

**PUBLIC ISLAMIC BANK BERHAD**  
**Company Registration No.: 197301001433 (14328-V)**  
**(Incorporated in Malaysia)**

**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):

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

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

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

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