929	2,638
- Service charges and fees	410	363	1,120	1,031
- Other fee income	136	160	505	430
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments at fair value through other comprehensive income	38	17	281	74
- Net (loss) / gain representing ineffective portions of hedging derivatives	(2)	11	(8)	(50)
- Others	(1)	1	40	1
Gross distribution income from collective investment	399	256	1,193	707
Other income	175	98	605	295
Total other operating income	<u>2,150</u>	<u>1,889</u>	<u>6,665</u>	<u>5,126</u>
	<u>79,490</u>	<u>61,921</u>	<u>229,736</u>	<u>168,305</u>
Of which:				
Financing income earned on impaired financing	193	98	506	242

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A18. (Writeback of allowance) / Allowance for Impairment on Financing and Advances

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Expected credit losses	3,101	35,031	25,876	74,901
Impaired financing written off	1	-	2	-
Impaired financing recovered	(6,724)	(9,212)	(16,317)	(23,220)
	(3,622)	25,819	9,561	51,681

A19. (Writeback of allowance) / Allowance for Impairment on Other Assets

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Expected credit losses on:				
- Financial investments at fair value through other comprehensive income	6	152	340	352
- Financial investments at amortised cost	68	3	142	32
(Writeback of allowance) / Allowance for impairment on foreclosed properties	(179)	12	(74)	271
	(105)	167	408	655

A20. Income Attributable to Depositors and Others

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Deposits from customers				
- Non-Mudharabah fund	554,587	332,289	1,586,394	885,719
Deposits from banks and other financial institutions				
- Non-Mudharabah fund	55,763	21,499	138,695	50,853
Financing sold to Cagamas	8,789	8,789	26,212	26,224
Sukuk Murabahah	21,614	10,746	64,136	31,573
Lease liabilities	194	191	592	516
	640,947	373,514	1,816,029	994,885

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A21. Personnel expenses

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Salaries, allowances and bonuses	6,821	5,561	19,538	14,882
Pension costs	1,076	909	3,042	2,475
Others	993	643	2,319	1,920
	8,890	7,113	24,899	19,277

A22. Other Overheads and Expenditures

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Establishment costs				
- Depreciation	651	591	1,937	1,588
- Insurance	365	200	1,024	864
- Water and electricity	97	73	275	151
- General repairs and maintenance	285	144	759	450
- Information technology expenses	1,258	682	3,328	1,988
- Others	781	454	2,058	1,529
	3,437	2,144	9,381	6,570
Marketing expenses				
- Advertisement and publicity	303	412	861	1,103
- Others	1,322	822	2,609	1,180
	1,625	1,234	3,470	2,283
Administration and general expenses				
- Communication expenses	3,891	14,922	11,874	35,631
- Legal and professional fees	2,203	2,345	7,258	6,731
- Others	9,276	8,247	27,065	24,847
	15,370	25,514	46,197	67,209
Cost of resource sharing charged by Public Bank Berhad *	138,805	122,378	395,390	352,452
Recovery of expenses	(4,608)	(4,257)	(14,048)	(13,822)
	154,629	147,013	440,390	414,692

* The type of resource sharing rendered by Public Bank Berhad to the Bank in Malaysia are as follows:

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Credit related	59,608	51,755	172,529	151,552
Non-credit branch support	51,945	45,744	149,628	130,906
Other administration function	27,252	24,879	73,233	69,994
	138,805	122,378	395,390	352,452

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A23. Earnings Per Share ("EPS")

a) Basic EPS

The calculation of the basic EPS is based on the net profit attributable to the equity holder of the Bank divided by the weighted average number of ordinary shares in issue during the 3rd quarter and nine months ended 30 September 2023.

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to equity holder of the Bank (RM'000)	158,332	159,267	454,186	464,498
Number of ordinary shares at beginning of the period ('000)	243,217	243,217	243,217	231,217
Effect of the issuance of shares ('000)	-	-	-	6,198
Weighted average number of shares in issue ('000)	243,217	243,217	243,217	237,415
Basic EPS (sen)	65.1	65.5	186.7	195.6

b) Diluted EPS

The Bank has no dilution in its EPS in the current and the preceding financial period as there are no dilutive potential ordinary shares.

