

PUBLIC ISLAMIC BANK BERHAD
(14328 - V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	31 March 2017 RM'000	31 December 2016 RM'000
ASSETS			
Cash and balances with banks		2,085,765	651,382
Financial assets held-for-trading	A8	2,317,866	495,364
Derivative financial assets		14,282	18,153
Financial investments available-for-sale	A9	5,795,264	6,140,438
Financial investments held-to-maturity	A10	2,993,112	2,985,266
Financing and advances	A11	38,405,042	37,235,682
Other assets	A12	77,698	85,913
Statutory deposits with Bank Negara Malaysia		1,522,950	1,518,000
Deferred tax assets		7,699	4,242
Collective investment		501,426	497,836
Investment in an associated company		30,000	30,000
Property and equipment		1,216	1,250
TOTAL ASSETS		53,752,320	49,663,526
LIABILITIES			
Deposits from customers	A13	46,981,286	42,473,074
Deposits from banks	A14	1,753,544	2,322,128
Bills and acceptances payable		679	1,675
Recourse obligations on financing sold to Cagamas		500,016	500,016
Derivative financial liabilities		25,893	23,356
Subordinated Sukuk Murabahah		499,437	499,374
Other liabilities	A15	333,909	215,490
Provision for zakat and taxation		47,679	43,251
TOTAL LIABILITIES		50,142,443	46,078,364

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2016.

PUBLIC ISLAMIC BANK BERHAD
(14328 - V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	31 March 2017 RM'000	31 December 2016 RM'000
EQUITY			
Share capital		2,432,717	219,217
Reserves		<u>1,177,160</u>	<u>3,365,945</u>
TOTAL EQUITY		<u>3,609,877</u>	<u>3,585,162</u>
TOTAL LIABILITIES AND EQUITY			
		<u>53,752,320</u>	<u>49,663,526</u>
COMMITMENTS AND CONTINGENCIES			
	A28	<u>10,991,077</u>	<u>11,222,116</u>
CAPITAL ADEQUACY			
<u>Before deducting interim dividend *</u>			
Common Equity Tier I Capital Ratio	A27	10.623%	11.138%
Tier I Capital Ratio	A27	10.623%	11.138%
Total Capital Ratio	A27	<u>13.189%</u>	<u>13.746%</u>
<u>After deducting interim dividend *</u>			
Common Equity Tier I Capital Ratio	A27	10.623%	10.923%
Tier I Capital Ratio	A27	10.623%	10.923%
Total Capital Ratio	A27	<u>13.189%</u>	<u>13.531%</u>
Net assets per share attributable to ordinary equity holder of the Bank (RM)			
		<u>16.47</u>	<u>16.35</u>

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

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2016.

PUBLIC ISLAMIC BANK BERHAD
(14328 - V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

	Note	1st Quarter Ended		Three Months Ended	
		31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Income derived from investment of depositors' funds and others	A16	554,556	503,976	554,556	503,976
Income derived from investment of shareholder's funds	A17	42,784	41,879	42,784	41,879
Allowance for impairment on financing and advances	A18	(17,633)	(13,033)	(17,633)	(13,033)
Writeback of impairment / (Impairment) on other assets		47	(34)	47	(34)
Profit Equalisation Reserves		-	(38)	-	(38)
Total distributable income		579,754	532,750	579,754	532,750
Income attributable to depositors and others	A19	(346,072)	(316,778)	(346,072)	(316,778)
Total net income		233,682	215,972	233,682	215,972
Personnel expenses	A20	(4,554)	(4,214)	(4,554)	(4,214)
Other overheads and expenditures	A21	(96,554)	(84,119)	(96,554)	(84,119)
Profit before zakat and taxation		132,574	127,639	132,574	127,639
Zakat		(65)	(53)	(65)	(53)
Taxation		(31,118)	(30,492)	(31,118)	(30,492)
Profit for the period		101,391	97,094	101,391	97,094
Earnings per share - basic / diluted (sen)	A22	46.3	45.0	46.3	45.0

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2016.

PUBLIC ISLAMIC BANK BERHAD
(14328 - V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Profit for the period	101,391	97,094	101,391	97,094
Other comprehensive loss :				
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net loss on revaluation of financial investments available-for-sale	(6,212)	(3,826)	(6,212)	(3,826)
Hedging reserves:				
- Net change in cash flow hedges	(8,145)	(92,579)	(8,145)	(92,579)
	(14,357)	(96,405)	(14,357)	(96,405)
Income tax relating to components of other comprehensive loss :				
- Revaluation reserves	1,491	918	1,491	918
- Hedging reserves	1,955	22,219	1,955	22,219
	3,446	23,137	3,446	23,137
Other comprehensive loss for the period, net of tax	(10,911)	(73,268)	(10,911)	(73,268)
Total comprehensive income for the period	90,480	23,826	90,480	23,826

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2016.

