

## PILLAR 3 DISCLOSURE

As at 30 June 2015

### 1. Overview

The information of Public Islamic Bank Berhad ("the Bank") below is disclosed pursuant to the requirements of the Bank Negara Malaysia's ("BNM") Capital Adequacy Framework for Islamic Banks ("CAFIB") - Disclosure Requirements (Pillar 3). Certain information is presented on a voluntary basis to provide additional information to users.

#### Minimum Regulatory Capital Requirement

The following tables present the minimum regulatory capital requirements to support the Bank's risk-weighted assets.

	30 June 2015		31 December 2014	
	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Credit Risk	22,393,014	1,791,441	20,402,877	1,632,230
Market Risk	94,844	7,587	178,375	14,270
Operational Risk	1,554,671	124,374	1,562,715	125,017
<b>Total</b>	<b>24,042,529</b>	<b>1,923,402</b>	<b>22,143,967</b>	<b>1,771,517</b>

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 (14328-V)

### 2. Capital Management

#### Capital Adequacy Ratios and Capital Structure

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

##### (a) Capital Adequacy Ratios

	30 June 2015	31 December 2014
<b>Before deducting interim dividends*:</b>		
Common equity tier I ("CET I") capital ratio	10.828%	11.730%
Tier I capital ratio	10.828%	11.730%
Total capital ratio	<u>13.603%</u>	<u>14.580%</u>
<b>After deducting interim dividends*:</b>		
CET I capital ratio	10.578%	11.007%
Tier I capital ratio	10.578%	11.007%
Total capital ratio	<u>13.353%</u>	<u>13.857%</u>

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

The minimum regulatory capital adequacy ratios, as required under BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) which includes transitional arrangements for year 2015, are set out as follows:

Calendar Year	CET I Capital Ratio %	Tier I Capital Ratio %	Total Capital Ratio %
2015 onwards*	4.5	6.0	8.0

\* Before including capital conservation buffer of 2.5%, counter-cyclical buffer and any other buffers to be introduced by BNM.

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**2. Capital Management (Cont'd.)**

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

**(b) Capital Structure**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET I/Tier I capital</b>		
Paid-up share capital	<b>200,217</b>	200,217
Share premium	<b>1,757,500</b>	1,757,500
Other reserves	<b>222,126</b>	215,823
Retained profits	<b>434,713</b>	431,300
Less: Defined benefit pension fund assets	<b>(3,159)</b>	(3,384)
Less: Investment in an associated company deducted from CET I capital	<b>(8,000)</b>	(4,000)
Total CET I/Tier I capital	<b>2,603,397</b>	2,597,456
<b>Tier II capital</b>		
Collective assessment allowance and regulatory reserves <sup>#</sup>	<b>180,114</b>	148,356
Subordinated sukuk murabahah	<b>498,987</b>	498,860
Less: Investment in an associated company deducted from Tier II capital	<b>(12,000)</b>	(16,000)
Total Tier II capital	<b>667,101</b>	631,216
<b>Total capital</b>	<b>3,270,498</b>	3,228,672

<sup>#</sup> Excludes collective assessment allowance on impaired financing restricted from Tier II capital of the Bank of RM158.7 million (31 December 2014: RM173.5 million).

Includes the qualifying regulatory reserves for non-impaired loans of RM6.2 million (31 December 2014: Nil).

