PUBLIC ISLAMIC BANK BERHAD
Company No.: 197301001433 (14328-V)

PILLAR 3 DISCLOSURE
As at 31 December 2024

Overview

The Pillar 3 Disclosure is required under the Bank Negara Malaysia ("BNM")'s Capital Adequacy Framework for Islamic Banks ("CAFIB"), which is the equivalent to Basel II issued by the Islamic Financial Services Board. Basel II consists of 3 Pillars as follows:

(a) Pillar 1 sets out the minimum amount of regulatory capital that Islamic banks must hold against credit, market and operational risks they assume;

(b) Pillar 2 promotes the adoption of a more forward-looking approach to capital management and encourages Islamic banks to develop and employ more rigorous risk management framework and techniques, including specific oversight by the Board of Directors ("the Board") and senior management on internal controls and corporate governance practices, to ensure that Islamic banks maintain adequate capital levels consistent with their risk profile and business plan at all times; and

(c) Pillar 3 aims to harness market discipline through enhanced disclosure to supplement regulatory supervision of Islamic banks through a consistent and comprehensive disclosure framework on risk management practices and capital adequacy of Islamic banks that will enhance comparability amongst Islamic banks.

Public Islamic Bank Berhad ("the Bank") adopted the Standardised Approach in determining the capital requirements for credit risk and market risk and applied the Basic Indicator Approach for operational risk of the Pillar 1 under BNM's CAFIB. Under the Standardised Approach, the Bank applied the standard risk weights prescribed by BNM to assess the capital requirements for exposures in credit risk and market risk. The assessment of the capital required for operational risk under the Basic Indicator Approach however, is based on a percentage fixed by BNM over the Bank's average gross income for a fixed number of quarterly periods.

The Bank's Pillar 3 Disclosure is governed by the Public Bank Group ("the Group")'s Disclosure Policy on Basel II Risk-Weighted Capital Adequacy Framework/Capital Adequacy Framework for Islamic Banks - Pillar 3 which sets out the minimum disclosure standards, the approach in determining the appropriateness of information disclosed and the internal controls over the disclosure process which cover the verification and review of the accuracy of information disclosed. The information provided herein has been reviewed and verified by the internal auditors and certified by the Bank’s Chief Executive Officer. Under the BNM's CAFIB, the information disclosed herein is not required to be audited by external auditors. The Pillar 3 Disclosure will be published in the Bank's website, www.publicislamicbank.com.my

Overview (Cont'd.)

Minimum Regulatory Capital Requirements

The Bank's principal business activity is Islamic banking which focuses mainly on retail banking and financing operations. The following tables present the minimum regulatory capital requirements to support the Bank's risk-weighted assets.

	2024		2023	
	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	**55,643,313**	**4,451,465**	51,783,538	4,142,683
Market Risk	**62,020**	**4,962**	79,037	6,323
Operational Risk	**2,905,605**	**232,448**	2,803,809	224,305
Total	**58,610,938**	**4,688,875**	54,666,384	4,373,311

The Bank 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.

PUBLIC ISLAMIC BANK BERHAD
Company No.: 197301001433 (14328-V)

Table of Contents

Contents **Page Number**

1. Scope of Application

The Pillar 3 Disclosure provided in this document is in respect of the Bank, which is involved in Islamic banking financial services and all the activities are mainly denominated in Ringgit Malaysia.

There were no restrictions or impediments on the transfer of funds or regulatory capital between the Bank and its holding company, Public Bank Berhad ("PBB").

There were no capital deficiencies in the Bank during the financial year.

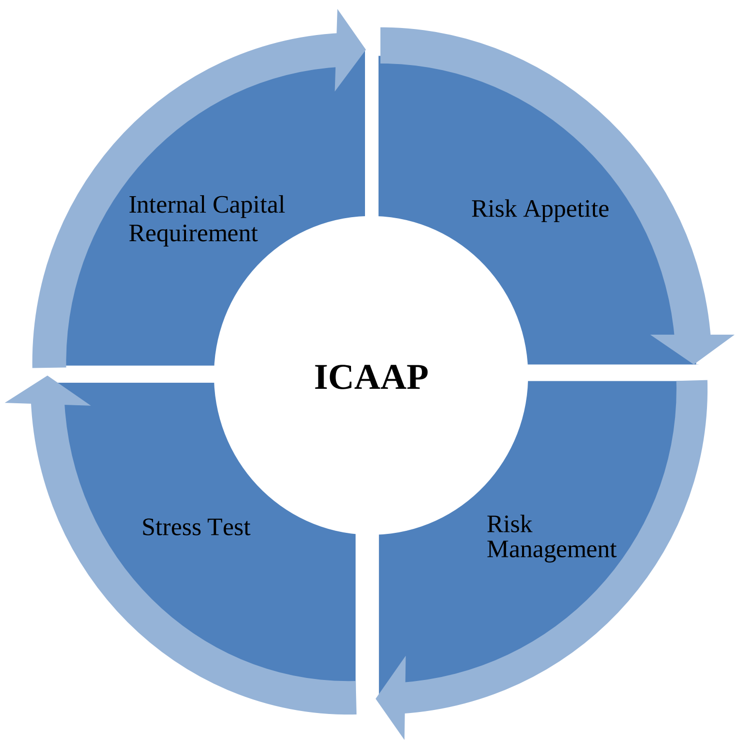
2. Capital Management - Internal Capital Adequacy Assessment Process ("ICAAP")

The objective of the Bank's capital management is to protect the interests of its depositors, creditors and shareholders. To achieve this, the capital management is subject to ongoing review and the Board's approval on the level and composition of the Bank's total capital, assessed against the following key objectives:

- Regulatory requirements on minimal capital required
- Capital levels maintained are adequate to support all material risks and to meet the strategic and business plans
- Capital levels maintained are adequate to support the strong external rating for domestic and international rating agencies
- An appropriate balance between maximising shareholders returns and prudent capital management

This is executed through the Internal Capital Adequacy Assessment Process ("ICAAP"). The ICAAP requires the Bank to identify and assess all material risks, maintain sufficient capital to support these risks and apply the appropriate risk management techniques to manage and mitigate these risks within the given level of capital, on an ongoing and forward looking basis. The ICAAP is supported by a strong risk governance structure with clear roles and responsibilities to ensure the effectiveness of the ICAAP with the Board being ultimately responsible for the overall oversight of the ICAAP. In discharging its duty, the Board is assisted by the Risk Management Committee ("RMC") and ICAAP Working Group. Senior management together with the management committees are responsible to ensure the effective implementation of the capital management directions of the Board. The Internal Audit Division ("IAD") is responsible to conduct reviews of processes relating to the ICAAP to ensure their integrity, objectivity and consistency in application.

The key elements of the ICAAP are as follows:

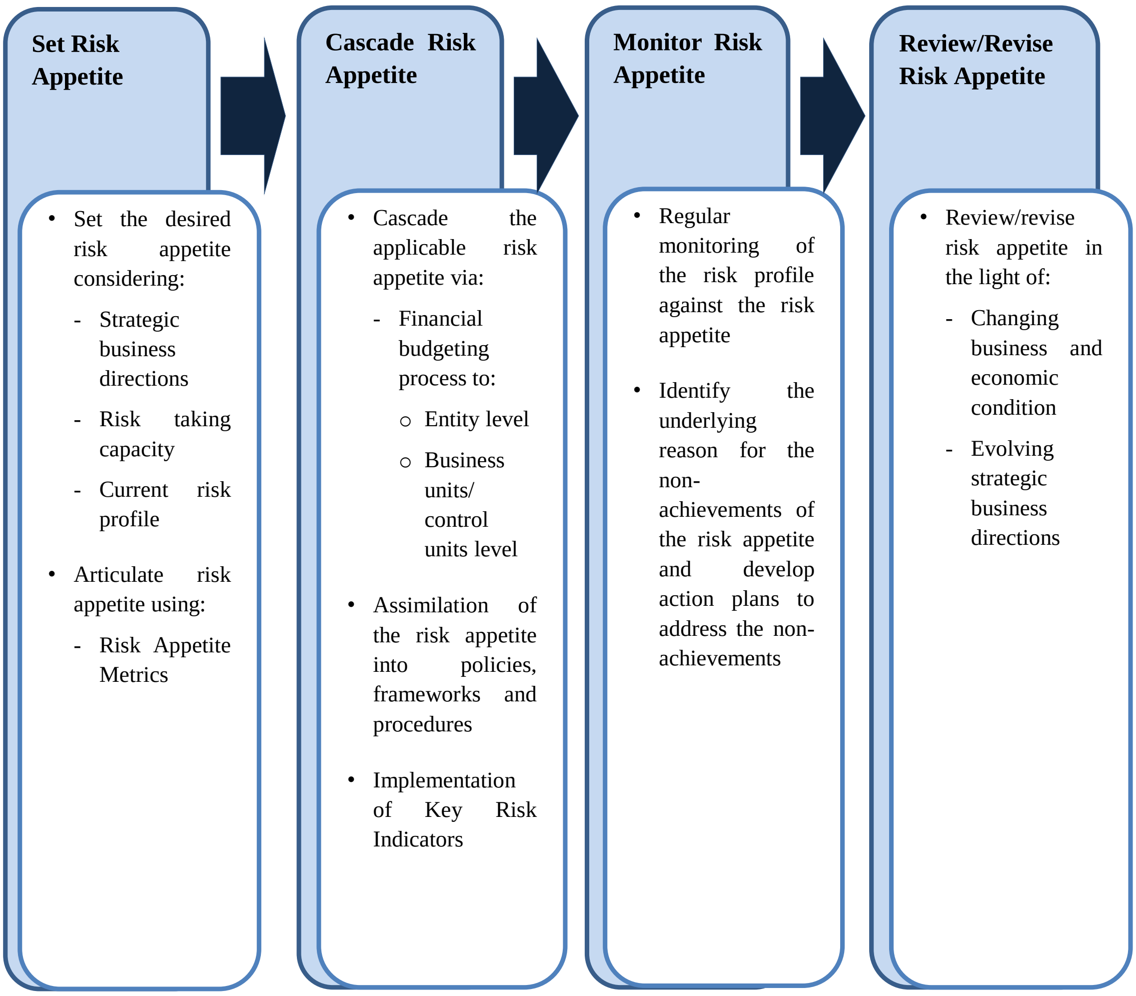


PUBLIC ISLAMIC BANK BERHAD
Company No.: 197301001433 (14328-V)