PUBLIC ISLAMIC BANK BERHAD
(14328 - V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

	<----- Non-distributable ----->								Distributable	Total
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000	<u>Reserves</u> Profit Equalisation Reserves RM'000	Hedging Reserves RM'000	Defined Benefit Reserves RM'000	Regulatory Reserves RM'000	<u>Reserve</u> Retained Profit RM'000	
At 1 January 2017	219,217	2,213,500	239,546	(13,832)	173	(1,999)	4,706	148,815	775,036	3,585,162
Profit for the period	-	-	-	-	-	-	-	-	101,391	101,391
Other comprehensive loss for the period	-	-	-	(4,721)	-	(6,190)	-	-	-	(10,911)
Total comprehensive (loss) / income for the period	-	-	-	(4,721)	-	(6,190)	-	-	101,391	90,480
Transactions with owner / other equity movements:										
Transfer pursuant to Companies Act 2016	2,213,500	(2,213,500)	-	-	-	-	-	-	-	-
Transfer from Profit Equalisation Reserves of the Bank	-	-	-	-	(1)	-	-	-	1	-
Transfer to regulatory reserves	-	-	-	-	-	-	15,501	-	(15,501)	-
Dividends paid	-	-	-	-	-	-	-	-	(65,765)	(65,765)
	<u>2,213,500</u>	<u>(2,213,500)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>15,501</u>	<u>(81,265)</u>	<u>(65,765)</u>
At 31 March 2017	<u>2,432,717</u>	<u>-</u>	<u>239,546</u>	<u>(18,553)</u>	<u>172</u>	<u>(8,189)</u>	<u>4,706</u>	<u>164,316</u>	<u>795,162</u>	<u>3,609,877</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2016.

PUBLIC ISLAMIC BANK BERHAD
(14328 - V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

	<----- Non-distributable ----->							Distributable		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000	<u>Reserves</u> Profit Equalisation Reserves RM'000	Hedging Reserves RM'000	Defined Benefit Reserves RM'000	Regulatory Reserves RM'000	<u>Reserve</u> Retained Profit RM'000	
At 1 January 2016	207,217	1,925,500	227,546	21,879	87	45,709	4,293	68,739	462,736	2,963,706
Profit for the period	-	-	-	-	-	-	-	-	97,094	97,094
Other comprehensive loss for the period	-	-	-	(2,908)	-	(70,360)	-	-	-	(73,268)
Total comprehensive (loss) / income for the period	-	-	-	(2,908)	-	(70,360)	-	-	97,094	23,826
Transactions with owner / other equity movements:										
Transfer to Profit Equalisation Reserves of the Bank	-	-	-	-	63	-	-	-	(63)	-
Transfer to regulatory reserves	-	-	-	-	-	-	-	25,539	(25,539)	-
Increase in share capital	12,000	288,000	-	-	-	-	-	-	-	300,000
	12,000	288,000	-	-	63	-	-	25,539	(25,602)	300,000
At 31 March 2016	219,217	2,213,500	227,546	18,971	150	(24,651)	4,293	94,278	534,228	3,287,532

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2016.

PUBLIC ISLAMIC BANK BERHAD
(14328 - V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

	31 March 2017 RM'000	31 March 2016 RM'000
Profit before zakat and taxation	132,574	127,639
Adjustments for non-cash items	15,985	903
Operating profit before working capital changes	<u>148,559</u>	<u>128,542</u>
Changes in working capital:		
Net changes in operating assets	(3,011,959)	(278,243)
Net changes in operating liabilities	4,057,051	556,849
Cash generated from operations	<u>1,193,651</u>	<u>407,148</u>
Zakat and tax paid	<u>(26,766)</u>	<u>(18,213)</u>
Net cash generated from operating activities	<u>1,166,885</u>	<u>388,935</u>
Net cash generated from / (used in) investing activities	333,263	(127,749)
Net cash (used in) / generated from financing activities	<u>(65,765)</u>	<u>300,000</u>
Net change in cash and cash equivalents	<u>1,434,383</u>	<u>561,186</u>
Cash and cash equivalents at beginning of the period	<u>651,382</u>	<u>3,225,149</u>
Cash and cash equivalents at end of the period	<u><u>2,085,765</u></u>	<u><u>3,786,335</u></u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2016.

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

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

A1. Basis of Preparation

The unaudited condensed interim financial statements for the 1st quarter ended 31 March 2017 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale and derivative financial instruments.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2016. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the year ended 31 December 2016.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2016, except for the adoption or early adoption of the following Amendments to MFRSs during the current financial period:

- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2014 - 2016 Cycle"
Effective for annual periods commencing on or after 1 January 2017
 - Amendments to MFRS 12 Disclosure of Interests in Other Entities

- Effective for annual periods commencing on or after 1 January 2018 (Early adoption)
 - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
 - Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2014 - 2016 Cycle". The Annual Improvements consist of the following amendments:

- (i) Amendments to MFRS 12 Disclosure of Interests in Other Entities
These amendments clarify that an entity is not required to disclose summarised financial information for subsidiary, joint venture or associate when it is classified as held for sale in accordance with MFRS 5.
- (ii) Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
The amendments remove certain provisions from the Standard that have served their intended purposes and are no longer required.
- (iii) Amendments to MFRS 128 Investments in Associates and Joint Ventures
The amendments clarify that when an investment in an associate or a joint venture is held by an entity which is a venture capital organisation, or a mutual fund, unit trust or similar entities, the entity may elect to measure that investment at fair value on an investment by investment basis in accordance with the Standard.

The adoption of Annual Improvements to MFRS Standards 2014 - 2016 Cycle did not have any financial impact on the financial statements of the Bank.

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

A1. Basis of Preparation (continued)

Companies Act 2016

The Companies Act 2016 (“New Act”) was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, will be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Bank upon the commencement of the New Act on 31 January 2017 includes:

- (a) removal of the authorised share capital;
- (b) shares of the Bank will cease to have par or nominal value; and
- (c) the Bank’s share premium account will become part of the Bank’s share capital.

During the period, the Bank had transferred a total of RM2,213,500,000 from its share premium account to the share capital pursuant to the New Act.

The adoption of the New Act did not have any financial impact on the Bank for the current financial year as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on disclosures to the financial statements for the financial year ending 31 December 2017.

Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets)

On 2 March 2017, Bank Negara Malaysia reissued the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) (“the Framework”) with the date of application to be effective immediately. The Framework sets out the requirements on the computation of the risk-weighted assets developed based on the Basel Committee on Banking Supervision (“BCBS”) and the Islamic Financial Services Board (“IFSB”) papers entitled “International Convergence of Capital Measurement and Capital Standards: A Revised Framework” and “Capital Adequacy Standard (“CAS”)” issued in June 2006 and December 2005 respectively. As the updates to the Framework focused mainly on the Internal Rating Based Approach whilst the Bank adopts the Standardised Approach for credit and market risk, therefore, the application of this Framework did not have any impact on the capital adequacy ratios of the Bank.

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

Effective for annual periods commencing on or after 1 January 2018

- MFRS 15 Revenue from Contracts with Customers
- MFRS 9 Financial Instruments (2014)
- Transfers of Investment Property (Amendments to MFRS 140)
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16 Leases

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

A1. Basis of Preparation (continued)

A brief description of the new MFRSs, Amendments to MFRSs and IC Interpretation above that have been issued but not yet effective to the Bank is set out below:

- (a) **MFRS 15 Revenue from Contracts with Customers** - MFRS 15 establishes principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The core principle of MFRS 15 is that an entity recognises revenue in a manner which reflects the consideration an entity expects to be entitled in exchange for goods or services. The adoption of MFRS 15 is not expected to have any material impact on the financial statements of the Bank.
- (b) **MFRS 9 Financial Instruments (2014)** - This final version of MFRS 9 replaces all previous versions of MFRS 9. Retrospective application is required, but comparative information is not compulsory. The standard introduces new requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The approach for classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held with two measurement categories – amortised cost and fair value. For impairment, MFRS 9 introduces an expected-loss impairment model which will require more timely recognition of expected credit losses to reflect changes of credit risk of financial instruments. For hedge accounting, the general hedge accounting requirements have been simplified for hedge effectiveness testing and permit hedge accounting to be applied to a greater variety of hedging instruments and risks.

MFRS 9 introduces significant changes in the way the Bank accounts for financial instruments. The preparation for MFRS 9 by the Bank had started in 2015 with the setting up of a MFRS 9 Project Team headed by the Chief Financial Officer of the Bank, and with assistance from consultants on the implementation of MFRS 9. Currently, the Bank had completed the gap assessment and started on the development of MFRS 9 compliant impairment models for all impacted credit exposures.

- (c) **Transfers of Investment Property (Amendments to MFRS 140)** - The amendments clarify the existing provisions in the Standard on transfer to, or from the investment property category. The adoption of these amendments is not expected to have any material financial impact on the financial statements of the Bank.
- (d) **IC Interpretation 22 Foreign Currency Transactions and Advance Consideration** - The IC Interpretation addresses the issue on which exchange rate is to be used in reporting foreign currency transactions that involve advance consideration paid or received. The adoption of the IC Interpretation is not expected to have any material financial impact on the financial statements of the Bank.

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

A1. Basis of Preparation (continued)

A brief description of the new MFRSs, Amendments to MFRSs and IC Interpretation above that have been issued but not yet effective to the Bank is set out below (continued):

- (e) **Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)** - The amendments address the issues arising from the transitional challenges of applying the temporary exemption from MFRS 9 for an insurer in view that the upcoming new insurance contracts standard MFRS 17 is expected to be issued soon. The expiration date of the temporary exemption from MFRS 9 coincide with the tentative effective date of MFRS 17, as decided by IASB in November 2016. In addition, to reduce the impact of temporary volatility in reported results of entity dealing with insurance contracts, the amendments introduce two additional voluntary options, namely an overlay approach and a deferral approach. The adoption of these amendments is not expected to have any material financial impact on the financial statements of the Bank.

- (f) **MFRS 16 Leases** - MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the Bank is required to account for major part of their operating leases in the balance sheet by recognising the 'right-of-use' assets and the lease liability, thus increasing the assets and liabilities of the Bank. The financial effects arising from the adoption of this standard are still being assessed by the Bank.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2016 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Bank were not materially affected by any seasonal or cyclical factors in the 1st quarter ended 31 March 2017.

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the 1st quarter ended 31 March 2017.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 1st quarter ended 31 March 2017.

A6. Debt and Equity Securities

There were no issuance of shares, share buy-back and repayment of debt and equity securities by the Bank in the 1st quarter ended 31 March 2017.

A7. Dividends Paid, Distributed and Declared

During the 1st quarter ended 31 March 2017, a first interim dividend of 30%, in respect of the financial year ended 31 December 2016, amounting to RM65,765,100 was paid on 6 February 2017.

No dividend has been declared during the 1st quarter ended 31 March 2017.