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**3. Credit Risk**

**Minimum Regulatory Capital Requirements for Credit Risk**

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

<b>Exposure Class</b>	<b>Total Exposures before Credit Risk Mitigation RM'000</b>	<b>Total Exposures after Credit Risk Mitigation RM'000</b>	<b>Risk-Weighted Assets RM'000</b>	<b>Minimum Capital Requirement at 8% RM'000</b>
<b>30 June 2015</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	12,528,491	12,528,491	-	-
Public Sector Entities	872,287	872,287	3,148	252
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	761,464	761,464	131,032	10,483
Corporates	3,180,365	3,151,842	2,771,158	221,692
Regulatory Retail	17,822,654	17,762,365	13,650,314	1,092,025
Residential Mortgages	6,582,905	6,576,570	3,037,575	243,006
Higher Risk Assets	2,526	2,517	3,775	302
Other Assets	90,540	90,540	85,109	6,809
Equity Exposures	468,548	468,548	468,548	37,484
Defaulted Exposures	237,713	237,281	347,213	27,777
	<b>42,547,493</b>	<b>42,451,905</b>	<b>20,497,872</b>	<b>1,639,830</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	2,581,334	2,578,116	1,826,284	146,102
Derivative Financial Instruments	328,942	328,942	65,788	5,263
Defaulted Exposures	2,097	2,097	3,070	246
	<b>2,912,373</b>	<b>2,909,155</b>	<b>1,895,142</b>	<b>151,611</b>
<b>Total Credit Exposures</b>	<b>45,459,866</b>	<b>45,361,060</b>	<b>22,393,014</b>	<b>1,791,441</b>

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**3. Credit Risk (Cont'd.)**

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

<b>Exposure Class</b>	<b>Total Exposures before Credit Risk Mitigation RM'000</b>	<b>Total Exposures after Credit Risk Mitigation RM'000</b>	<b>Risk-Weighted Assets RM'000</b>	<b>Minimum Capital Requirement at 8% RM'000</b>
<b>31 December 2014</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	8,845,150	8,845,150	-	-
Public Sector Entities	373,384	373,384	3,379	270
Banks, DFIs and MDBs	256,499	256,499	30,035	2,403
Corporates	2,836,150	2,813,750	2,478,096	198,248
Regulatory Retail	16,815,360	16,770,964	12,911,139	1,032,891
Residential Mortgages	5,874,708	5,868,737	2,678,969	214,317
Higher Risk Assets	3,938	3,929	5,893	471
Other Assets	71,080	71,080	68,520	5,482
Equity Exposures	468,222	468,222	468,222	37,458
Defaulted Exposures	272,444	271,793	400,708	32,057
	<b>35,816,935</b>	<b>35,743,508</b>	<b>19,044,961</b>	<b>1,523,597</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,712,612	1,706,670	1,300,685	104,055
Derivative Financial Instruments	265,835	265,835	53,167	4,253
Defaulted Exposures	2,714	2,714	4,064	325
	<b>1,981,161</b>	<b>1,975,219</b>	<b>1,357,916</b>	<b>108,633</b>
<b>Total Credit Exposures</b>	<b>37,798,096</b>	<b>37,718,727</b>	<b>20,402,877</b>	<b>1,632,230</b>

## 3. Credit Risk (Cont'd.)

## 3.1 Distribution of Credit Exposures

Tables (a)-(b) present the analysis of credit exposures of financial assets before the effect of credit risk mitigation as follows:

- (a) Industrial analysis based on its industrial distribution  
 (b) Maturity analysis based on the residual contractual maturity

For on-balance sheet exposures, the maximum exposure to credit risk equals their carrying amounts. For financial guarantees, the maximum exposures to credit risk is the maximum 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