2. Capital Management (Cont'd.)

(a) Risk Appetite

The Bank’s Risk Appetite expresses the level of risk which the Bank is willing to assume within the Bank’s capacity in order to achieve the Bank’s objectives, as defined by a set of minimum quantitative metrics and qualitative standards. The key elements applied in setting the Bank's Risk Appetite are the strategic business directions, the risk taking capacity and the level of risk currently assumed by the Bank. The Board reviews and approves the Risk Appetite on an annual basis, or more frequently in the event of unexpected changes in the risk environment, with the aim of ensuring the Risk Appetite is consistent with the Bank's strategic directions, business and regulatory environment and stakeholders’ requirements. The setting, cascading, monitoring and the review/revision of the Risk Appetite is set out in the Group's Risk Appetite Framework and is as follows:



2. Capital Management (Cont'd.)

(b) Risk Management

The Group's Risk Management Framework sets out the principles applied in managing the material risks that the Bank is exposed to. The Framework serves to drive the development of a consistent risk management practices which enable the continuous identification, measurement, control, monitoring and reporting of all applicable and material risks and this includes the continuous identification of emerging risks followed by the assessment of the risks on the Bank's business and capital positions. Risk limits established to manage the size of the risk exposures are aligned to the overall Risk Appetite. The key principles and components of the Framework are discussed in item 3.

Annual comprehensive risk assessment is undertaken across all the banking entities within the Group as part of ICAAP to identify and assess the following risks:

(i) Risks captured under Pillar 1 (credit risk, operational risk and market risk);
(ii) Risks not fully captured under Pillar 1 (e.g. residual credit risk); and
(iii) Risks types not covered by Pillar 1 (e.g. credit concentration risk, rate of return risk on banking book, reputation risk, amongst others).

(c) Stress Test

The Bank's stress testing process is guided by the Group's Stress Test Policy ("Stress Test Policy"). The objectives of the Stress Test Policy are as follows:

(i) To ensure the establishment of a comprehensive and consistent stress test process in conducting the stress test by all entities within the Group;

(ii) To drive the development of stress test parameters, assumptions and scenarios that are relevant and effective, taking into account the nature, risk profile and complexity of the business as well as the environment in which it operates;

(iii) To ensure all material risks are captured in the stress test including emerging risks;

(iv) To ensure all stress test parameters, assumptions and scenarios are duly deliberated by senior management and the relevant committees prior to the execution of the stress test exercise; and

(v) To ensure the adverse unexpected outcomes are identified and that capital buffers are set aside to absorb losses that may be experienced during an economic downturn.

The key focus of the stress test is to identify the potential adverse impact on the Bank's capital, profitability, asset quality and liquidity positions followed by the identification of the appropriate actions to mitigate the risk of such possibilities. The results of the stress test are reviewed and deliberated by the ICAAP Working Group and the RMC and are applied to recalibrate the Bank's Internal Capital Targets.

(d) Internal Capital Requirement

The Bank's internal capital requirement is articulated through its capital plans which are drawn up annually, covering a three-year horizon, and are approved by the Board. The capital plan ensures that adequate levels of capital and an efficient mix of different components of capital are maintained to support the Bank's strategic directions and business plans. In formulating the Bank's capital plans, the Bank considers the current regulatory requirements, the demands for capital arising from the business outlooks and potential market stresses and the available supply of capital including the sources of the capital. The Bank's capital plans are reviewed regularly by the Board against the Bank's Internal Capital Targets.

3. Risk Management Framework

As approved by BNM, the risk management functions of the Bank are undertaken by its holding company, PBB and is governed by the Group's Risk Management Framework.

The key principles and components of the Group's Risk Management Framework are as follows:
(a) Risk Governance Structure;
(b) Risk Appetite;
(c) Risk Management Culture; and
(d) Risk Management Processes.

(a) Risk Governance Structure

The risk governance structure sets out the roles and responsibilities of the respective parties involved in the risk management and internal control system as follows:

<table>
<tr><td rowspan="4">ESTABLISH RISK APPETITE & POLICY</td><td>1. Board of Directors</td><td rowspan="13">10. COMPLIANCE COMMITTEE
(supported by Compliance Function)</td><td rowspan="13">11. AUDIT COMMITTEE
(supported by Internal Audit Function)</td></tr>
<tr><td>2. Risk Management Committee</td></tr>
<tr><td>3. Credit Risk Management Committee</td></tr>
<tr><td>4. Shariah Committee/Shariah Adviser</td></tr>
<tr><td rowspan="5">ENSURE IMPLEMENTATION OF RISK AND COMPLIANCE POLICY</td><td>5. Dedicated Risk Committees</td></tr>
<tr><td>Assets & Liabilities Management Committee
Operational Risk Management Committee
Internal Capital Adequacy Assessment Process Working Group</td></tr>
<tr><td>6. Credit Committee</td></tr>
<tr><td>7. Risk Management and Control Functions</td></tr>
<tr><td>Risk Management Function
Compliance Function</td></tr>
<tr><td rowspan="4">IMPLEMENT AND COMPLY WITH RISK POLICY</td><td>8. Support Functions</td></tr>
<tr><td>Human Resource
Information Technology
Finance
Banking Operations
Credit Control, Administration & Supervision
Property
Security</td></tr>
<tr><td>9. Business Functions</td></tr>
<tr><td>Corporate Lending
Investment Banking
Islamic Banking
Retail Banking and Financing Operations
Share Broking
Fund Management
Treasury and Capital Market Operations</td></tr>
</table>

Board of Directors

The Board is overall responsible for the risk management and internal control system. For this purpose, the Board:

(i) Ensures the corporate objectives are supported by sound risk strategies and an effective risk management framework that is appropriate to the nature, size and complexity of the Group's activities;

(ii) Is responsible for the overall oversight on the soundness of the risk management processes and internal controls;

(iii) Is responsible for the remuneration of the senior management and that the remuneration is aligned with prudent risk taking; and

(iv) Provides direction and guidance to the senior management on the management of material risks.

3. Risk Management Framework (Cont'd.)

(a) Risk Governance Structure (Cont'd.)

Risk Management Committee

The RMC assists the Board to oversee the management of all material risks including inter-alia reviewing risk management frameworks and policies, reviewing risk management limits, risk exposures and portfolio composition and ensuring risk infrastructure, resources and systems are put in place for effective risk management oversight.

Credit Risk Management Committee

The Credit Risk Management Committee assists the Board in discharging its oversight role over the management of credit risk including inter-alia in ensuring the risk infrastructures and systems are able to manage and control the risk taking activities within the credit risk appetite and credit risk strategy.

Compliance Committee

The Compliance Committee is responsible for the oversight of compliance management system which encompasses assessment of compliance risk profile and evaluation of compliance risks. The Compliance Committee deliberates on identified compliance issues regularly to ensure they are resolved effectively, and adequate infrastructure, resources, processes and systems are in place to effectively manage compliance risks.

As the Bank does not have dedicated Compliance Committee, the oversight responsibility on compliance related matters and compliance risk management of the Bank is assumed by the Bank's RMC.

Audit Committee

The Audit Committee assists the Board to review and evaluate the adequacy, soundness and effectiveness of the risk management systems, internal controls, anti-bribery and anti-corruption measures, whistleblowing policy and procedures, financial reporting disclosures and governance processes implemented in the Bank.

The Audit Committee also reviews the appropriateness, adequacy and timeliness of the remedial actions taken by the Management to address and resolve any control weaknesses and operational lapses highlighted by the internal and external auditors, and the regulators in ensuring continuous compliance with the applicable laws and regulatory requirements as well as internal policies.

Additionally, Audit Committee also reviews the appropriateness of the risk thresholds for statistical tests used in the quantitative assessment of various credit models. The model validation results of various Malaysian Financial Reporting Standards ("MFRS") 9 models, including recommendations arising from the model validation exercise were also tabled to the Audit Committee for review and concurrence.

The Audit Committee reviews the independent review report on the assessment outcome of the Operational Risk Scenario Analysis/Stress Test exercise so as to ascertain whether the governance process and established policies and procedures for the exercise are adequate and the assumptions applied are reasonable.

Shariah Committee

The Shariah Committee ("SC") is responsible to provide advice to ensure the Bank’s operations, business, affairs and activities are conducted in accordance with Shariah principles. This includes advising the Board and Management on the application of any Shariah Advisory Council’s ("SAC") rulings or standards on Shariah matters, endorsing Shariah related policies, products and services and the relevant documentation in relation to Islamic banking operations. The SC is also responsible to deliberate and affirm the status of any potential Shariah Non-Compliance ("SNC") event confirmed by Potential SNC Committee and endorse rectification measures to address the actual SNC events prior to the approval by the Board.

3. Risk Management Framework (Cont'd.)

(a) Risk Governance Structure (Cont'd.)

Dedicated Risk Committees

The dedicated risk committees assist the RMC in the management of all material risks. The committees are responsible for the effective implementation of the risk management strategies and policies as approved by the Board or RMC. The key responsibilities of the dedicated risk committees are as follows:

(i) Formulating processes and internal practices to operationalise the risk policies and risk limits;

(ii) Ensuring all relevant and material risks including emerging risks associated with the Group's business operations are identified, assessed and mitigated to the levels within the risk appetite or risk limits; and

(iii) Designing monitoring and reporting procedures to ensure risks identified are surfaced for deliberation and actions.