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

A8. Financial Assets Held-for-Trading

	31 March 2017 RM'000	31 December 2016 RM'000
At fair value		
Money market instruments:		
Negotiable Islamic Debt Certificates	<u>2,317,866</u>	<u>495,364</u>

A9. Financial Investments Available-for-Sale

	31 March 2017 RM'000	31 December 2016 RM'000
At fair value		
Government securities and treasury bills:		
Malaysian Government Investment Issues	<u>5,795,264</u>	<u>6,140,438</u>

A10. Financial Investments Held-to-Maturity

	31 March 2017 RM'000	31 December 2016 RM'000
At amortised cost		
Government securities and treasury bills:		
Malaysian Government Investment Issues	2,423,580	2,414,016
Non-money market instruments:		
Debt securities		
- Unquoted private debt securities	569,532	571,250
	<u>2,993,112</u>	<u>2,985,266</u>

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

A11. Financing and Advances

a. By type and contract

31 March 2017	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai' RM'000	Bai' Inah RM'000	Musharakah Mutanaqisah RM'000	Murabahah RM'000	Ujrah RM'000	Total Financing and Advances RM'000
At amortised cost							
Cash line	1,306,230	-	-	-	-	-	1,306,230
Term financing							
- House financing	4,013,202	-	-	8,250,838	-	-	12,264,040
- Syndicated financing	1,363,465	-	-	-	-	-	1,363,465
- Hire purchase receivables	-	11,520,179	-	-	-	-	11,520,179
- Other term financing	2,872,368	-	1,852,803	7,142,198	-	-	11,867,369
Credit card receivables	-	-	-	-	-	10,997	10,997
Bills receivables	-	-	-	-	2,568	-	2,568
Trust receipts	-	-	-	-	3,393	-	3,393
Claims on customers under acceptance credits	-	-	-	-	115,663	-	115,663
Revolving credits	204,174	-	-	-	-	-	204,174
Staff financing	-	5,408	-	41,772	-	-	47,180
Gross financing and advances	9,759,439	11,525,587	1,852,803	15,434,808	121,624	10,997	38,705,258
Allowance for impaired financing and advances:							
- collective assessment allowance							(300,147)
- individual assessment allowance							(69)
Net financing and advances							<u>38,405,042</u>

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

A11. Financing and Advances (continued)

a. By type and contract (continued)

31 December 2016	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai' RM'000	Bai' Inah RM'000	Musharakah Mutanaqisah RM'000	Murabahah RM'000	Ujrah RM'000	Total Financing and Advances RM'000
At amortised cost							
Cash line	1,200,076	-	-	-	-	-	1,200,076
Term financing							
- House financing	4,074,478	-	-	7,406,025	-	-	11,480,503
- Syndicated financing	1,344,515	-	-	-	-	-	1,344,515
- Hire purchase receivables	-	11,732,886	-	-	-	-	11,732,886
- Other term financing	2,953,281	-	1,895,438	6,572,426	-	-	11,421,145
Credit card receivables	-	-	-	-	-	10,530	10,530
Bill receivables	-	-	-	-	3,270	-	3,270
Trust receipts	-	-	-	-	2,478	-	2,478
Claims on customers under acceptance credits	-	-	-	-	104,197	-	104,197
Revolving credits	197,789	-	-	-	-	-	197,789
Staff financing	-	4,746	-	35,215	-	-	39,961
Gross financing and advances	9,770,139	11,737,632	1,895,438	14,013,666	109,945	10,530	37,537,350
Allowance for impaired financing and advances:							
- collective assessment allowance							(301,634)
- individual assessment allowance							(34)
Net financing and advances							<u>37,235,682</u>

All the financing and advances are located in Malaysia.

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

A11. Financing and Advances (continued)

b. By class

	31 March 2017 RM'000	31 December 2016 RM'000
Retail financing *		
- House financing	12,264,040	11,480,503
- Hire purchase	11,520,179	11,732,886
- Credit cards	10,997	10,530
- Other financing ^	12,108,325	11,492,287
	35,903,541	34,716,206
Corporate financing	2,801,717	2,821,144
Gross financing and advances	38,705,258	37,537,350

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

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

c. By type of customer

	31 March 2017 RM'000	31 December 2016 RM'000
Domestic non-bank financial institutions		
- Others	228,183	228,592
Domestic business enterprises		
- Small and medium enterprises	7,389,440	7,023,420
- Others	1,116,233	1,109,988
Government and statutory bodies	1,327,702	1,313,959
Individuals	28,550,029	27,772,881
Other domestic entities	5,752	4,874
Foreign entities	87,919	83,636
Gross financing and advances	38,705,258	37,537,350

d. By rate of return sensitivity

	31 March 2017 RM'000	31 December 2016 RM'000
Fixed rate		
- House financing	418,897	429,769
- Hire purchase receivables	11,519,997	11,732,681
- Other fixed rate financing	3,016,228	3,042,732
Variable rate		
- Base rate / base financing rate plus	22,041,014	20,602,923
- Cost plus	1,709,122	1,729,245
Gross financing and advances	38,705,258	37,537,350

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

A11. Financing and Advances (continued)

e. By residual contractual maturity

	31 March 2017 RM'000	31 December 2016 RM'000
Maturity within one year	1,887,354	1,824,406
More than one year to three years	3,280,802	3,255,053
More than three years to five years	3,248,119	3,236,267
More than five years	30,288,983	29,221,624
Gross financing and advances	38,705,258	37,537,350

f. By economic purpose

	31 March 2017 RM'000	31 December 2016 RM'000
Purchase of transport vehicles	11,525,575	11,737,615
Purchase of landed properties (of which: - residential - non-residential)	20,679,062 12,564,444 8,114,618	19,488,709 11,745,999 7,742,710
Purchase of fixed assets (excluding landed properties)	5,838	4,660
Personal use	2,557,049	2,534,634
Credit card	10,997	10,530
Purchase of consumer durables	1,727	1,756
Construction	254,931	237,790
Working capital	3,598,911	3,454,971
Other purpose	71,168	66,685
Gross financing and advances	38,705,258	37,537,350

g. By sectors

	31 March 2017 RM'000	31 December 2016 RM'000
Agriculture, hunting, forestry and fishing	863,932	837,589
Mining and quarrying	35,952	33,442
Manufacturing	682,124	637,469
Electricity, gas and water	2,413	1,272
Construction	1,086,834	1,015,486
Wholesale & retail trade and restaurants & hotels	1,847,288	1,730,052
Transport, storage and communication	337,307	322,348
Finance, insurance and business services	653,710	641,868
Real estate	2,993,963	2,920,892
Community, social and personal services	1,561,764	1,538,381
Households	28,637,948	27,856,517
Others	2,023	2,034
Gross financing and advances	38,705,258	37,537,350