	Government and Central Banks	Financial Services	Transport & Business Services	Agriculture, Manufacturing, Wholesale & Retail Trade	Construction & Real Estate	Residential Mortgages	Motor Vehicle Financing	Other Consumer Financing	Total
30 June 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On-Balance Sheet Exposures</b>									
Cash and balances with banks	2,742,059	660,540	-	-	-	-	-	-	3,402,599
Financial assets held-for-trading	-	1,689,154	-	-	-	-	-	-	1,689,154
Derivative financial assets	-	68,742	-	-	-	-	-	-	68,742
Financial investments available-for-sale	5,440,376	468,548	-	-	-	-	-	-	5,908,924
Financial investments held-to-maturity	3,035,748	278,021	141,969	95,390	-	-	-	-	3,551,128
Gross financing and advances	816,505	180,358	704,215	1,993,689	2,297,117	7,329,126	10,934,676	3,977,901	28,233,587
Statutory deposits with Bank Negara Malaysia	1,364,200	-	-	-	-	-	-	-	1,364,200
	<b>13,398,888</b>	<b>3,345,363</b>	<b>846,184</b>	<b>2,089,079</b>	<b>2,297,117</b>	<b>7,329,126</b>	<b>10,934,676</b>	<b>3,977,901</b>	<b>44,218,334</b>
<b>Commitments and Contingencies</b>									
Contingent liabilities	-	51,000	3,855	9,452	215,919	-	-	50	280,276
Commitments	500,000	15	281,787	874,501	1,209,208	1,720,113	4,288	618,651	5,208,563
	<b>500,000</b>	<b>51,015</b>	<b>285,642</b>	<b>883,953</b>	<b>1,425,127</b>	<b>1,720,113</b>	<b>4,288</b>	<b>618,701</b>	<b>5,488,839</b>
<b>Total Credit Exposures</b>	<b>13,898,888</b>	<b>3,396,378</b>	<b>1,131,826</b>	<b>2,973,032</b>	<b>3,722,244</b>	<b>9,049,239</b>	<b>10,938,964</b>	<b>4,596,602</b>	<b>49,707,173</b>

## 3. Credit Risk (Cont'd.)

## 3.1 Distribution of Credit Exposures (Cont'd.)

## (a) Industry Analysis (Cont'd.)

	Government and Central Banks	Financial Services	Transport & Business Services	Agriculture, Manufacturing, Wholesale & Retail Trade	Construction & Real Estate	Residential Mortgages	Motor Vehicle Financing	Other Consumer Financing	Total
31 December 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On-Balance Sheet Exposures</b>									
Cash and balances with banks	2,500,113	152,736	-	-	-	-	-	-	2,652,849
Financial assets held-for-trading	-	2,571,794	-	-	-	-	-	-	2,571,794
Derivative financial assets	-	60,835	-	-	-	-	-	-	60,835
Financial investments available-for-sale	4,078,061	468,222	-	-	-	-	-	-	4,546,283
Financial investments held-to-maturity	1,181,142	278,069	141,985	50,320	-	-	-	-	1,651,516
Gross financing and advances	16,895	119,576	915,631	1,745,062	2,006,427	6,662,057	10,479,315	3,811,167	25,756,130
Statutory deposits with Bank Negara Malaysia	1,140,200	-	-	-	-	-	-	-	1,140,200
	8,916,411	3,651,232	1,057,616	1,795,382	2,006,427	6,662,057	10,479,315	3,811,167	38,379,607
<b>Commitments and Contingencies</b>									
Contingent liabilities	-	51,000	3,003	7,778	218,970	-	-	-	280,751
Commitments	-	46,648	164,854	815,944	766,136	1,120,617	3,683	524,366	3,442,248
	-	97,648	167,857	823,722	985,106	1,120,617	3,683	524,366	3,722,999
<b>Total Credit Exposures</b>	<b>8,916,411</b>	<b>3,748,880</b>	<b>1,225,473</b>	<b>2,619,104</b>	<b>2,991,533</b>	<b>7,782,674</b>	<b>10,482,998</b>	<b>4,335,533</b>	<b>42,102,606</b>

## 3. Credit Risk (Cont'd.)

## 3.1 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
<b>30 June 2015</b>					
<b>On-Balance Sheet Exposures</b>					
Cash and balances with banks	3,402,599	-	-	-	3,402,599
Financial assets held-for-trading	1,689,154	-	-	-	1,689,154
Derivative financial assets	-	1,512	5,859	61,371	68,742
Financial investments available-for-sale	897,370	4,227,515	51,440	732,599	5,908,924
Financial investments held-to-maturity	808,436	1,296,266	746,950	699,476	3,551,128
Gross financing and advances	1,110,297	2,694,348	3,476,414	20,952,528	28,233,587
Statutory deposits with Bank Negara Malaysia	-	-	-	1,364,200	1,364,200
<b>Total On-Balance Sheet Exposures</b>	<b>7,907,856</b>	<b>8,219,641</b>	<b>4,280,663</b>	<b>23,810,174</b>	<b>44,218,334</b>
<b>31 December 2014</b>					
<b>On-Balance Sheet Exposures</b>					
Cash and balances with banks	2,652,849	-	-	-	2,652,849
Financial assets held-for-trading	2,571,794	-	-	-	2,571,794
Derivative financial assets	-	2,809	11,678	46,348	60,835
Financial investments available-for-sale	3,654,137	423,924	-	468,222	4,546,283
Financial investments held-to-maturity	1,085,734	-	201,823	363,959	1,651,516
Gross financing and advances	1,133,656	2,002,504	3,541,449	19,078,521	25,756,130
Statutory deposits with Bank Negara Malaysia	-	-	-	1,140,200	1,140,200
<b>Total On-Balance Sheet Exposures</b>	<b>11,098,170</b>	<b>2,429,237</b>	<b>3,754,950</b>	<b>21,097,250</b>	<b>38,379,607</b>