(b) Risk Appetite

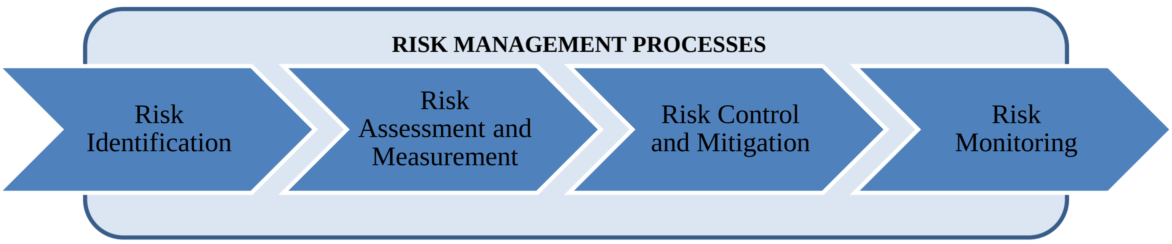
The Bank's risk appetite defines the amount and the types of risk that the Bank is able and willing to accept in pursuit of its business objectives. It also reflects the level of risk tolerance and limits to govern, manage and control the Bank’s risk taking activities. The strategic objectives, business plans, desired risk profile and capital plans are aligned to the risk appetite.

(c) Risk Management Culture

The culture of managing risk is embedded into the day-to-day operations and decision-making process through the following:
(i) Strong corporate governance;
(ii) Organisational structure with clearly defined roles and responsibilities;
(iii) Effective communication;
(iv) Commitment to compliance with laws, regulations and internal controls;
(v) Integrity in fiduciary responsibilities;
(vi) Clear policies, procedures and guidelines; and
(vii) Continuous training.

(d) Risk Management Processes

The risk management processes are as follows:



The detailed risk management processes for the respective key risks are set out in the following sections:
(i) Item 5: Credit Risk
(ii) Item 6: Market Risk
(iii) Item 8: Liquidity and Funding Risk
(iv) Item 9: Operational Risk
(v) Item 10: Shariah Non-Compliance Risk

4. Capital Adequacy Ratios and Capital Structure

The following tables present the capital adequacy ratios and the capital structure.

(a) Capital Adequacy Ratios

	2024	2023
Before deducting dividends*:		
Common Equity Tier I ("CET I") capital ratio	**13.419%**	13.232%
Tier I capital ratio	**13.419%**	13.232%
Total capital ratio	**16.312%**	16.245%
After deducting dividends*:		
CET I capital ratio	**13.419%**	13.232%
Tier I capital ratio	**13.419%**	13.232%
Total capital ratio	**16.312%**	16.245%

* No dividends have been declared subsequent to the financial year end.

Regulatory capital requirements

The capital adequacy ratios of the Bank are computed in accordance with BNM's CAFIB 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 ratio. 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.

4. Capital Adequacy Ratios and Capital Structure (Cont'd.)

(b) Capital Structure

	2024 RM'000	2023 RM'000
CET I/Tier I capital		
Share capital	**3,032,717**	3,032,717
Other reserves	**(12,002)**	(59,517)
Retained profits	**4,998,912**	4,440,195
Less: Deferred tax assets, net	**(86,443)**	(112,223)
Less: Defined benefit pension fund assets	**(613)**	(203)
Less: Investment in an associated company deducted from CET I capital	**(67,500)**	(67,500)
Total CET I/Tier I capital	**7,865,071**	7,233,469
Tier II capital		
Stage 1 and Stage 2 expected credit loss allowances[1]	**652,708**	647,294
Qualifying regulatory reserves[2]	**42,833**	-
Subordinated Sukuk Murabahah	**1,000,000**	1,000,000
Total Tier II capital	**1,695,541**	1,647,294
Total capital	**9,560,612**	8,880,763

[1] Excludes expected credit loss allowances restricted from Tier II capital of the Bank of nil (2023: RM179,902,000).

[2] Excludes regulatory reserves not qualified from Tier II capital of the Bank of RM164,613,000 (2023: nil).

The Bank has issued capital instrument which qualify as component of regulatory capital under the BNM's CAFIB (Capital Components), as summarised in the following table:

Capital Instrument	Capital Component	Main Features
Basel III-Compliant Subordinated Sukuk Murabahah ("Basel III-Compliant Sub Sukuk Murabahah")	Tier II Capital	● Subordinated to all liabilities, including depositors ● Unsecured ● Optional redemption after 5 years. No step-up ● Upon occurrence of a Trigger Event at PBB/the Bank as determined by BNM and Perbadanan Insurans Deposit Malaysia, the Basel III-Compliant Sub Sukuk Murabahah may be subject to write-off ● The write-off shall not constitute an event of default or trigger any cross-default under the Basel III-Compliant Sub Sukuk Murabahah

The details of the capital instrument are found in Note 21 to the financial statements.

5. Credit Risk

Credit risk is the potential loss of revenue as a result of failure by the customers or counterparties to meet their contractual financial obligations. As the Bank's primary business is in Islamic banking, the Bank's exposure to credit risk is primarily from its financing to retail consumers, small and medium enterprises ("SMEs") and corporate customers. Trading activities and investing the surplus funds of the Bank, such as trading or holding of debt securities, deposit placements, settlement of transactions, also expose the Bank to credit risk and counterparty credit risk ("CCR").

The following diagram presents the risk management processes over credit risk.

The risk governance and risk management approach for credit risk are set out in the credit risk section of Note 40 to the financial statements.

5. Credit Risk (Cont'd.)

Minimum Regulatory Capital Requirements for Credit Risk

The following tables present the minimum regulatory capital requirements for credit risk.

Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures after Credit Risk Mitigation RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
2024				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	**19,619,373**	**19,619,373**	**-**	**-**
Public Sector Entities	**2,017,756**	**2,017,756**	**48**	**4**
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	**532,852**	**532,852**	**108,107**	**8,648**
Insurance Companies, Securities Firms and Fund Managers	**5,421**	**5,228**	**5,228**	**418**
Corporates	**12,030,313**	**11,737,938**	**9,865,850**	**789,268**
Regulatory Retail	**30,843,300**	**30,677,641**	**23,447,002**	**1,875,760**
Residential Mortgages	**36,049,997**	**35,977,942**	**17,724,159**	**1,417,933**
Higher Risk Assets	**10,564**	**10,564**	**15,846**	**1,268**
Other Assets	**212,069**	**212,069**	**186,009**	**14,881**
Equity Exposures	**630,315**	**630,315**	**630,315**	**50,425**
Defaulted Exposures	**497,095**	**496,720**	**678,639**	**54,291**
	102,449,055	**101,918,398**	**52,661,203**	**4,212,896**
Off-Balance Sheet Exposures				
Credit-related Exposures	**3,824,385**	**3,806,239**	**2,962,366**	**236,989**
Derivative Financial Instruments	**83,174**	**83,174**	**16,634**	**1,331**
Defaulted Exposures	**2,192**	**2,192**	**3,110**	**249**
	3,909,751	**3,891,605**	**2,982,110**	**238,569**
Total Credit Exposures	**106,358,806**	**105,810,003**	**55,643,313**	**4,451,465**

5. Credit Risk (Cont'd.)

Minimum Regulatory Capital Requirements for Credit Risk (Cont'd.)

Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures after Credit Risk Mitigation RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
2023				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	19,044,890	19,044,890	-	-
Public Sector Entities	2,017,833	2,017,833	62	5
Banks, DFIs and MDBs	220,637	220,637	44,483	3,558
Insurance Companies, Securities Firms and Fund Managers	6,543	6,446	6,446	516
Corporates	11,119,660	11,028,295	9,036,459	722,917
Regulatory Retail	27,454,302	27,308,200	20,919,942	1,673,595
Residential Mortgages	33,259,898	33,194,492	16,559,203	1,324,736
Higher Risk Assets	10,525	10,525	15,786	1,263
Other Assets	172,247	172,247	145,508	11,641
Equity Exposures	609,709	609,709	609,709	48,777
Defaulted Exposures	809,092	808,492	1,169,426	93,554
	94,725,336	94,421,766	48,507,024	3,880,562
Off-Balance Sheet Exposures				
Credit-related Exposures	4,204,453	4,187,811	3,253,290	260,263
Derivative Financial Instruments	95,596	95,596	19,119	1,530
Defaulted Exposures	2,880	2,880	4,105	328
	4,302,929	4,286,287	3,276,514	262,121
Total Credit Exposures	99,028,265	98,708,053	51,783,538	4,142,683

5. Credit Risk (Cont'd.)

5.1 Distribution of Credit Exposures

Analysis of credit exposures of financial assets before the effect of credit risk mitigation are presented as follows:
(a) Industry analysis
(b) Maturity analysis based on the residual contractual maturity
(c) Geographical analysis

For on-balance sheet exposures, the maximum exposure to credit risk equals their carrying amounts. For financial guarantees, the maximum exposure to credit risk is the full amount that the Bank would have to pay if the obligations for which the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit granted to customers.

(a) Industry Analysis

2024	Government and Central Banks RM'000	Financial Services RM'000	Transport & Business Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction & Real Estate RM'000	Residential Mortgages RM'000	Motor Vehicle Financing RM'000	Other Consumer Financing RM'000	Total RM'000
On-Balance Sheet Exposures									
Cash and balances with banks	**219**	**558,912**	-	-	-	-	-	-	**559,131**
Financial assets at fair value through profit or loss	-	**993,555**	-	-	-	-	-	-	**993,555**
Derivative financial assets	-	**19,924**	-	-	-	-	-	-	**19,924**
Financial investments at fair value through other comprehensive income	**13,484,611**	-	-	-	-	-	-	-	**13,484,611**
Financial investments at amortised cost (Gross)	**4,169,385**	**1,195,361**	-	-	-	-	-	-	**5,364,746**
Gross financing and advances	**2,017,754**	**2,791,780**	**2,344,232**	**6,607,175**	**5,639,601**	**39,087,975**	**14,321,086**	**7,526,375**	**80,335,978**
Statutory deposits with Bank Negara Malaysia	**1,860,700**	-	-	-	-	-	-	-	**1,860,700**
	21,532,669	**5,559,532**	**2,344,232**	**6,607,175**	**5,639,601**	**39,087,975**	**14,321,086**	**7,526,375**	**102,618,645**
Commitments and Contingencies									
Contingent liabilities	**1,840**	**1,064**	**1,423**	**967**	**2,157**	-	-	**159,214**	**166,665**
Commitments	**660**	**16,905**	**334,328**	**1,638,306**	**1,357,076**	**4,092,466**	**6,956**	**1,831,484**	**9,278,181**
	2,500	**17,969**	**335,751**	**1,639,273**	**1,359,233**	**4,092,466**	**6,956**	**1,990,698**	**9,444,846**
Total Credit Exposures	**21,535,169**	**5,577,501**	**2,679,983**	**8,246,448**	**6,998,834**	**43,180,441**	**14,328,042**	**9,517,073**	**112,063,491**

5. Credit Risk (Cont'd.)

5.1 Distribution of Credit Exposures (Cont'd.)

(a) Industry Analysis (Cont'd.)

