

PUBLIC ISLAMIC BANK BERHAD
(14328-V)
(Incorporated in Malaysia)

A27. Capital Adequacy

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

	30 September 2015	31 December 2014
<u>Before deducting interim dividend *</u>		
Common Equity Tier I ("CET I") capital ratio	10.559%	11.730%
Tier I capital ratio	10.559%	11.730%
Total capital ratio	13.198%	14.580%
<u>After deducting interim dividend *</u>		
CET I capital ratio	10.559%	11.007%
Tier I capital ratio	10.559%	11.007%
Total capital ratio	13.198%	13.857%

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

	30 September 2015	31 December 2014
	RM'000	RM'000
Components of CET I, Tier I and Tier II capital:		
<u>CET I capital / Tier I capital</u>		
Paid-up share capital	207,217	200,217
Share premium	1,925,500	1,757,500
Other reserves	211,678	215,823
Retained profits	374,648	431,300
Less: Defined benefit pension fund assets	(3,047)	(3,384)
Less: Investment in an associated company deducted from CET I capital	(8,000)	(4,000)
Total CET I capital / Tier I capital	2,707,996	2,597,456
<u>Tier II capital</u>		
Collective assessment allowance and regulatory reserves #	189,774	148,356
Subordinated Sukuk Murabahah	499,052	498,860
Less: Investment in an associated company deducted from Tier II capital	(12,000)	(16,000)
Total Tier II capital	676,826	631,216
Total capital	3,384,822	3,228,672

Excludes collective assessment allowance on impaired financing restricted from Tier II capital of the Bank of RM165,562,000 (2014 : RM173,495,000). Includes the qualifying regulatory reserves for non-impaired financing of RM6,155,000 (2014 : Nil).

The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The total capital and capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components and Basel II - Risk-weighted Assets) dated 28 November 2012. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components), the minimum capital adequacy requirement for common equity Tier I capital ratio and Tier I capital ratio are 4.5% and 6.0% respectively for year 2015 (2014 - 4.0% and 5.5% respectively). The minimum regulatory capital adequacy requirement remains at 8.0% (2014 - 8.0%) for total capital ratio.

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A27. Capital Adequacy (continued)

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

	30 September 2015 RM'000	31 December 2014 RM'000
Credit risk	24,077,017	20,402,877
Market risk	16,736	178,375
Operational risk	1,551,993	1,562,715
	<u>25,645,746</u>	<u>22,143,967</u>