Approximately 18% (31 December 2014: 29%) of the Bank's exposures to customers and counterparties are short-term, having contractual maturity of one year or less. About 74% (31 December 2014: 74%) of the Bank's gross financing and advances has residual maturity of more than 5 years. The longer maturity is from the hire purchase and house financing which made up 66% (31 December 2014: 68%) 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 or be unconditionally cancelled without being called or drawn upon, whereas many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

- (c) All the financial assets are located in Malaysia and therefore no analysis of credit exposures of financial assets by geographical distribution is disclosed.



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**3. Credit Risk (Cont'd.)**

**3.2 Off-Balance Sheet Exposures**

**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.

	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>30 June 2015</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	263,534		263,534	147,367
Transaction-related contingent items	15,066		7,533	4,675
Short-term self-liquidating trade-related contingencies	1,676		335	273
	<b>280,276</b>		<b>271,402</b>	<b>152,315</b>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	4,234,388		2,117,194	1,513,501
- not exceeding one year	959,192		191,838	161,291
Unutilised credit card lines	14,983		2,997	2,248
	<b>5,208,563</b>		<b>2,312,029</b>	<b>1,677,040</b>
<b>Derivative Financial Instruments</b>				
Profit rate related contracts:				
- one year to less than five years	1,830,000	7,371	67,571	13,514
- five years and above	2,000,000	61,371	261,371	52,274
	<b>3,830,000</b>	<b>68,742</b>	<b>328,942</b>	<b>65,788</b>
<b>Total Off-Balance Sheet Exposures</b>	<b>9,318,839</b>	<b>68,742</b>	<b>2,912,373</b>	<b>1,895,143</b>

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**3. Credit Risk (Cont'd.)**

**3.2 Off-Balance Sheet Exposures (Cont'd.)**

**Composition of Off-Balance Sheet Exposures (Cont'd.)**

	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>31 December 2014</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	265,965		265,965	147,065
Transaction-related contingent items	12,050		6,025	3,503
Short-term self-liquidating trade-related contingencies	2,736		547	513
	280,751		272,537	151,081
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	2,514,464		1,257,232	991,915
- not exceeding one year	927,784		185,557	161,753
	3,442,248		1,442,789	1,153,668
<b>Derivative Financial Instruments</b>				
Profit rate related contracts:				
- one year to less than five years	1,600,000	14,487	69,487	13,897
- five years and above	1,500,000	46,348	196,348	39,270
	3,100,000	60,835	265,835	53,167
<b>Total Off-Balance Sheet Exposures</b>	6,822,999	60,835	1,981,161	1,357,916