2023	Government and Central Banks RM'000	Financial Services RM'000	Transport & Business Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction & Real Estate RM'000	Residential Mortgages RM'000	Motor Vehicle Financing RM'000	Other Consumer Financing RM'000	Total RM'000
On-Balance Sheet Exposures									
Cash and balances with banks	250	247,377	-	-	-	-	-	-	247,627
Financial assets at fair value through profit or loss	-	1,893,292	-	-	-	-	-	-	1,893,292
Derivative financial assets	-	24,596	-	-	-	-	-	-	24,596
Financial investments at fair value through other comprehensive income	12,949,519	-	-	-	-	-	-	-	12,949,519
Financial investments at amortised cost (Gross)	4,271,900	1,103,390	-	-	-	-	-	-	5,375,290
Gross financing and advances	2,017,833	2,447,251	2,110,355	5,843,896	6,056,030	36,269,296	11,566,627	7,335,650	73,646,938
Statutory deposits with Bank Negara Malaysia	1,710,590	-	-	-	-	-	-	-	1,710,590
	20,950,092	5,715,906	2,110,355	5,843,896	6,056,030	36,269,296	11,566,627	7,335,650	95,847,852
Commitments and Contingencies									
Contingent liabilities	1,840	1,144	1,402	967	3,850	-	-	110,464	119,667
Commitments	660	6,181	436,239	1,755,336	1,664,616	4,493,212	6,780	1,767,068	10,130,092
	2,500	7,325	437,641	1,756,303	1,668,466	4,493,212	6,780	1,877,532	10,249,759
Total Credit Exposures	20,952,592	5,723,231	2,547,996	7,600,199	7,724,496	40,762,508	11,573,407	9,213,182	106,097,611

5. Credit Risk (Cont'd.)

5.1 Distribution of Credit Exposures (Cont'd.)

(b) Maturity Analysis

	Up to 1 Year RM'000	>1 to 3 Years RM'000	>3 to 5 Years RM'000	>5 Years RM'000	Total RM'000
2024					
On-Balance Sheet Exposures					
Cash and balances with banks	**559,131**	**-**	**-**	**-**	**559,131**
Financial assets at fair value through profit or loss	**993,555**	**-**	**-**	**-**	**993,555**
Derivative financial assets	**2,267**	**11,751**	**5,906**	**-**	**19,924**
Financial investments at fair value through other comprehensive income	**3,018,961**	**5,249,863**	**4,708,255**	**507,532**	**13,484,611**
Financial investments at amortised cost (Gross)	**488,804**	**1,329,792**	**3,103,182**	**442,968**	**5,364,746**
Gross financing and advances	**4,488,082**	**2,864,961**	**3,789,444**	**69,193,491**	**80,335,978**
Statutory deposits with Bank Negara Malaysia	**-**	**-**	**-**	**1,860,700**	**1,860,700**
Total On-Balance Sheet Exposures	**9,550,800**	**9,456,367**	**11,606,787**	**72,004,691**	**102,618,645**
2023					
On-Balance Sheet Exposures					
Cash and balances with banks	247,627	-	-	-	247,627
Financial assets at fair value through profit or loss	1,893,292	-	-	-	1,893,292
Derivative financial assets	-	22,818	1,721	57	24,596
Financial investments at fair value through other comprehensive income	4,708,160	3,932,071	3,779,582	529,706	12,949,519
Financial investments at amortised cost (Gross)	2,068,448	935,064	1,907,706	464,072	5,375,290
Gross financing and advances	2,877,371	4,517,826	3,022,237	63,229,504	73,646,938
Statutory deposits with Bank Negara Malaysia	-	-	-	1,710,590	1,710,590
Total On-Balance Sheet Exposures	11,794,898	9,407,779	8,711,246	65,933,929	95,847,852

Approximately 9% (2023: 12%) of the Bank's exposures to customers and counterparties are short-term, having contractual maturity of one year or less. About 86% (2023: 86%) of the Bank's gross financing and advances has residual maturity of more than five years. The longer maturity is from the house financing and hire purchase which made up 65% (2023: 64%) of the portfolio and are traditionally longer term in nature and well secured.

The residual contractual maturity for off-balance sheet exposures is not presented as the total off-balance sheet exposures do not represent future cash requirements since the Bank expects many of these commitments (such as direct credit substitutes) to expire without being called or drawn upon, whereas many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

(c) Geographical Analysis

All credit exposures are located in Malaysia except for cash and balances with banks of RM5.1 million (2023: RM1.2 million), gross financing and advances of nil (2023: RM13.1 million) and commitments and contingencies of nil (2023: RM14.6 million) which are located in other countries.

5. Credit Risk (Cont'd.)

5.2 Off-Balance Sheet Exposures and Counterparty Credit Risk

(a) Off-Balance Sheet Exposures

Off-balance sheet exposures of the Bank are mainly from the following:

(i) Financial guarantees and standby letters of credit, which represent undertakings that the Bank will make payments in the event that a customer cannot meet its obligations to third parties. These exposures carry the same credit risk as financing even though they are contingent in nature;

(ii) Documentary and commercial letters of credit, which are undertakings by the Bank on behalf of the customer. These exposures are usually collateralised by the underlying shipment of goods to which they relate;

(iii) Commitments to extend credit including the unutilised or undrawn portions of credit facilities;

(iv) Unutilised credit card lines; and

(v) Principal/notional amount of derivative financial instruments.

The management of off-balance sheet exposures is in accordance with the credit risk management approach as set out in item 5 of the Pillar 3 Disclosure.

(b) Counterparty Credit Risk on Derivative Financial Instruments

The risk management approach on counterparty credit risk on derivative financial instruments are set out in the credit risk section of Note 40 to the financial statements.

5. Credit Risk (Cont'd.)

5.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

Composition of Off-Balance Sheet Exposures

The following tables present the composition of off-balance sheet exposures. All derivative financial instruments are at their notional amounts.

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
2024				
Contingent Liabilities				
Direct credit substitutes	**34,827**		**34,827**	**24,634**
Transaction-related contingent items	**127,153**		**63,577**	**49,037**
Short term self-liquidating trade-related contingencies	**4,685**		**937**	**827**
	166,665		**99,341**	**74,498**
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	**6,239,218**		**3,119,443**	**2,412,259**
- not exceeding one year	**2,488,982**		**497,797**	**396,222**
Unutilised credit card lines	**549,981**		**109,996**	**82,497**
	9,278,181		**3,727,236**	**2,890,978**
Derivative Financial Instruments				
Profit rate related contracts:				
- up to one year	**1,200,000**	**2,267**	**4,517**	**903**
- more than one year to five years	**2,600,000**	**17,657**	**68,657**	**13,731**
- more than five years	**200,000**	**-**	**10,000**	**2,000**
	4,000,000	**19,924**	**83,174**	**16,634**
Total Off-Balance Sheet Exposures	**13,444,846**	**19,924**	**3,909,751**	**2,982,110**
2023				
Contingent Liabilities				
Direct credit substitutes	34,065		34,065	24,076
Transaction-related contingent items	82,663		41,331	28,293
Short term self-liquidating trade-related contingencies	2,939		588	485
	119,667		75,984	52,854
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	7,018,268		3,508,983	2,708,843
- not exceeding one year	2,702,746		540,550	434,336
Unutilised credit card lines	409,078		81,816	61,362
	10,130,092		4,131,349	3,204,541
Derivative Financial Instruments				
Foreign exchange related contracts:				
- up to one year	32	-	-	-
Profit rate related contracts:				
- more than one year to five years	3,200,000	24,539	83,539	16,708
- more than five years	200,000	57	12,057	2,411
	3,400,032	24,596	95,596	19,119
Total Off-Balance Sheet Exposures	13,649,791	24,596	4,302,929	3,276,514

5. Credit Risk (Cont'd.)

5.3 Credit Risk Mitigation

The Bank's approach in granting credit facilities is based on the credit standing of the customer, source of payment and debt servicing ability rather than placing primary reliance on credit risk mitigants ("CRM"). Depending on a customer's credit standing and the type of product, facilities may be provided unsecured. Nevertheless, mitigation of credit risk is a key aspect of effective risk management and takes many forms.

The main types of collateral obtained by the Bank to mitigate credit risk are as follows:
(a) for residential mortgages - charges over residential properties;
(b) for commercial property financing - charges over the properties being financed;
(c) for motor vehicle financing - ownership claims over the vehicles financed; and
(d) for other financing - charges over business assets such as premises, inventories, trade receivables or deposits.

The reliance that can be placed on CRM is carefully assessed in light of issues such as legal enforceability, market value and the ease of realising the CRM. Policies and procedures are in place to govern the protection of the Bank's position from the onset of a customer relationship, for instance in requiring standard terms and conditions or specifically agreed upon during documentation to ensure the legal enforceability of the CRM.