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

A11. Financing and Advances (continued)

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

	31 March 2017 RM'000	31 December 2016 RM'000
At 1 January	225,667	211,804
Impaired during the period / year	145,609	593,015
Reclassified as non-impaired	(124,595)	(440,075)
Recoveries	(10,928)	(44,904)
Amount written off	(25,183)	(92,607)
Financing converted to foreclosed properties	(1)	(1,566)
Closing balance	<u>210,569</u>	<u>225,667</u>
Gross impaired financing as a percentage of gross financing and advances	<u>0.54%</u>	<u>0.60%</u>

i. Impaired financing and advances by economic purpose

	31 March 2017 RM'000	31 December 2016 RM'000
Purchase of transport vehicles	88,532	94,829
Purchase of landed properties	90,866	99,044
(of which: - residential	77,134	87,126
- non-residential)	13,732	11,918
Personal use	29,278	29,707
Credit card	116	66
Working capital	1,752	2,007
Other purpose	25	14
	<u>210,569</u>	<u>225,667</u>

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

A11. Financing and Advances (continued)

j. Impaired financing and advances by sectors

	31 March 2017 RM'000	31 December 2016 RM'000
Agriculture, hunting, forestry and fishing	488	516
Mining and quarrying	651	43
Manufacturing	1,077	534
Construction	4,168	6,201
Wholesale & retail trade and restaurants & hotels	949	1,761
Transport, storage and communication	108	938
Finance, insurance and business services	772	763
Real estate	645	622
Community, social and personal services	443	345
Households	201,100	213,761
Others	168	183
	210,569	225,667

All the impaired financing and advances are located in Malaysia.

k. Movements in the allowance for impaired financing and advances accounts are as follows:

	31 March 2017 RM'000	31 December 2016 RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	301,634	315,895
Allowance made during the period / year	23,696	78,346
Amount written off	(25,183)	(92,607)
Closing balance	300,147	301,634

	31 March 2017 RM'000	31 December 2016 RM'000
<u>Individual Assessment Allowance</u>		
At 1 January	34	-
Allowance made during the period / year	35	34
Closing balance	69	34

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

A12. Other Assets

	31 March 2017 RM'000	31 December 2016 RM'000
Deferred handling fees	65,185	67,253
Income receivable	607	58
Other receivables, deposits and prepayments	7,209	13,810
Employee benefits	2,903	2,999
Foreclosed properties	1,794	1,793
	77,698	85,913

A13. Deposits from Customers

a. By type of deposit and contract

	31 March 2017 RM'000	31 December 2016 RM'000
At amortised cost		
Savings deposit		
- Wadiah	6,118,638	5,855,625
Demand deposit		
- Wadiah	3,772,990	3,839,873
Term deposit		
- Commodity Murabahah	31,028,716	27,684,903
- General investment account		
- Mudharabah	-	90,115
- Wakalah	-	110,184
	-	200,299
- Special term deposit account		
- Wadiah	6,060,942	4,892,374
	46,981,286	42,473,074

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

A13. Deposits from Customers (continued)

b. By type of customer

	31 March 2017 RM'000	31 December 2016 RM'000
Federal and state governments	5,685,677	5,287,126
Local government and statutory authorities	678,485	883,615
Business enterprises	6,663,909	6,477,550
Individuals	18,269,320	14,731,939
Foreign customers	636,433	580,445
Others	15,047,462	14,512,399
	46,981,286	42,473,074

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

	31 March 2017 RM'000	31 December 2016 RM'000
Due within six months	33,456,451	30,055,815
More than six months to one year	3,631,458	2,719,052
More than one year to three years	1,368	2,035
More than three years to five years	381	674
	37,089,658	32,777,576

d. By class

	31 March 2017 RM'000	31 December 2016 RM'000
Core deposits	40,920,344	37,580,700
Wholesale deposits	6,060,942	4,892,374
	46,981,286	42,473,074

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

A14. Deposits from Banks

	31 March 2017 RM'000	31 December 2016 RM'000
At amortised cost		
<u>Non-Mudharabah Fund</u>		
Licensed banks	1,725,655	1,709,786
Licensed investment banks	560	741
Bank Negara Malaysia	18,127	18,451
Other financial institutions	9,202	593,150
	<u>1,753,544</u>	<u>2,322,128</u>

A15. Other Liabilities

	31 March 2017 RM'000	31 December 2016 RM'000
Income payable	313,150	180,708
Other payables and accruals	20,651	34,671
Profit Equalisation Reserves	108	111
	<u>333,909</u>	<u>215,490</u>

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

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

	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Income derived from investment of:				
(a) Term deposits	434,151	383,556	434,151	383,556
(b) Other deposits	120,405	120,420	120,405	120,420
	554,556	503,976	554,556	503,976

a. Income derived from investment of term deposits:

Finance income and Hibah

Financing and advances	349,245	302,013	349,245	302,013
Financial investments available-for-sale	37,831	28,644	37,831	28,644
Financial investments held-to-maturity	19,576	17,591	19,576	17,591
Balances with banks	3,075	9,943	3,075	9,943
	409,727	358,191	409,727	358,191
Financial assets held-for-trading	8,898	4,600	8,898	4,600
Total finance income and Hibah	418,625	362,791	418,625	362,791