3. Credit Risk (Cont'd.)

3.3 Credit Risk Mitigation

**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
<b>30 June 2015</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	12,528,491	-	-	-
Public Sector Entities	872,287	856,549	-	-
Banks, DFIs and MDBs	761,464	106,302	-	-
Corporates	3,180,365	267,110	28,523	-
Regulatory Retail	17,822,654	-	60,289	-
Residential Mortgages	6,582,905	-	6,335	-
Higher Risk Assets	2,526	-	9	-
Other Assets	90,540	-	-	-
Equity Exposures	468,548	-	-	-
Defaulted Exposures	237,713	-	432	-
	<b>42,547,493</b>	<b>1,229,961</b>	<b>95,588</b>	<b>-</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	2,581,334	143,250	3,218	-
Derivative Financial Instruments	328,942	-	-	-
Defaulted Exposures	2,097	-	-	-
	<b>2,912,373</b>	<b>143,250</b>	<b>3,218</b>	<b>-</b>
<b>Total Credit Exposures</b>	<b>45,459,866</b>	<b>1,373,211</b>	<b>98,806</b>	<b>-</b>

3. Credit Risk (Cont'd.)

3.3 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 Financial Collateral RM'000	Total Exposures Covered by Other Eligible Collateral RM'000
<b>31 December 2014</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	8,845,150	-	-	-
Public Sector Entities	373,384	356,489	-	-
Banks, DFIs and MDBs	256,499	106,323	-	-
Corporates	2,836,150	222,066	22,400	-
Regulatory Retail	16,815,360	-	44,396	-
Residential Mortgages	5,874,708	-	5,971	-
Higher Risk Assets	3,938	-	9	-
Other Assets	71,080	-	-	-
Equity Exposures	468,222	-	-	-
Defaulted Exposures	272,444	-	651	-
	<u>35,816,935</u>	<u>684,878</u>	<u>73,427</u>	<u>-</u>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	1,712,612	143,250	5,942	-
Derivative Financial Instruments	265,835	-	-	-
Defaulted Exposures	2,714	-	-	-
	<u>1,981,161</u>	<u>143,250</u>	<u>5,942</u>	<u>-</u>
<b>Total Credit Exposures</b>	<u><u>37,798,096</u></u>	<u><u>828,128</u></u>	<u><u>79,369</u></u>	<u><u>-</u></u>

**3. Credit Risk (Cont'd.)**

**3.4 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 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:

<b>Rating Category</b>	<b>Standard &amp; Poor's</b>	<b>Moody's Investors Services</b>	<b>Fitch Ratings</b>	<b>Rating Agency Malaysia Berhad</b>	<b>Malaysian Rating Corporation Berhad</b>
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

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:

<b>Rating Category</b>	<b>Risk Weights Based on Credit Rating of the Counterparty Exposure Class</b>			
	<b>Sovereigns and Central Banks</b>	<b>Corporates</b>	<b>Banking Institutions</b>	
			<b>For Exposure Greater Than Six Months Original Maturity</b>	<b>For Exposure Less Than Six Months Original Maturity</b>
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 RM, are all risk-weighted at 20% regardless of credit rating.

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**3. Credit Risk (Cont'd.)**

**3.4 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	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
<b>30 June 2015</b>								
<b>On-Balance Sheet Exposures</b>								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	141,969	-	-	-	-	-		141,969
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	-	12,528,491	-	-	-	-		12,528,491
- Public Sector Entities	-	856,549	-	-	-	-		856,549
- Banks, DFIs and MDBs	-	106,302	-	-	-	-		106,302
- Corporates	-	267,110	-	-	-	-		267,110
	-	13,758,452	-	-	-	-		13,758,452
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	600,000	201	-	-	-	-		600,201
Total Rated Exposures	741,969	13,758,653	-	-	-	-		14,500,622
(b) Total Unrated Exposures								
	741,969	13,758,653	-	-	-	-	28,046,871	28,046,871
	741,969	13,758,653	-	-	-	-	28,046,871	42,547,493
<b>Off-Balance Sheet Exposures</b>								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Public Sector Entities	-	500,000	-	-	-	-		500,000
(ii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	328,942	-	-	-	-	-		328,942
- Corporates	143,250	-	-	-	-	-		143,250
	472,192	-	-	-	-	-		472,192
Total Rated Exposures	472,192	500,000	-	-	-	-		972,192
(b) Total Unrated Exposures								
	472,192	500,000	-	-	-	-	1,940,181	1,940,181
	472,192	500,000	-	-	-	-	1,940,181	2,912,373
<b>Total Credit Exposures before Credit Risk Mitigation</b>								
	1,214,161	14,258,653	-	-	-	-	29,987,052	45,459,866