The valuation of CRM seeks to monitor and ensure that they will continue to provide the credit protection. Policy on the periodic valuation updates of CRM is in place to ensure this. The value of properties taken as collateral is generally updated from time to time during the review of the customers' facilities to reflect the current market value. The quality, liquidity and collateral type will determine the appropriate haircuts or discounts applied on the market value of the collateral.

Where there is a currency mismatch, haircuts are applied to protect against currency fluctuations, in addition to ongoing review and controls over maturity mismatch between collateral and exposures. In mortgage financing, the collateral is required to be covered at all times against major risks, for instance, against fire, with the Bank as the loss payee under the takaful policy. In addition, customers are generally covered against major risks, such as, death and permanent disability.

The Bank also accepts guarantees from individuals, corporate and institutional customers to mitigate credit risk, subject to internal guidelines on eligibility. Currently, the Bank does not employ the use of derivative credit instruments such as credit default swaps, structured credit notes and securitisation structures to mitigate the Bank's credit exposures. In addition, the Bank enters into master netting arrangements with its derivative counterparties to reduce the credit risk, all amounts with the counterparty are settled on a net basis.

5. Credit Risk (Cont'd.)

5.3 Credit Risk Mitigation (Cont'd.)

Credit Risk Mitigation Analysis

The following tables present the credit risk mitigation analysis of the Bank i.e. credit exposures covered by eligible financial collateral and financial guarantees as defined under the Standardised Approach. Eligible financial collateral consists primarily of cash, securities from listed exchange, unit trust or marketable securities. The Bank does not have any credit exposure which is reduced through the application of other eligible collateral.

Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures Covered by Guarantees RM'000	Total Exposures Covered by Eligible Financial Collateral RM'000	Total Exposures Covered by Other Eligible Collateral RM'000
2024				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	**19,619,373**	**-**	**-**	**-**
Public Sector Entities	**2,017,756**	**2,017,516**	**-**	**-**
Banks, DFIs and MDBs	**532,852**	**-**	**-**	**-**
Insurance Companies, Securities Firms and Fund Managers	**5,421**	**-**	**193**	**-**
Corporates	**12,030,313**	**1,143,050**	**292,375**	**-**
Regulatory Retail	**30,843,300**	**56,147**	**165,659**	**-**
Residential Mortgages	**36,049,997**	**-**	**72,055**	**-**
Higher Risk Assets	**10,564**	**-**	**-**	**-**
Other Assets	**212,069**	**-**	**-**	**-**
Equity Exposures	**630,315**	**-**	**-**	**-**
Defaulted Exposures	**497,095**	**-**	**375**	**-**
	102,449,055	**3,216,713**	**530,657**	**-**
Off-Balance Sheet Exposures				
Credit-related Exposures	**3,824,385**	**123,800**	**18,146**	**-**
Derivative Financial Instruments	**83,174**	**-**	**-**	**-**
Defaulted Exposures	**2,192**	**-**	**-**	**-**
	3,909,751	**123,800**	**18,146**	**-**
Total Credit Exposures	**106,358,806**	**3,340,513**	**548,803**	**-**

PUBLIC ISLAMIC BANK BERHAD
Company No.: 197301001433 (14328-V)

5. Credit Risk (Cont'd.)

5.3 Credit Risk Mitigation (Cont'd.)

Credit Risk Mitigation Analysis (Cont'd.)

Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures Covered by Guarantees RM'000	Total Exposures Covered by Eligible Financial Collateral RM'000	Total Exposures Covered by Other Eligible Collateral RM'000
2023				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	19,044,890	-	-	-
Public Sector Entities	2,017,833	2,017,522	-	-
Banks, DFIs and MDBs	220,637	-	-	-
Insurance Companies, Securities Firms and Fund Managers	6,543	-	97	-
Corporates	11,119,660	631,314	91,365	-
Regulatory Retail	27,454,302	57,855	146,102	-
Residential Mortgages	33,259,898	-	65,406	-
Higher Risk Assets	10,525	-	-	-
Other Assets	172,247	-	-	-
Equity Exposures	609,709	-	-	-
Defaulted Exposures	809,092	-	600	-
	94,725,336	2,706,691	303,570	-
Off-Balance Sheet Exposures				
Credit-related Exposures	4,204,453	164,991	16,642	-
Derivative Financial Instruments	95,596	-	-	-
Defaulted Exposures	2,880	-	-	-
	4,302,929	164,991	16,642	-
Total Credit Exposures	99,028,265	2,871,682	320,212	-

5. Credit Risk (Cont'd.)

5.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach

Under the Standardised Approach, the Bank makes use of credit ratings assigned by credit rating agencies in its calculation of credit risk-weighted assets. The following are the rating agencies or Eligible Credit Assessment Institutions ("ECAI") ratings used by the Bank and are recognised by BNM in the CAFIB:

(a) Standard & Poor's ("S&P")
(b) Moody's Investors Service ("Moody's")
(c) Fitch Ratings ("Fitch")
(d) RAM Rating Services Berhad ("RAM")
(e) Malaysian Rating Corporation Berhad ("MARC")

The ECAI ratings accorded to the following counterparty exposure classes are used in the calculation of risk-weighted assets for capital adequacy purposes:

(a) Sovereigns and Central Banks
(b) Banking Institutions
(c) Corporates

Unrated and Rated Counterparties

In general, the rating specific to the credit exposure is used, i.e. the issue rating. Where no specific rating exists, the credit rating assigned to the issuer or counterparty of that particular credit exposure is used. In cases where an exposure has neither an issue or issuer rating, it is deemed as unrated or the rating of another rated obligation of the same counterparty may be used if the exposure is ranked at least pari passu with the obligation that is rated, as stipulated in the CAFIB. Where a counterparty or an exposure is rated by more than one ECAI, the second highest rating is then used to determine the risk weight. In cases where the credit exposures are secured by guarantees issued by eligible or rated guarantors, the risk weights similar to that of the guarantor are assigned.

The following is a summary of the rules governing the assignment of risk weights under the Standardised Approach. Each rated exposure must be assigned to one of the six credit quality rating categories defined in the table below:

Rating Category	S & P	Moody's	Fitch	RAM	MARC
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB1 to BB3	BB+ to BB-
5	B+ to B-	B1 to B3	B+ to B-	B1 to B3	B+ to B-
6	CCC+ and below	Caa1 and below	CCC+ and below	C1 and below	C+ and below

5. Credit Risk (Cont'd.)

5.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

The Bank uses a system to automatically execute the selection of ratings and allocation of risk weights. The following table is a summarised risk weight mapping matrix for each credit quality rating category:

Rating Category	Risk Weights Based on Credit Rating of the Counterparty Exposure Class			
			Banking Institutions	
	Sovereigns and Central Banks	Corporates	For Exposure Greater Than Six Months Original Maturity	For Exposure Less Than Six Months Original Maturity
1	0%	20%	20%	20%
2	20%	50%	50%	20%
3	50%	100%	50%	20%
4	100%	100%	100%	50%
5	100%	150%	100%	50%
6	150%	150%	150%	150%

In addition to the above, credit exposures under the counterparty exposure class of Banking Institutions, with an original maturity of three months or less which are denominated and funded in Ringgit Malaysia, are all risk-weighted at 20% regardless of credit rating.

5. Credit Risk (Cont'd.)

5.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories

The following tables present the credit exposures before the effect of credit risk mitigation by credit quality rating categories.

Exposure Class	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000	Unrated RM'000	Total RM'000
	Rating Categories							
2024								
On-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	2,331,614	-	-	-	-	-		2,331,614
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	-	19,619,373	-	-	-	-		19,619,373
- Public Sector Entities	-	2,017,516	-	-	-	-		2,017,516
- Corporates	-	6,797	-	-	-	-		6,797
- Regulatory Retail	-	56,147	-	-	-	-		56,147
	-	21,699,833	-	-	-	-		21,699,833
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	-	471,144	-	-	-	-		471,144
Total Rated Exposures	2,331,614	22,170,977	-	-	-	-		24,502,591
(b) Total Unrated Exposures							77,946,464	77,946,464
	2,331,614	22,170,977	-	-	-	-	77,946,464	102,449,055
Off-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	123,800	-	-	-	-	-		123,800
(ii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	83,174	-	-	-	-	-		83,174
Total Rated Exposures	206,974	-	-	-	-	-		206,974
(b) Total Unrated Exposures							3,702,777	3,702,777
	206,974	-	-	-	-	-	3,702,777	3,909,751
Total Credit Exposures before Credit Risk Mitigation	2,538,588	22,170,977	-	-	-	-	81,649,241	106,358,806

5. Credit Risk (Cont'd.)

5.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories (Cont'd.)

Exposure Class	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000	Unrated RM'000	Total RM'000
	Rating Categories							
2023								
On-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	2,482,223	-	-	-	-	-		2,482,223
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	-	19,044,890	-	-	-	-		19,044,890
- Public Sector Entities	-	2,017,522	-	-	-	-		2,017,522
- Corporates	-	6,058	-	-	-	-		6,058
- Regulatory Retail	-	57,855	-	-	-	-		57,855
	-	21,126,325	-	-	-	-		21,126,325
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	-	219,656	-	-	-	-		219,656
Total Rated Exposures	2,482,223	21,345,981	-	-	-	-		23,828,204
(b) Total Unrated Exposures							70,897,132	70,897,132
	2,482,223	21,345,981	-	-	-	-	70,897,132	94,725,336
Off-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	164,991	-	-	-	-	-		164,991
(ii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	95,596	-	-	-	-	-		95,596
Total Rated Exposures	260,587	-	-	-	-	-		260,587
(b) Total Unrated Exposures							4,042,342	4,042,342
	260,587	-	-	-	-	-	4,042,342	4,302,929
Total Credit Exposures before Credit Risk Mitigation	2,742,810	21,345,981	-	-	-	-	74,939,474	99,028,265

Under the CAFIB, exposures denominated and funded in Ringgit Malaysia and guaranteed by the Federal Government of Malaysia or BNM are accorded a preferential sovereign risk weight of 0%.