A24. Performance Review

The Bank reported a lower pre-tax profit of RM596.7 million for the financial period ended 30 September 2023, which was -13.9% or RM96.5 million lower as compared to pre-tax profit of RM693.2 million for the financial period ended 30 September 2022. The lower profit was due to lower net finance income of RM125.1 million and higher other operating expenses of RM31.3 million offset by the lower allowance for impairment on financing and advances of RM42.1 million, higher other operating income of RM17.5 million and lower allowance for impairment on other assets of RM0.3 million.

A25. Prospects for 2023

The global economy is expected to remain challenging. China's economic activities are expected to grow following the reopening of its economy, although growth would be slower-than-expected. And to some extent, the banking stress in several advanced economies has been managed with heightened regulatory focus, especially on liquidity management. The slower-than-expected global growth is expected to be weighed by the downtrend in external trades, slower momentum in major economies, protracted geopolitical tensions and sharp tightening in financial market conditions.

The Malaysian economy is expected to continue to expand driven by domestic demand, improving labour market conditions, tourism activities and further progress of investment projects. Meanwhile, downside risks mainly stem from weaker-than-expected global growth and more volatile global financial market conditions. Domestic financial conditions also remain conducive to financial intermediation with the resilience in Malaysian banking system underpinned by ample liquidity and healthy capital buffers.

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A25. Prospects for 2023 (continued)

The Bank is fully committed to further strengthen its role as a financial intermediary as well as contribute to national development and economic growth. The Bank continues to operate efficiently, maintain prudence in its management of credit risk as well as preserve its sound corporate governance and risk management practices.

The Bank is committed in embracing sustainability in its business strategy and operations. The Bank's efforts encompass a wide array of initiatives in the areas of environmental, social and governance. In addressing climate change risk, the Bank continues to promote the national transition to a low carbon economy by supporting green financing and embedding environmental considerations into its business strategies. The Bank's offerings of attractive financing packages for the purchase of solar panel and energy efficient vehicles, among others, continue to support a green and lower carbon emission environment. The Bank and several property developers are collaborating on property financing of green and sustainable development projects in Malaysia.

On digitalisation and technological innovation, the Bank continues to apply relevant roadmap and strategies for the development of digital initiatives. This includes ongoing upgrades and enhancement of information and communication technology infrastructure as well as exploration and adoption of new technologies to cater to the evolving customers' needs.

For long term sustainability, the Bank will continue to enhance its service delivery standards and infrastructure by leveraging on the advancement of technology. The Bank will continue to provide seamless banking services across its multi-delivery channels. The Bank will also strive to deliver efficient customer service through its extensive network of physical and digital channels, while sustaining its market position in both the domestic retail and consumer segments.

The Bank will continue to support financing in residential properties, in tandem with the Government's initiatives to promote home ownership, especially for first time home buyers. The Bank will also continue to support financing for purchase of passenger vehicles. Similarly, the Bank will remain supportive of its corporate and small and medium enterprises ("SME") financing businesses by leveraging on its strong franchise and relationship with customers.

Amid uncertainties in financial markets, the Bank's treasury operations will remain vigilant in its business approach and will continue to maintain a prudent risk profile, while further strengthening its risk management capabilities to weather ongoing market risk.

The Bank continues to ensure that it remains well-capitalised and well-funded at all times to support its business growth, while safeguarding the interests of its stakeholders. The Bank's healthy capital and liquidity position coupled with its resilient asset quality and prudent financing loss reserves will enable the Bank to generate sustainable profit through challenging times and business cycles.

A26. Subsequent Events

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited condensed interim financial statements.