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**3. Credit Risk (Cont'd.)**

**3.4 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	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
<b>31 December 2014</b>								
<b>On-Balance Sheet Exposures</b>								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	141,985	-	-	-	-	-		141,985
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks <sup>#</sup>								
- Sovereigns and Central Banks	-	8,845,150	-	-	-	-		8,845,150
- Public Sector Entities	-	356,489	-	-	-	-		356,489
- Banks, DFIs and MDBs	-	106,323	-	-	-	-		106,323
- Corporates	-	222,066	-	-	-	-		222,066
	-	9,530,028	-	-	-	-		9,530,028
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	97,823	-	-	-	-	-		97,823
Total Rated Exposures	239,808	9,530,028	-	-	-	-		9,769,836
(b) Total Unrated Exposures							26,047,099	26,047,099
	239,808	9,530,028	-	-	-	-	26,047,099	35,816,935
<b>Off-Balance Sheet Exposures</b>								
(a) Rated Exposures								
Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	265,835	-	-	-	-	-		265,835
- Corporates	143,250	-	-	-	-	-		143,250
	409,085	-	-	-	-	-		409,085
Total Rated Exposures	409,085	-	-	-	-	-		409,085
(b) Total Unrated Exposures							1,572,076	1,572,076
	409,085	-	-	-	-	-	1,572,076	1,981,161
<b>Total Credit Exposures before Credit Risk Mitigation</b>	<b>648,893</b>	<b>9,530,028</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,619,175</b>	<b>37,798,096</b>

<sup>#</sup> Under the CAFIB, exposures to and/or guaranteed by the Federal Government of Malaysia, BNM, overseas federal governments and central banks of their respective jurisdictions are accorded a preferential sovereign risk weight of 0%.

3. Credit Risk (Cont'd.)

3.4 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.

Risk Weights	Credit Exposures after the Effect of Credit Risk Mitigation											Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	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			
<b>30 June 2015</b>													
0%	12,528,491	1,106,549	106,302	-	267,110	-	-	-	5,431	-	14,013,883	-	
20%	-	15,738	984,104	-	285,219	-	-	-	-	-	1,285,061	257,012	
35%	-	-	-	-	-	-	3,525,466	-	-	-	3,525,466	1,233,913	
50%	-	-	-	-	-	-	2,734,692	-	-	-	2,734,692	1,367,346	
75%	-	-	-	-	-	17,447,968	70,261	-	-	-	17,518,229	13,138,672	
100%	-	-	-	-	3,474,441	1,423,337	607,610	-	85,109	468,548	6,059,045	6,059,045	
150%	-	-	-	-	528	219,649	1,230	3,277	-	-	224,684	337,026	
<b>Total</b>	<b>12,528,491</b>	<b>1,122,287</b>	<b>1,090,406</b>	<b>-</b>	<b>4,027,298</b>	<b>19,090,954</b>	<b>6,939,259</b>	<b>3,277</b>	<b>90,540</b>	<b>468,548</b>	<b>45,361,060</b>	<b>22,393,014</b>	
Risk-Weighted Assets by Exposures	-	3,148	196,821	-	3,532,276	14,838,786	3,263,410	4,916	85,109	468,548	22,393,014		
Average Risk Weights	0.0%	0.3%	18.1%	-	87.7%	77.7%	47.0%	150.0%	94.0%	100.0%	49.4%		
Deduction from Total Capital			-								-	-	



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3. Credit Risk (Cont'd.)

3.4 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.)