5. Credit Risk (Cont'd.)

5.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights

The following tables present the credit exposures after the effect of credit risk mitigation by risk weights.

	← Credit Exposures after the Effect of Credit Risk Mitigation →											
Risk Weights	**Sovereigns/ Central Banks RM'000**	**Public Sector Entities RM'000**	**Banks, DFIs and MDBs RM'000**	**Insurance Companies, Securities Firms and Fund Managers RM'000**	**Corporates RM'000**	**Regulatory Retail RM'000**	**Residential Mortgages RM'000**	**Higher Risk Assets RM'000**	**Other Assets RM'000**	**Equity Exposures RM'000**	**Total Exposures after Credit Risk Mitigation RM'000**	**Total Risk-Weighted Assets RM'000**
2024												
0%	**19,619,373**	**2,017,516**	**-**	**-**	**6,797**	**56,147**	**-**	**-**	**26,060**	**-**	**21,725,893**	**-**
20%	**-**	**240**	**610,908**	**-**	**2,455,414**	**-**	**-**	**-**	**-**	**-**	**3,066,562**	**613,312**
35%	**-**	**-**	**-**	**-**	**-**	**-**	**20,268,598**	**-**	**-**	**-**	**20,268,598**	**7,094,009**
50%	**-**	**-**	**5,118**	**-**	**3,257**	**2,452**	**10,710,769**	**-**	**-**	**-**	**10,721,596**	**5,360,798**
75%	**-**	**-**	**-**	**-**	**-**	**30,535,661**	**52,904**	**-**	**-**	**-**	**30,588,565**	**22,941,424**
100%	**-**	**-**	**-**	**6,646**	**9,832,043**	**2,478,323**	**5,915,492**	**-**	**186,009**	**630,315**	**19,048,828**	**19,048,828**
150%	**-**	**-**	**-**	**-**	**14,565**	**334,537**	**24,377**	**16,482**	**-**	**-**	**389,961**	**584,942**
Total	**19,619,373**	**2,017,756**	**616,026**	**6,646**	**12,312,076**	**33,407,120**	**36,972,140**	**16,482**	**212,069**	**630,315**	**105,810,003**	**55,643,313**
Risk-Weighted Assets by Exposures	**-**	**48**	**124,741**	**6,646**	**10,346,602**	**25,883,100**	**18,441,129**	**24,723**	**186,009**	**630,315**	**55,643,313**	
Average Risk Weights	**0.0%**	**0.0%**	**20.2%**	**100.0%**	**84.0%**	**77.5%**	**49.9%**	**150.0%**	**87.7%**	**100.0%**	**52.6%**	
Deduction from Total Capital			**-**							**-**	**-**	

PUBLIC ISLAMIC BANK BERHAD
Company No.: 197301001433 (14328-V)

5. Credit Risk (Cont'd.)

5.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights (Cont'd.)

	Credit Exposures after the Effect of Credit Risk Mitigation											
Risk Weights	**Sovereigns/ Central Banks RM'000**	**Public Sector Entities RM'000**	**Banks, DFIs and MDBs RM'000**	**Insurance Companies, Securities Firms and Fund Managers RM'000**	**Corporates RM'000**	**Regulatory Retail RM'000**	**Residential Mortgages RM'000**	**Higher Risk Assets RM'000**	**Other Assets RM'000**	**Equity Exposures RM'000**	**Total Exposures after Credit Risk Mitigation RM'000**	**Total Risk-Weighted Assets RM'000**
2023												
0%	19,044,890	2,017,522	-	-	6,058	57,855	-	-	26,739	-	21,153,064	-
20%	-	311	315,047	-	2,647,214	-	-	-	-	-	2,962,572	592,514
35%	-	-	-	-	-	-	18,586,855	-	-	-	18,586,855	6,505,399
50%	-	-	1,186	-	-	411	9,736,250	-	-	-	9,737,847	4,868,924
75%	-	-	-	-	-	27,205,249	82,821	-	-	-	27,288,070	20,466,053
100%	-	-	-	7,390	9,091,528	2,508,298	5,875,205	-	145,508	609,709	18,237,638	18,237,638
150%	-	-	-	-	67,974	631,493	26,197	16,343	-	-	742,007	1,113,010
Total	19,044,890	2,017,833	316,233	7,390	11,812,774	30,403,306	34,307,328	16,343	172,247	609,709	98,708,053	51,783,538
Risk-Weighted Assets by Exposures	-	62	63,602	7,390	9,722,932	23,859,680	17,350,141	24,514	145,508	609,709	51,783,538	
Average Risk Weights	0.0%	0.0%	20.1%	100.0%	82.3%	78.5%	50.6%	150.0%	84.5%	100.0%	52.5%	
Deduction from Total Capital			-							-	-	

5. Credit Risk (Cont'd.)

5.5 Credit Quality of Gross Financing and Advances

Gross Financing and Advances by Credit Quality

All financing and advances are categorised as either:
(a) Neither past due nor credit-impaired;
(b) Past due but not credit-impaired; or
(c) Credit-impaired.

Financing and advances are considered past due when any payment (whether principal and/or profit) due under the contractual terms are received late or missed.

Financing and advances are classified as credit-impaired when they fulfil any of the following criteria:

(a) Principal or profit or both are past due for ninety (90) days or more; or

(b) Outstanding amount is in excess of approved limit for ninety (90) days or more in the case of revolving facilities; or

(c) Where financing and advances are in arrears or the outstanding amount has been in excess of the approved limit for less than ninety (90) days, the financing and advances exhibits indications of significant credit weaknesses; or

(d) Where a credit-impaired financing and advances are rescheduled and restructured ("R&R"), the financing and advances will remain as credit-impaired until payments based on the revised and/or restructured terms have been continuously paid for a period of at least six (6) months and the account is less than ninety (90) days past due upon compliance of the required nursing period; or

(e) For payments scheduled on intervals of ninety (90) days or more including bullet payment, as soon as default occurs.

In addition, financing and advances that are considered individually significant, the Bank assesses on a case-by-case basis at each reporting date whether there is any objective evidence that financing and advances are credit-impaired.

The gross financing and advances analysed by credit quality are set out in the credit risk section of Note 40(ii) to the financial statements.

The description of the approaches adopted for the determination of individual and collective impairment allowance are set out in Note 2(iii)(f)(ii) to the financial statements.

5. Credit Risk (Cont'd.)

5.5 Credit Quality of Gross Financing and Advances (Cont'd.)

(a) Past Due But Not Credit-impaired

Tables (i)-(ii) present the analyses of past due but not credit-impaired financing and advances of the Bank by the following:

(i) Economic purpose
(ii) Aging

(i) Economic Purpose

	2024 RM'000	2023 RM'000
Purchase of transport vehicles	**2,100,408**	1,946,046
Purchase of properties	**3,994,058**	4,220,331
(Of which: - residential	**3,051,687**	3,515,264
- non-residential)	**942,371**	705,067
Purchase of fixed assets (excluding properties)	**150**	-
Personal use	**158,170**	207,380
Credit card	**15,240**	12,249
Construction	**3,159**	5,621
Working capital	**60,839**	70,273
Other purpose	**650**	882
	6,332,674	6,462,782

(ii) Aging

	2024 RM'000	2023 RM'000
1 day to 30 days	**4,658,441**	4,664,370
31 to 59 days	**918,641**	990,969
60 to 89 days	**755,592**	807,443
	6,332,674	6,462,782

5. Credit Risk (Cont'd.)

5.5 Credit Quality of Gross Financing and Advances (Cont'd.)

(b) Credit-impaired Financing and Advances

The following tables present the analyses of credit-impaired financing and advances and the impairment allowances of the Bank by the economic purpose.