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A27. Segment Information

	<----- Operating Segments ----->						Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Banking RM'000	Treasury and Capital Market Operations RM'000	Head Office and Funding Center RM'000	Inter- segment Elimination RM'000	
3rd Quarter Ended 30 September 2023							
External revenue	139,435	615,510	75,681	66,371	111,658	-	1,008,655
Revenue from other segments	641	92,977	265	87,235	54,835	(235,953)	-
	140,076	708,487	75,946	153,606	166,493	(235,953)	1,008,655
Net finance income / (expense)	43,566	213,196	13,591	(13,618)	83,686	-	340,421
Other operating income	424	21,323	178	40	5,345	-	27,310
Net income / (loss)	43,990	234,519	13,769	(13,578)	89,031	-	367,731
Other operating expenses	(14,125)	(114,710)	(1,153)	(2,193)	(31,338)	-	(163,519)
Writeback of allowance / (Allowance) for impairment on financing and advances	5,911	(2,547)	258	-	-	-	3,622
Writeback of allowance / (Allowance) for impairment on other assets	-	180	-	7	(82)	-	105
Profit / (Loss) by segments	35,776	117,442	12,874	(15,764)	57,611	-	207,939

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A27. Segment Information (continued)

	<----- Operating Segments ----->						Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Banking RM'000	Treasury and Capital Market Operations RM'000	Head Office and Funding Center RM'000	Inter- segment Elimination RM'000	
3rd Quarter Ended 30 September 2022							
External revenue	121,762	467,800	49,965	49,541	102,796	-	791,864
Revenue from other segments	454	62,477	171	48,335	29,759	(141,196)	-
	122,216	530,277	50,136	97,876	132,555	(141,196)	791,864
Net finance income / (expense)	38,344	235,489	12,686	(343)	108,041	-	394,217
Other operating income / (loss)	339	20,235	144	(31)	3,460	-	24,147
Net income / (loss)	38,683	255,724	12,830	(374)	111,501	-	418,364
Other operating expenses	(13,651)	(110,766)	(273)	(1,410)	(28,026)	-	(154,126)
Writeback of allowance / (Allowance) for impairment on financing and advances	16,624	(351)	(42,092)	-	-	-	(25,819)
(Allowance) / Writeback of allowance for impairment on other assets	-	(12)	-	(157)	2	-	(167)
Profit by segments	41,656	144,595	(29,535)	(1,941)	83,477	-	238,252

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A27. Segment Information (continued)

	←----- Operating Segments ----->						Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Banking RM'000	Treasury and Capital Market Operations RM'000	Head Office and Funding Center RM'000	Inter- segment Elimination RM'000	
Nine Months Ended 30 September 2023							
External revenue	402,968	1,751,919	196,599	202,705	333,725	-	2,887,916
Revenue from other segments	1,134	273,195	471	261,009	180,096	(715,905)	-
	404,102	2,025,114	197,070	463,714	513,821	(715,905)	2,887,916
Net finance income / (expense)	128,068	647,075	38,346	(51,825)	226,485	-	988,149
Other operating income	1,010	60,596	1,744	4,440	15,994	-	83,784
Net income / (loss)	129,078	707,671	40,090	(47,385)	242,479	-	1,071,933
Other operating expenses	(42,171)	(330,431)	(3,091)	(5,774)	(83,822)	-	(465,289)
Writeback of allowance / (Allowance) for impairment on financing and advances	9,938	(20,051)	552	-	-	-	(9,561)
Writeback of allowance / (Allowance) for impairment on other assets	-	74	-	(174)	(308)	-	(408)
Profit / (Loss) by segments	96,845	357,263	37,551	(53,333)	158,349	-	596,675
Cost income ratio	32.7%	46.7%	7.7%	-12.2%	34.6%	-	43.4%
Gross financing and advances	11,449,173	53,491,346	7,700,511	-	-	-	72,641,030
Financing growth	9.0%	5.8%	41.7%	-	-	-	9.2%
Impaired financing and advances	40,014	209,078	132	-	-	-	249,224
Impaired financing ratio	0.35%	0.39%	-	-	-	-	0.34%
Deposits from customers	-	68,418,988	5,894	11,674,536	-	-	80,099,418
Deposit growth	-	15.1%	-48.7%	-29.8%	-	-	5.3%
Segment assets	11,292,919	69,393,052	7,600,807	16,441,338	13,262,283	(22,143,700)	95,846,699
Reconciliation of segment assets to total assets:							
Investment in an associated company							67,500
Unallocated assets							264,288
Total assets							96,178,487