Risk Weights	Credit Exposures after the Effect of Credit Risk Mitigation										Total Exposures after Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	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		
<b>31 December 2014</b>												
0%	8,845,150	356,489	106,323	-	222,066	-	-	-	2,560	-	9,532,588	-
20%	-	16,895	416,011	-	285,235	-	-	-	-	-	718,141	143,628
35%	-	-	-	-	-	-	3,170,785	-	-	-	3,170,785	1,109,775
50%	-	-	-	-	-	-	2,402,447	-	-	-	2,402,447	1,201,223
75%	-	-	-	-	-	16,249,156	66,649	-	-	-	16,315,805	12,236,854
100%	-	-	-	-	2,943,377	1,392,493	441,477	-	68,520	468,222	5,314,089	5,314,089
150%	-	-	-	-	1,350	258,123	565	4,834	-	-	264,872	397,308
<b>Total</b>	<b>8,845,150</b>	<b>373,384</b>	<b>522,334</b>	<b>-</b>	<b>3,452,028</b>	<b>17,899,772</b>	<b>6,081,923</b>	<b>4,834</b>	<b>71,080</b>	<b>468,222</b>	<b>37,718,727</b>	<b>20,402,877</b>
Risk-Weighted Assets by Exposures	-	3,379	83,202	-	3,002,449	13,966,545	2,803,309	7,251	68,520	468,222	20,402,877	
Average Risk Weights	-	0.9%	15.9%	-	87.0%	78.0%	46.1%	150.0%	96.4%	100.0%	54.1%	
Deduction from Total Capital			-							-	-	

## 3. Credit Risk (Cont'd.)

## 3.5 Credit Quality of Gross Financing and Advances

## (a) Past Due But Not Impaired

The following table present an analysis of the past due but not impaired financing and advances by economic purpose.

**Economic Purpose Analysis**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of transport vehicles	<b>3,106,359</b>	3,223,176
Purchase of landed properties	<b>1,633,518</b>	1,553,964
(Of which: - residential	<b>1,346,111</b>	1,299,698
- non-residential)	<b>287,407</b>	254,266
Purchase of fixed assets (excluding landed properties)	<b>68</b>	104
Personal use	<b>111,706</b>	117,888
Credit Card	<b>202</b>	-
Purchase of consumer durables	<b>113</b>	356
Working capital	<b>9,201</b>	10,437
Other purpose	<b>3,624</b>	40,702
	<b>4,864,791</b>	4,946,627

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**3. Credit Risk (Cont'd.)**

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

**(b) Impaired Financing and Advances**

Tables (i)-(ii) present the impaired financing and advances and the related impairment allowances, analysed by the following:

- (i) Economic purpose
- (ii) Reconciliation of allowance for impaired financing and advances

**(i) Impaired Financing and Advances and the Related Impairment Allowances by Economic Purpose**

<b>30 June 2015</b>	<b>Impaired Financing and Advances RM'000</b>	<b>Individual Assessment Allowance at 1 January 2015 RM'000</b>	<b>Net Charge for the Period RM'000</b>	<b>Amounts Written Off/Other Movements RM'000</b>	<b>Individual Assessment Allowance at 30 June 2015 RM'000</b>	<b>Collective Assessment Allowance at 30 June 2015 RM'000</b>	<b>Total Impairment Allowances for Financing and Advances RM'000</b>
Purchase of transport vehicles	107,682	-	-	-	-	181,661	181,661
Purchase of landed properties	71,950	-	-	-	-	77,966	77,966
(Of which: - residential	63,774	-	-	-	-	64,115	64,115
- non-residential)	8,176	-	-	-	-	13,851	13,851
Purchase of fixed assets (excluding landed properties)	-	-	-	-	-	27	27
Personal use	41,242	-	-	-	-	68,979	68,979
Credit card	-	-	-	-	-	1	1
Purchase of consumer durables	-	-	-	-	-	26	26
Construction	-	-	-	-	-	146	146
Working capital	628	-	-	-	-	3,604	3,604
Other purpose	37	-	-	-	-	239	239
	<b>221,539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>332,649</b>	<b>332,649</b>