Economic Purpose

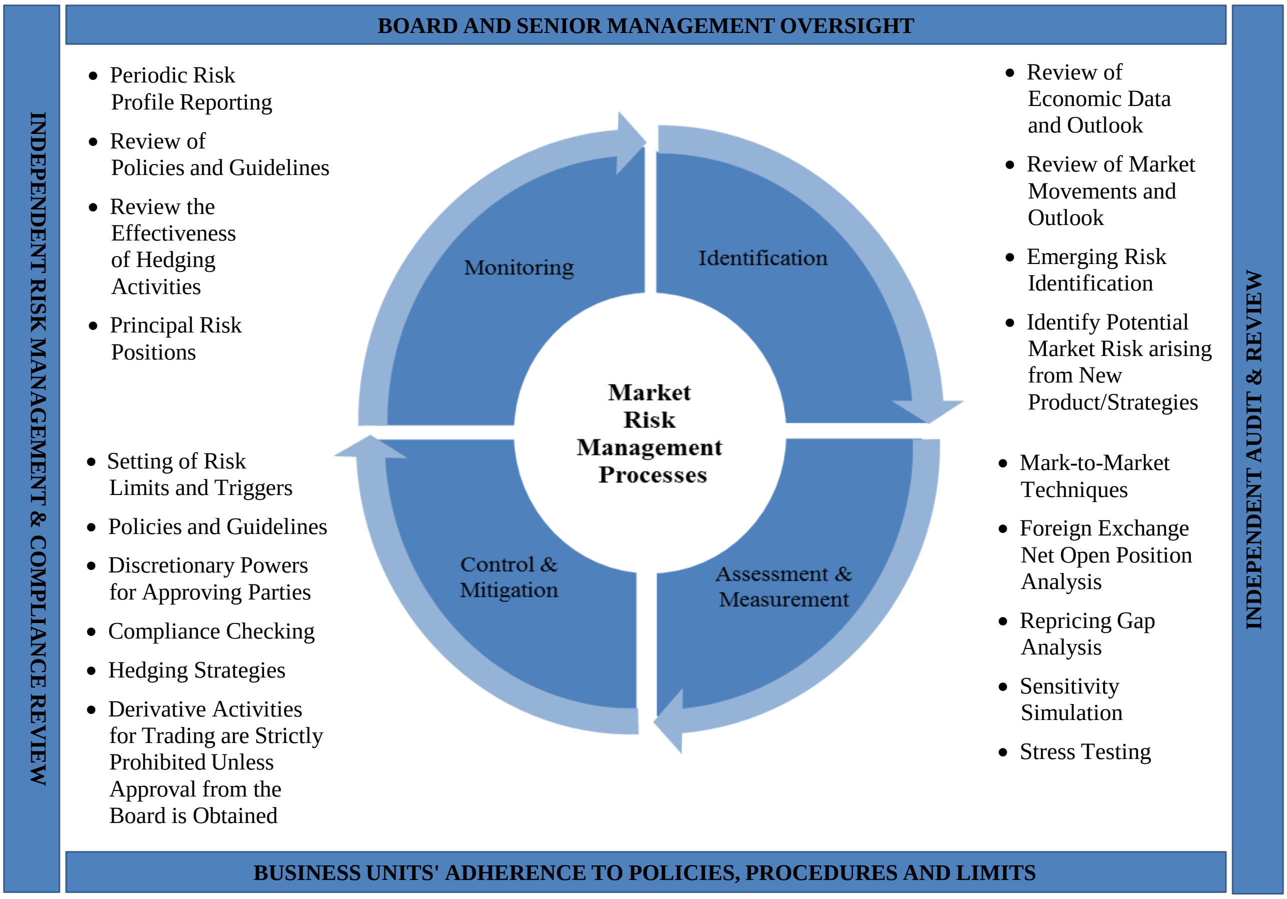
2024	Credit-impaired Financing and Advances RM'000	Individual Assessment Allowance at 1 January RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December RM'000	Collective Assessment Allowance at 31 December[1] RM'000	Total Impairment Allowances for Financing and Advances RM'000
Purchase of transport vehicles	**36,270**	**-**	**-**	**-**	**-**	**151,919**	**151,919**
Purchase of properties	**208,970**	**648**	**6,660**	**(69)**	**7,239**	**173,691**	**180,930**
(Of which: - residential	**154,453**	**-**	**-**	**-**	**-**	**81,848**	**81,848**
- non-residential)	**54,517**	**648**	**6,660**	**(69)**	**7,239**	**91,843**	**99,082**
Purchase of fixed assets (excluding properties)	**-**	**-**	**-**	**-**	**-**	**251**	**251**
Personal use	**22,175**	**-**	**-**	**-**	**-**	**24,797**	**24,797**
Credit card	**614**	**-**	**-**	**-**	**-**	**2,557**	**2,557**
Construction	**-**	**-**	**-**	**-**	**-**	**31,216**	**31,216**
Working capital	**15,120**	**534**	**4,184**	**(494)**	**4,224**	**25,152**	**29,376**
Other purpose	**13**	**-**	**-**	**-**	**-**	**294,135**	**294,135**
	283,162	**1,182**	**10,844**	**(563)**	**11,463**	**703,718**	**715,181**
2023							
Purchase of transport vehicles	41,027	-	-	-	-	221,729	221,729
Purchase of properties	179,178	377	271	-	648	176,362	177,010
(Of which: - residential	144,148	-	-	-	-	84,493	84,493
- non-residential)	35,030	377	271	-	648	91,869	92,517
Purchase of fixed assets (excluding properties)	-	-	-	-	-	11	11
Personal use	24,249	-	-	-	-	30,488	30,488
Credit card	1,034	-	-	-	-	2,756	2,756
Construction	-	-	-	-	-	44,395	44,395
Working capital	5,892	356	509	(331)	534	31,363	31,897
Other purpose	22	-	-	-	-	377,906	377,906
	251,402	733	780	(331)	1,182	885,010	886,192

[1] Includes collective assessment allowance of nil (2023: RM0.1 million) which are located in United Kingdom.

6. Market Risk

Market risk is the risk that movements in market variables, including rate of return, foreign exchange rates, credit spreads, commodity prices and equity prices, will reduce the earnings or capital of the Bank.

The following diagram presents the risk management processes over market risk.



The risk governance and risk management approach for market risk are set out in the market risk section of Note 40 to the financial statements.

Minimum Regulatory Capital Requirements for Market Risk

The following table presents the minimum regulatory capital requirements for market risk.

	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
2024				
Rate of return risk	**993,555**	**-**	**62,015**	**4,961**
Foreign Exchange risk	**5**	**-**	**5**	**1**
Total	**993,560**	**-**	**62,020**	**4,962**
2023				
Rate of return risk	1,893,324	(32)	79,021	6,322
Foreign Exchange risk	16	-	16	1
Total	1,893,340	(32)	79,037	6,323

6. Market Risk (Cont'd.)

6.1 Rate of Return Risk in the Banking Book

Rate of Return Risk Sensitivity Analysis

The following table presents the projected Bank's sensitivity to a 100 basis point parallel rate movement across all maturities applied on the Bank's rate of return sensitivity gap as at the reporting date, taking into consideration the behavioural pattern of certain indeterminate maturity of deposits such as demand and savings deposits to reflect the actual sensitivity behavioural of these deposits. Where the current rate of return is lower than 1%, the downward rate shock applied is restricted to the prevailing rate of return.

	2024		2023	
	-100 bps	+100 bps	-100 bps	+100 bps
	Increase/(Decrease)			
	RM'000	RM'000	RM'000	RM'000
Impact on Net Profit Income ("NPI")	**(169,108)**	**154,098**	(165,474)	142,776
Impact on Economic Value of Equity ("EVE")	**547,083**	**(310,546)**	473,841	(249,682)

The reported amounts do not capture the impact of business growth or of management actions and are based on the balance sheet as at reporting date. In reality, the Assets & Liabilities Management Committee ("ALCO") seeks to proactively change the rate of return risk profile to minimise losses and maximise net revenue. The projection assumes a constant statement of financial position and that all positions run to maturity.

The repricing profile of financing that does not have maturity is based on the earliest possible repricing dates. Actual dates may differ from contractual dates owing to prepayments. Where possible and material, financing prepayments are generally estimated based on past statistics and trends. The impact on the NPI and EVE are measured on a monthly basis, both of which are reported to the ALCO and the Risk Management Committee.

7. Equity Exposures in the Banking Book

The following table presents the equity exposures in the banking book.

	2024		**2023**	
	Gross Credit Exposure RM'000	**Risk-Weighted Assets RM'000**	**Gross Credit Exposure RM'000**	**Risk-Weighted Assets RM'000**
Publicly traded				
Investments in unit trust funds	**630,315**	**630,315**	609,709	609,709

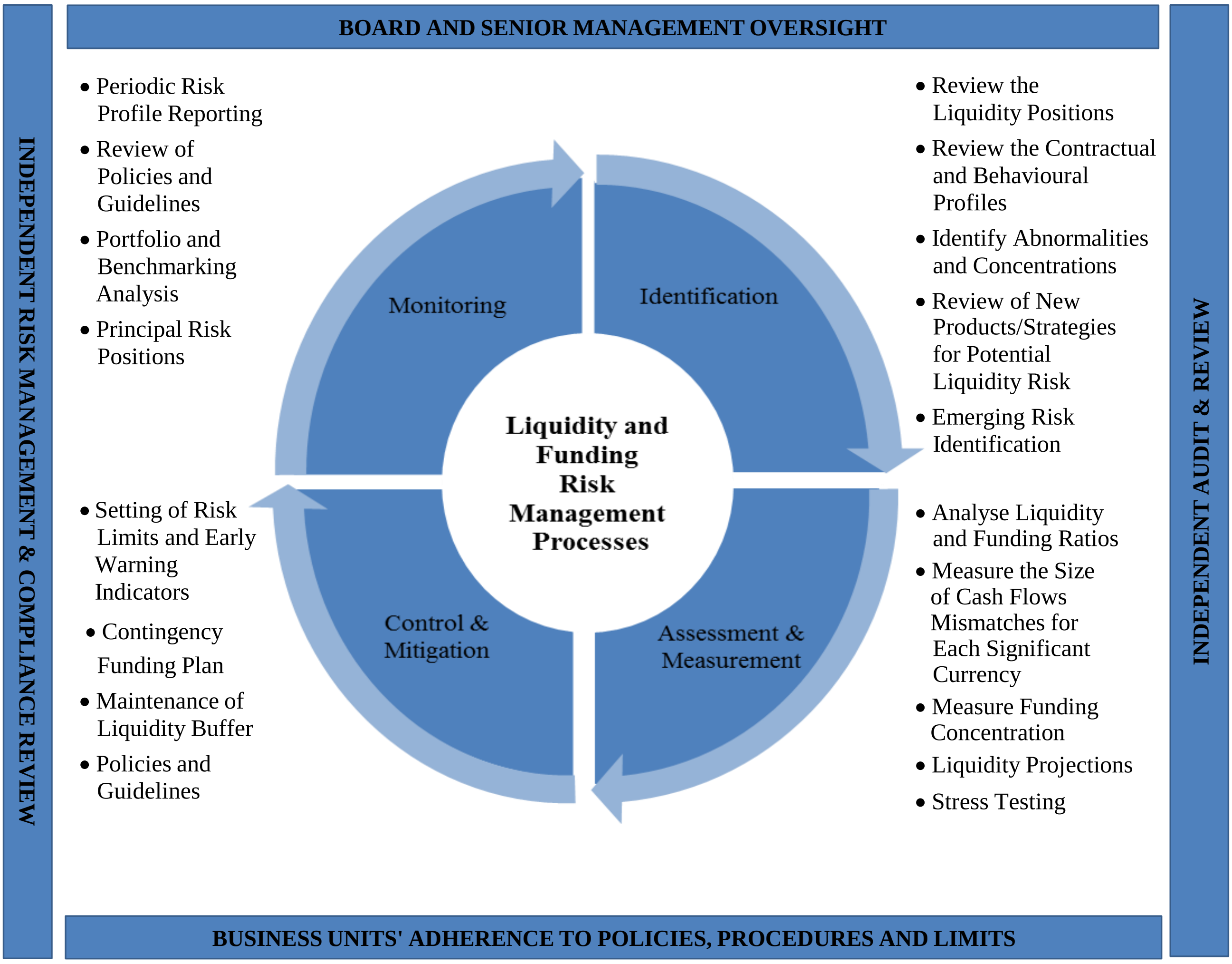
The publicly traded investment in unit trust funds comprises wholesale income fund which is held for yield purposes.