Other operating income

Fee and commission income:

- Commissions	3,138	3,174	3,138	3,174
- Service charges and fees	4,339	3,961	4,339	3,961
- Other fee income	1,906	775	1,906	775

Net gains and losses on financial instruments:

- Net gain arising from sale of financial investments available-for-sale	1,608	6,383	1,608	6,383
- Gain representing ineffective portions of hedging derivatives	1,262	5,173	1,262	5,173
- Others	394	47	394	47

Gross dividend income from collective investment

	2,580	1,091	2,580	1,091
Other income	299	161	299	161
Total other operating income	15,526	20,765	15,526	20,765
	434,151	383,556	434,151	383,556

Of which:

Financing income earned on impaired financing

	2,031	1,977	2,031	1,977
--	-------	-------	-------	-------

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

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

	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
b. Income derived from investment of other deposits:				
<u>Finance income and Hibah</u>				
Financing and advances	96,858	94,819	96,858	94,819
Financial investments available-for-sale	10,492	8,993	10,492	8,993
Financial investments held-to-maturity	5,429	5,523	5,429	5,523
Balances with banks	853	3,122	853	3,122
	113,632	112,457	113,632	112,457
Financial assets held-for-trading	2,468	1,444	2,468	1,444
Total finance income and Hibah	116,100	113,901	116,100	113,901
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	870	996	870	996
- Service charges and fees	1,203	1,244	1,203	1,244
- Other fee income	529	244	529	244
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments available-for-sale	446	2,004	446	2,004
- Gain representing ineffective portions of hedging derivatives	350	1,624	350	1,624
- Others	109	15	109	15
Gross dividend income from collective investment	715	342	715	342
Other income	83	50	83	50
Total other operating income	4,305	6,519	4,305	6,519
	120,405	120,420	120,405	120,420
Of which:				
Financing income earned on impaired financing	563	621	563	621

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

A17. Income Derived from Investment of Shareholder's Funds

	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
<u>Finance income and Hibah</u>				
Financing and advances	34,416	32,976	34,416	32,976
Financial investments available-for-sale	3,728	3,127	3,728	3,127
Financial investments held-to-maturity	1,929	1,921	1,929	1,921
Balances with banks	303	1,086	303	1,086
	40,376	39,110	40,376	39,110
Financial assets held-for-trading	877	502	877	502
Total finance income and Hibah	41,253	39,612	41,253	39,612
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	309	347	309	347
- Service charges and fees	428	433	428	433
- Other fee income	188	84	188	84
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments available-for-sale	158	697	158	697
- Gain representing ineffective portions of hedging derivatives	124	565	124	565
- Others	40	5	40	5
Gross dividend income from collective investment	254	119	254	119
Other income	30	17	30	17
Total other operating income	1,531	2,267	1,531	2,267
	42,784	41,879	42,784	41,879
Of which:				
Financing income earned on impaired financing	200	216	200	216

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

A18. Allowance for Impairment on Financing and Advances

	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Allowance for impaired financing:				
- Collective assessment allowance	23,696	18,108	23,696	18,108
- Individual assessment allowance	35	-	35	-
Impaired financing recovered	(6,098)	(5,075)	(6,098)	(5,075)
	<u>17,633</u>	<u>13,033</u>	<u>17,633</u>	<u>13,033</u>

A19. Income Attributable to Depositors and Others

	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Deposits from customers				
- Mudharabah fund	420	971	420	971
- Non-Mudharabah fund	316,783	283,819	316,783	283,819
Deposits from banks				
- Non-Mudharabah fund	18,574	21,591	18,574	21,591
Financing sold to Cagamas	4,439	4,476	4,439	4,476
Subordinated Sukuk Murabahah	5,856	5,921	5,856	5,921
	<u>346,072</u>	<u>316,778</u>	<u>346,072</u>	<u>316,778</u>

Included in the income attributable to Mudharabah fund depositors is the utilisation of Profit Equalisation Reserves for distribution of profits to investment account holders of which is RM3,000 in the current period (31 March 2016 : nil).

A20. Personnel expenses

	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Salaries, allowances and bonuses	3,428	3,077	3,428	3,077
Pension costs	531	479	531	479
Others	595	658	595	658
	<u>4,554</u>	<u>4,214</u>	<u>4,554</u>	<u>4,214</u>

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

A21. Other Overheads and Expenditures

	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Establishment costs				
- Depreciation	99	122	99	122
- Rental	281	232	281	232
- Insurance	184	158	184	158
- Water and electricity	53	39	53	39
- General repairs and maintenance	132	111	132	111
- Others	189	70	189	70
	<u>938</u>	<u>732</u>	<u>938</u>	<u>732</u>
Marketing expenses				
- Advertisement and publicity	685	558	685	558
- Others	1,360	1,138	1,360	1,138
	<u>2,045</u>	<u>1,696</u>	<u>2,045</u>	<u>1,696</u>
Administration and general expenses				
- Communication expenses	1,036	846	1,036	846
- Legal and professional fees	1,839	2,431	1,839	2,431
- Others	5,377	4,233	5,377	4,233
	<u>8,252</u>	<u>7,510</u>	<u>8,252</u>	<u>7,510</u>
Shared service costs paid/payable to Public Bank Berhad	87,498	77,941	87,498	77,941
Recovery of expenses	(2,179)	(3,760)	(2,179)	(3,760)
	<u>96,554</u>	<u>84,119</u>	<u>96,554</u>	<u>84,119</u>

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

A22. Earnings Per Share (EPS)

The calculation of the basic earnings per share is based on the net profit attributable to the equity holder of the Bank divided by the weighted average number of ordinary shares in issue during the 1st quarter and financial period ended 31 March 2017.