**PUBLIC ISLAMIC BANK BERHAD (14328-V)**

**3. Credit Risk (Cont'd.)**

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

**(b) Impaired Financing and Advances (Cont'd.)**

**(i) Impaired Financing and Advances and the Related Impairment Allowances by Economic Purpose (Cont'd.)**

	<b>Impaired Financing and Advances RM'000</b>	<b>Individual Assessment Allowance at 1 January 2014 RM'000</b>	<b>Net Charge for the Year RM'000</b>	<b>Amounts Written Off/Other Movements RM'000</b>	<b>Individual Assessment Allowance at 31 December 2014 RM'000</b>	<b>Collective Assessment Allowance at 31 December 2014 RM'000</b>	<b>Total Impairment Allowances for Financing and Advances RM'000</b>
<b>31 December 2014</b>							
Purchase of transport vehicles	112,140	-	-	-	-	176,166	176,166
Purchase of landed properties	71,886	-	-	-	-	75,231	75,231
(Of which: - residential	61,353	-	-	-	-	64,166	64,166
- non-residential)	10,533	-	-	-	-	11,065	11,065
Purchase of fixed assets (excluding landed properties)	-	-	-	-	-	23	23
Personal use	47,072	-	-	-	-	66,415	66,415
Purchase of consumer durables	75	-	-	-	-	92	92
Construction	-	-	-	-	-	112	112
Working capital	1,117	-	-	-	-	3,423	3,423
Other purpose	58	-	-	-	-	389	389
	<b>232,348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>321,851</b>	<b>321,851</b>

3. Credit Risk (Cont'd.)

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

(b) Impaired Financing and Advances (Cont'd.)

(ii) Reconciliation of Allowance for Impaired Financing and Advances

	30 June 2015 RM'000	31 December 2014 RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	321,851	300,488
Allowance made during the period/year	54,648	105,846
Amount written off	(43,850)	(84,483)
Closing balance	<u>332,649</u>	<u>321,851</u>
 <u>Individual Assessment Allowance</u>		
At 1 January	-	-
Amount written back in respect of recoveries	-	-
Closing balance	<u>-</u>	<u>-</u>

#### 4. Market Risk

##### Minimum Regulatory Capital Requirements for Market Risk

The following tables present 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
<b>30 June 2015</b>				
Rate of return risk	1,689,154	-	94,844	7,587
<b>31 December 2014</b>				
Rate of return risk	2,571,794	-	178,375	14,270

#### 4.1 Rate of Return Risk in the Banking Book

The following table present 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 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.

##### Rate of Return Risk Sensitivity Analysis

	30 June 2015		31 December 2014	
	-100 bps	+100 bps	-100 bps	+100 bps
	RM'000	Increase/(Decrease) RM'000	RM'000	RM'000
Impact on Net Profit Income ("NPI")	11,748	(21,621)	(17,039)	8,711
Impact on Economic Value of Equity ("EVE")	316,811	(256,658)	179,832	(120,513)

#### 4. Market Risk (Cont'd.)

##### 4.1 Rate of Return Risk in the Banking Book (Cont'd.)

The reported amounts do not take into account actions that would be taken by the Assets & Liabilities Management Committee ("ALCO") to mitigate the impact of this rate of return risk. In reality, the ALCO seek 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.

#### 5. Equity Exposures in the Banking Book

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

	30 June 2015		31 December 2014	
	Gross Credit Exposure RM'000	Risk- Weighted Assets RM'000	Gross Credit Exposure RM'000	Risk- Weighted Assets RM'000
<u>Publicly traded</u>				
Investments in unit trust funds	<b>468,548</b>	<b>468,548</b>	468,222	468,222

The publicly traded investment in unit trust funds comprises money market funds which are held for yield purposes.

During the financial period/year, there were no realised gains or losses on disposal of equity exposures in the banking book (31 December 2014: Nil). As at 30 June 2015, the Bank recorded an unrealised losses of RM0.2 million (31 December 2014: unrealised gains of RM3.4 million) arising from the mark-to-market of equity exposures in banking book. The unrealised gains or losses were recognised in the other comprehensive income.

## 6. Operational Risk

### Minimum Regulatory Capital Requirements for Operational Risk

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

	30 June 2015		31 December 2014	
	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	1,554,671	124,374	1,562,715	125,017

## 7. Shariah Non-Compliance Risk

There is no Shariah non-compliant income nor events during the period under review.