During the financial year, there were no realised gains or losses on disposal of equity exposures in the banking book (2023: nil). As at 31 December 2024, there were no unrealised gains or losses (2023: nil) arising from the mark-to-market of equity exposures in banking book.

8. Liquidity and Funding Risk

Liquidity and funding risk is the risk of insufficient financial resources to meet obligations due and/or inefficient funding structure resulting in high funding cost.

The following diagram presents the risk management processes over liquidity and funding risk.

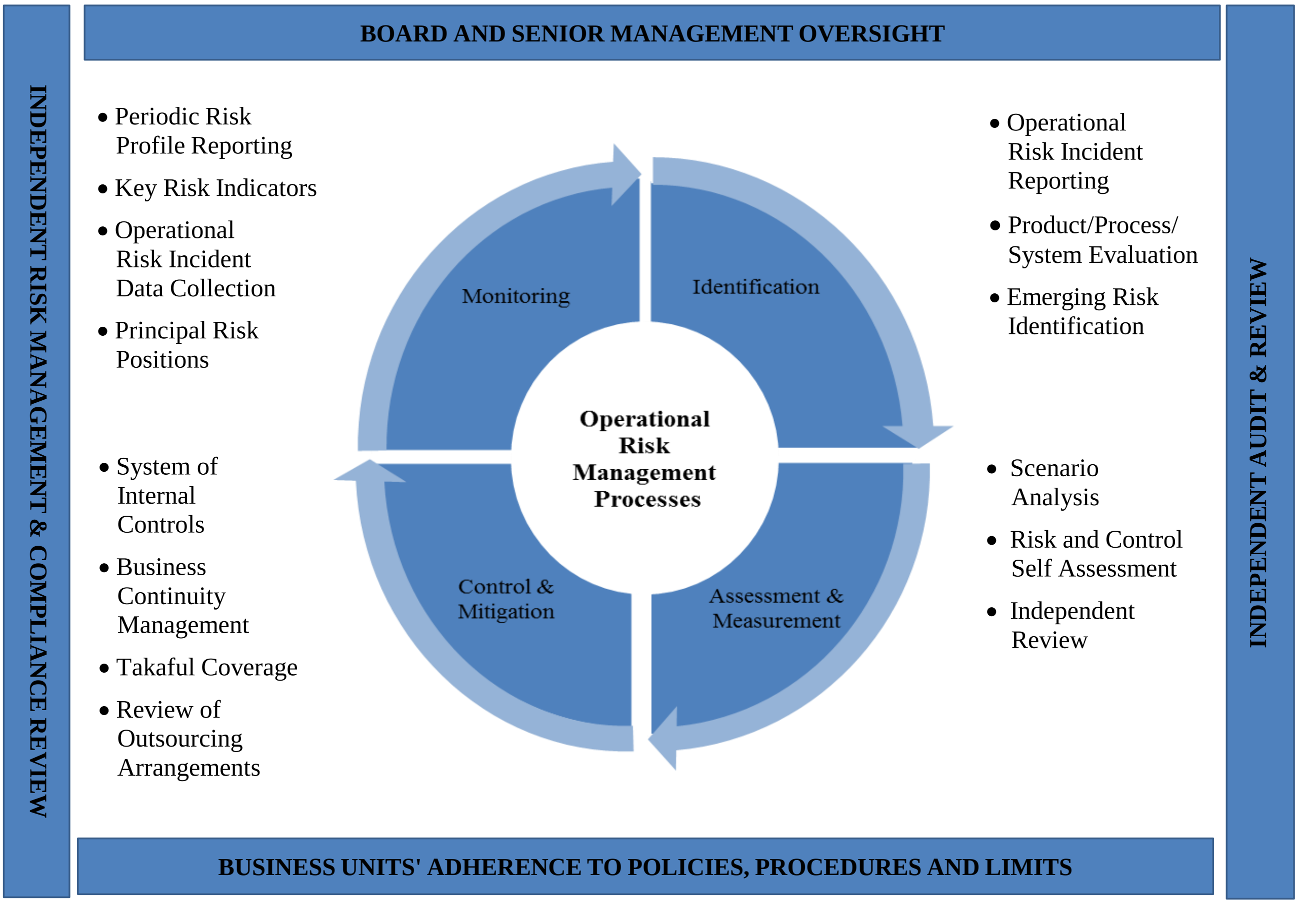


The risk governance and risk management approach for liquidity and funding risk are set out in the liquidity and funding risk section of Note 40 to the financial statements.

9. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is unavoidable as it is inherent in all banking businesses. The objective of the operational risk management of the Bank is to manage its operational risk within an acceptable level.

The following diagram presents the risk management processes over operational risk.



The risk governance and risk management approach for operational risk are set out in the operational risk section of Note 40 to the financial statements.

Minimum Regulatory Capital Requirements for Operational Risk

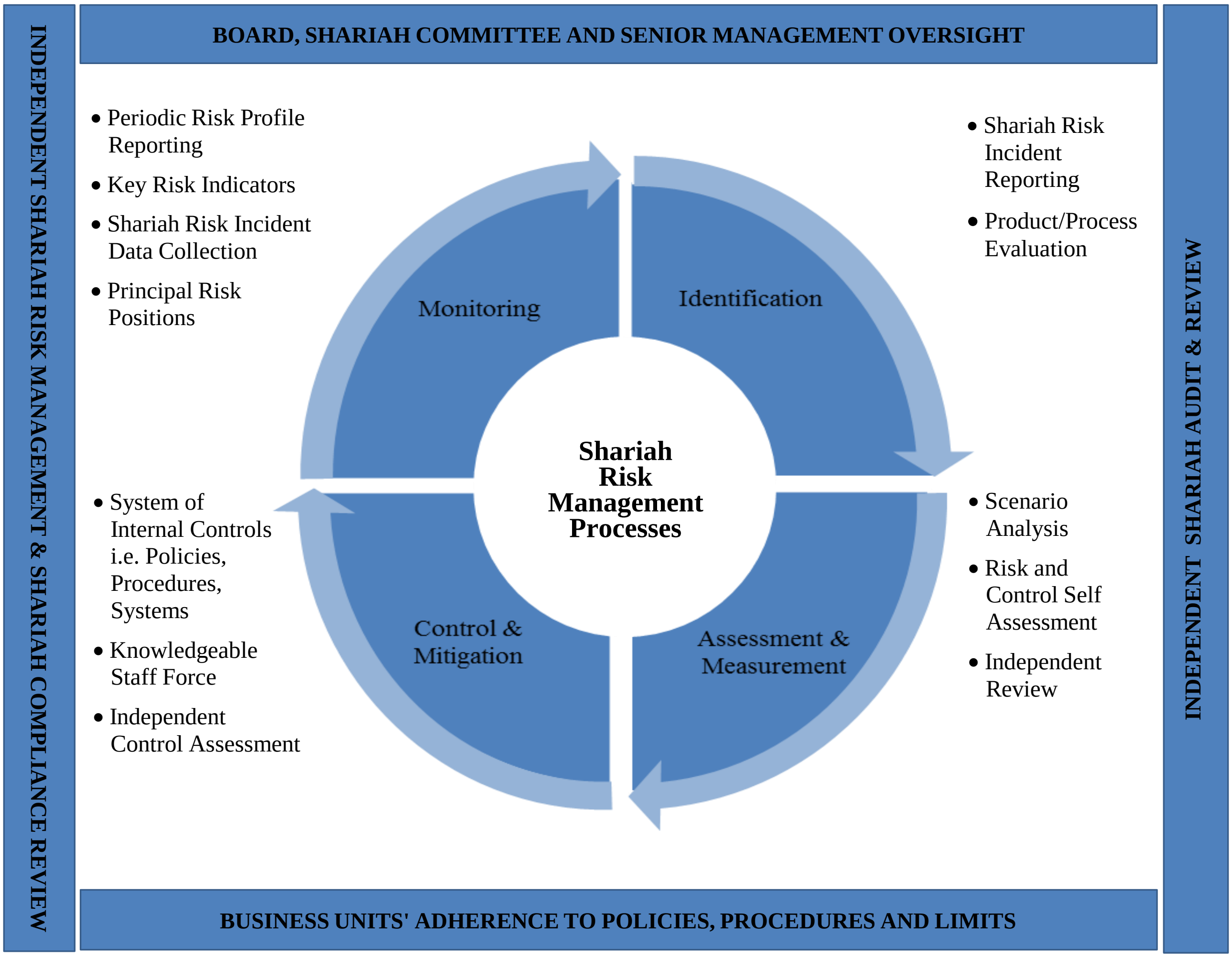
The following table presents the minimum regulatory capital requirements for operational risk of the Bank, computed using the Basic Indicator Approach.

	2024		2023	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Operational Risk	**2,905,605**	**232,448**	2,803,809	224,305

10. Shariah Non-Compliance Risk

Shariah non-compliance ("SNC") risk is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Bank may suffer arising from failure to comply with the rulings of the Shariah Advisory Council ("SAC") of BNM, standards on Shariah matters issued by BNM pursuant to section 29(1) of the Islamic Financial Services Act 2013 ("IFSA"), or decisions or advice of the SC of the Bank.

The following diagram presents the risk management processes over SNC risk.



The following disclosures on SNC risk are set out in the Shariah Committee report and Shariah non-compliance risk section of Note 40 to the financial statements:

(a) Nature of Shariah non-compliant activities;
(b) Amount of Shariah non-compliant income;
(c) Number of non-Shariah compliant events occurring during the year; and
(d) Rectification process and control measures to avoid recurrence of such Shariah non-compliant activities.