	1st Quarter Ended		Three Months Ended	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Net profit attributable to equity holder of the Bank (RM'000)	101,391	97,094	101,391	97,094
Number of ordinary shares at beginning of the period ('000)	219,217	207,217	219,217	207,217
Effect of the issuance of shares ('000)	-	8,440	-	8,440
Weighted average number of shares ('000)	219,217	215,657	219,217	215,657
Basic earnings per share (sen)	46.3	45.0	46.3	45.0

There were no dilutive potential ordinary shares in the 1st quarter ended 31 March 2017 and 31 March 2016.

A23. Performance Review

The Bank reported a higher pre-tax profit of RM132.6 million for the financial period ended 31 March 2017, which was 3.9% or RM5.0 million higher as compared to pre-tax profit of RM127.6 million for the financial period ended 31 March 2016. The higher profit was primarily due to higher net finance income of RM30.4 million offset by higher other operating expenses of RM12.7 million, lower other operating income of RM8.1 million and higher allowance for impairment on financing and advances of RM4.6 million.

A24. Prospects for 2017

Global growth is expected to improve in 2017 despite prevailing risks, as global economic activities continue to gain momentum boosted by fiscal measures in selected major economies. Domestic activities rebounded in the US as the economy approaches full employment. Meanwhile, the euro area continues to maintain stable growth despite Brexit and the Japanese economy is stronger than previously estimated. In the emerging markets and developing countries, external demand will be supportive of growth driven by China, India and the ASEAN region. However, downside risks to global growth prospects include increased trade protectionism, uncertainties over Brexit and monetary policy divergence between the US and other major economies.

With the gradual improvement in global growth, the Malaysian economy is expected to sustain growth rate of between 4.3% and 4.8% in 2017, driven by domestic demand. Private consumption will be supported by wages and employment growth, with ongoing impetus from Government measures to increase disposable income of households. Investment activities will be driven by continued roll-out of infrastructure projects and capital expenditure in export-oriented industries, particularly in the manufacturing sector. Due to the pass-through impact of higher global oil prices on domestic retail fuel prices, headline inflation is projected to be within the range of 3.0% - 4.0% in 2017.

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

A24. Prospects for 2017 (continued)

Despite the challenging macro environment, the Malaysian financial system remained stable. The domestic banking system remains well capitalised, with ample liquidity to support the financing needs of businesses and households. The resilience of the financial institutions will continue to be driven by domestic demand. Consumption spending will be sustained, supported by stable labour market and continued wage growth.

The Bank will continue to leverage on its strengths to further develop its business and sustain its market position. The Bank remains focused in its pursuit of operational excellence and will remain prudent in its financing practices, whilst upholding strong governance and compliance culture as well as sound risk management practices.

The Bank is expected to maintain its position in the domestic retail segment, driven by stable financing growth for home mortgages and the small and medium enterprises ("SME"). The Bank remains committed to grow its hire purchase business despite the challenging outlook in this business segment.

The SME segment will continue to benefit from the ongoing measures and implementation of key Government initiatives under the national transformation programmes, Eleventh Malaysia Plan and SME Masterplan. Hence, to sustain its market position in the SME segment, the Bank will continue to tap on market opportunities by offering products and services that meet the demands of SMEs.

The Bank continues to work closely with AIA PUBLIC Takaful Bhd to consistently review its bancassurance products in order to remain competitive and relevant to customers' needs. The Bank will also expand its fee-based income segment through transactional banking services.

A25. Subsequent Events

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

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

A26. Segment Information

	<----- Operating Segments ----->						Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Banking RM'000	Treasury and Capital Market Operations RM'000	Head Office RM'000	Inter- segment Elimination RM'000	
Three Months Ended 31 March 2017							
External revenue	155,177	305,029	34,071	53,195	49,869	-	597,341
Revenue from other segments	-	119,988	-	-	120,201	(240,189)	-
Total revenue	<u>155,177</u>	<u>425,017</u>	<u>34,071</u>	<u>53,195</u>	<u>170,070</u>	<u>(240,189)</u>	<u>597,341</u>
Net finance income	47,544	129,827	6,649	5,136	40,750	-	229,906
Other operating income	142	11,790	1,330	2,747	5,353	-	21,362
Net income	<u>47,686</u>	<u>141,617</u>	<u>7,979</u>	<u>7,883</u>	<u>46,103</u>	-	<u>251,268</u>
Other operating expenses	(16,372)	(65,641)	(114)	(768)	(18,213)	-	(101,108)
(Allowance) / Writeback of allowance for impairment on financing and advances	(11,093)	(6,567)	27	-	-	-	(17,633)
Writeback of impairment on other assets	-	47	-	-	-	-	47
Profit before zakat and taxation	<u>20,221</u>	<u>69,456</u>	<u>7,892</u>	<u>7,115</u>	<u>27,890</u>	-	<u>132,574</u>
Cost income ratio	34.3%	46.4%	1.4%	9.7%	39.5%	-	40.2%
Gross financing and advances	11,520,572	24,382,969	2,801,717	-	-	-	38,705,258
Financing growth	-1.8%	6.1%	-0.7%	-	-	-	3.1%
Impaired financing and advances	88,520	122,049	-	-	-	-	210,569
Impaired financing ratio	0.8%	0.5%	-	-	-	-	0.5%
Deposits from customers	-	40,891,545	28,799	6,060,942	-	-	46,981,286
Deposit growth	-	8.9%	36.4%	23.9%	-	-	10.6%
Segment assets	<u>11,429,190</u>	<u>41,295,372</u>	<u>2,798,391</u>	<u>8,554,467</u>	<u>5,391,047</u>	<u>(15,769,974)</u>	<u>53,698,493</u>
Reconciliation of segment assets to total assets:							
Investment in an associated company							30,000
Unallocated assets							23,827
Total assets							<u>53,752,320</u>