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A27. Segment Information (continued)

	←----- Operating Segments ----->						Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Banking RM'000	Treasury and Capital Market Operations RM'000	Head Office and Funding Center RM'000	Inter- segment Elimination RM'000	
Nine Months Ended 30 September 2022							
External revenue	355,981	1,258,932	140,997	128,639	289,761	-	2,174,310
Revenue from other segments	622	221,896	289	124,871	69,736	(417,414)	-
	<u>356,603</u>	<u>1,480,828</u>	<u>141,286</u>	<u>253,510</u>	<u>359,497</u>	<u>(417,414)</u>	<u>2,174,310</u>
Net finance income	116,118	696,291	37,376	15,657	247,809	-	1,113,251
Other operating income	790	56,240	205	285	8,697	-	66,217
Net income	<u>116,908</u>	<u>752,531</u>	<u>37,581</u>	<u>15,942</u>	<u>256,506</u>	<u>-</u>	<u>1,179,468</u>
Other operating expenses	(40,047)	(308,271)	(1,742)	(4,668)	(79,241)	-	(433,969)
Writeback of allowance / (Allowance) for impairment on financing and advances	22,932	(31,476)	(43,137)	-	-	-	(51,681)
Allowance for impairment on other assets	-	(271)	-	(314)	(70)	-	(655)
Profit / (Loss) by segments	<u>99,793</u>	<u>412,513</u>	<u>(7,298)</u>	<u>10,960</u>	<u>177,195</u>	<u>-</u>	<u>693,163</u>
Cost income ratio	34.3%	41.0%	4.6%	29.3%	30.9%	-	36.8%
Gross financing and advances	10,421,763	49,457,770	5,195,060	-	-	-	65,074,593
Financing growth	8.9%	8.5%	5.9%	-	-	-	8.4%
Impaired financing and advances	27,000	89,890	1,127	-	-	-	118,017
Impaired financing ratio	0.26%	0.18%	0.02%	-	-	-	0.18%
Deposits from customers	-	63,212,453	11,817	10,253,147	-	-	73,477,417
Deposit growth	-	10.6%	27.6%	12.0%	-	-	10.8%
Segment assets	<u>10,194,778</u>	<u>64,372,701</u>	<u>5,090,454</u>	<u>12,020,152</u>	<u>11,360,277</u>	<u>(18,691,008)</u>	<u>84,347,354</u>
Reconciliation of segment assets to total assets:							
Investment in an associated company							67,500
Unallocated assets							384,675
Total assets							<u>84,799,529</u>

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A28. Capital Adequacy

- (a) The capital adequacy ratios of the Bank below are disclosed pursuant to the requirements of BNM's Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3):

	30 September 2023	31 December 2022
<u>Before deducting interim dividend *</u>		
Common Equity Tier I ("CET I") capital ratio	12.695%	12.863%
Tier I capital ratio	12.695%	12.863%
Total capital ratio	15.717%	16.025%
<u>After deducting interim dividend *</u>		
CET I capital ratio	12.695%	12.863%
Tier I capital ratio	12.695%	12.863%
Total capital ratio	15.717%	16.025%

* Refer to interim dividend declared subsequent to the financial period / year end.

	30 September 2023 RM'000	31 December 2022 RM'000
Components of CET I, Tier I and Tier II capital:		
<u>CET I capital / Tier I capital</u>		
Share capital	3,032,717	3,032,717
Other reserves	(102,984)	(178,179)
Retained profits	4,170,170	3,874,316
Less: Deferred tax assets, net	(119,500)	(148,606)
Less: Defined benefit pension fund assets	(1,953)	(2,056)
Less: Investment in an associated company deducted from CET I capital	(67,500)	(67,500)
Total CET I capital / Tier I capital	6,910,950	6,510,692
<u>Tier II capital</u>		
Stage 1 and Stage 2 expected credit loss allowances #	644,991	600,429
Subordinated Sukuk Murabahah	1,000,000	1,000,000
Total Tier II capital	1,644,991	1,600,429
Total capital	8,555,941	8,111,121

Excludes expected credit loss allowances restricted from Tier II capital of the Bank of RM183,612,000 (31 December 2022 : RM247,307,000).

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A28. Capital Adequacy (continued)

(a) The capital adequacy ratios of the Bank (continued):

The total risk-weighted assets of the Bank are computed based on the following approaches:

- (i) Standardised Approach for Credit Risk;
- (ii) Standardised Approach for Market Risk; and
- (iii) Basic Indicator Approach for Operational Risk.

Regulatory capital requirements

The capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Frameworks for Islamic Banks on Capital Components and Risk-Weighted Assets. The minimum regulatory capital adequacy ratios before including capital conservation buffer ("CCB") and countercyclical capital buffer ("CCyB") for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

Banking institutions are also required to maintain a CCB of 2.5% and a CCyB above the minimum regulatory capital adequacy ratios. A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Bank has exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Bank has applied CCyB on its private sector credit exposures outside Malaysia in line with the respective jurisdictions' requirement to maintain their CCyB. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

(b) The breakdown of risk-weighted assets by each major risk category of the Bank is as follows:

	30 September 2023 RM'000	31 December 2022 RM'000
Credit risk	51,599,256	48,034,340
Market risk	52,398	45
Operational risk	2,786,688	2,582,339
	<u>54,438,342</u>	<u>50,616,724</u>

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A29. Commitments and Contingencies

The notional amount of the commitments and contingencies of the Bank are as follows:

	30 September 2023 RM'000	31 December 2022 RM'000
<u>Contingent Liabilities</u>		
Direct credit substitutes	35,044	34,960
Transaction-related contingent items	80,619	79,733
Short term self-liquidating trade-related contingencies	4,181	3,859
	119,844	118,552
<u>Commitments</u>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
- exceeding one year	7,378,823	7,087,112
- not exceeding one year	2,614,207	2,659,890
Unutilised credit card lines	371,190	262,822
Forward asset purchases	149,607	-
	10,513,827	10,009,824
<u>Derivative Financial Instruments</u>		
Foreign exchange related contracts:		
- up to one year	10	63
Profit rate related contracts:		
- more than one year to five years	3,100,000	3,100,000
- more than five years	300,000	100,000
	3,400,010	3,200,063
	14,033,681	13,328,439

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A30. Fair Value Measurements

Determination of Fair Value and Fair Value Hierarchy

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities, price quotations from Bond Pricing Agency Malaysia and broker quotes on Bloomberg/Reuters.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The valuation techniques used incorporate assumptions regarding discount rates, profit rate yield curves, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair values derived. The Bank generally uses widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgment and estimation, due to the low complexity of the financial instruments held.

The Bank classifies its financial instruments which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurements:

Level 1 - Quoted market prices: quoted prices (unadjusted) in active markets for identical instruments;

Level 2 - Fair values based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 - Fair values derived using unobservable inputs: inputs used are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments.

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A30. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following tables show the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

30 September 2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	10,430	-	10,430
- Money market instruments	-	494,709	-	494,709
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	14,175,880	-	14,175,880
Derivative financial assets	-	38,179	-	38,179
Total financial assets measured at fair value	-	14,719,198	-	14,719,198
Financial liabilities				
Derivative financial liabilities	-	17,074	-	17,074
Total financial liabilities measured at fair value	-	17,074	-	17,074

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A30. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following tables show the Bank's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (continued):

31 December 2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	-	-	-
- Money market instruments	-	-	-	-
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	12,076,612	-	12,076,612
Derivative financial assets	-	42,922	-	42,922
Total financial assets measured at fair value	-	12,119,534	-	12,119,534
Financial liabilities				
Derivative financial liabilities	-	23,914	-	23,914
Total financial liabilities measured at fair value	-	23,914	-	23,914

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period / year (2022 : None).