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

A26. Segment Information (continued)

	<----- Operating Segments ----->						Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Banking RM'000	Treasury and Capital Market Operations RM'000	Head Office RM'000	Inter- segment Elimination RM'000	
Three Months Ended 31 March 2016							
External revenue	160,500	253,017	28,610	62,652	41,076	-	545,855
Revenue from other segments	-	114,033	-	148	119,050	(233,231)	-
Total revenue	160,500	367,050	28,610	62,800	160,126	(233,231)	545,855
Net finance income	43,379	113,586	4,393	1,638	36,492	-	199,488
Other operating income	225	11,044	223	9,161	8,898	-	29,551
Net income	43,604	124,630	4,616	10,799	45,390	-	229,039
Other operating expenses (Allowance) / Writeback of allowance for impairment on financing and advances	(16,426)	(56,001)	(142)	(598)	(15,166)	-	(88,333)
Impairment on other assets	(5,999)	(7,203)	169	-	-	-	(13,033)
Profit before zakat and taxation	-	(34)	-	-	-	-	(34)
	21,179	61,392	4,643	10,201	30,224	-	127,639
Cost income ratio	37.7%	44.9%	3.1%	5.5%	33.4%	-	38.6%
Gross financing and advances	12,095,097	18,794,886	2,750,424	-	-	-	33,640,407
Financing growth	0.4%	6.9%	13.4%	-	-	-	5.0%
Impaired financing and advances	98,738	105,811	-	-	-	-	204,549
Impaired financing ratio	0.8%	0.6%	-	-	-	-	0.6%
Deposits from customers	-	31,860,597	39,353	7,871,947	-	-	39,771,897
Deposit growth	-	-5.3%	30.2%	45.0%	-	-	1.7%
Segment assets	11,992,065	32,559,154	2,747,991	10,161,450	4,049,227	(14,981,857)	46,528,030
Reconciliation of segment assets to total assets:							
Investment in an associated company							20,000
Unallocated assets							18,558
Total assets							46,566,588

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):

	31 March 2017	31 December 2016
<u>Before deducting interim dividend *</u>		
Common Equity Tier I ("CET I") capital ratio	10.623%	11.138%
Tier I capital ratio	10.623%	11.138%
Total capital ratio	13.189%	13.746%
<u>After deducting interim dividend *</u>		
CET I capital ratio	10.623%	10.923%
Tier I capital ratio	10.623%	10.923%
Total capital ratio	13.189%	13.531%

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

	31 March 2017 RM'000	31 December 2016 RM'000
Components of CET I, Tier I and Tier II capital:		
<u>CET I capital / Tier I capital</u>		
Paid-up share capital	2,432,717	219,217
Share premium	-	2,213,500
Other reserves	225,699	230,420
Retained profit	709,271	775,036
Less: Deferred tax assets, net	(7,699)	(4,242)
Less: Defined benefit pension fund assets	(2,206)	(2,279)
Less: Investment in an associated company deducted from CET I capital	(24,000)	(18,000)
Total CET I capital / Tier I capital	3,333,782	3,413,652
<u>Tier II capital</u>		
Collective assessment allowance and regulatory reserves #	311,891	311,939
Subordinated Sukuk Murabahah	499,437	499,374
Less: Investment in an associated company deducted from Tier II capital	(6,000)	(12,000)
Total Tier II capital	805,328	799,313
Total capital	4,139,110	4,212,965

Excludes collective assessment allowance on impaired financing restricted from Tier II capital of the Bank of RM137,071,000 (2016 : RM138,510,000). Includes the qualifying regulatory reserves for non-impaired financing of RM148,815,000 (2016 : RM148,815,000).

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

A27. Capital Adequacy (continued)

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

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

The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) reissued on 13 October 2015 and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) reissued on 2 March 2017. The minimum regulatory capital adequacy ratios before including capital conservation buffer 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 capital conservation buffer of up to 2.5% and a CCyB above the minimum regulatory capital adequacy ratios above. Under the transition arrangements, capital conservation buffer will be phased-in as follows:

<u>Calendar Year</u>	<u>Capital Conservation Buffer</u>
2017	1.250%
2018	1.875%
2019 onwards	2.500%

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 CCyB which is in a range of between 0% and 2.5% is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

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

A27. Capital Adequacy (continued)

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

	31 March 2017 RM'000	31 December 2016 RM'000
Credit risk	29,625,343	29,000,132
Market risk	122,046	40,861
Operational risk	1,635,069	1,608,488
	<u>31,382,458</u>	<u>30,649,481</u>

A28. Commitments and Contingencies

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

	31 March 2017 RM'000	31 December 2016 RM'000
<u>Contingent Liabilities</u>		
Direct credit substitutes	13,413	12,953
Transaction-related contingent items	28,289	27,667
Short term self-liquidating trade-related contingencies	3,926	2,881
	<u>45,628</u>	<u>43,501</u>
<u>Commitments</u>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
- exceeding one year	5,155,388	5,408,727
- not exceeding one year	1,411,901	1,400,097
Unutilised credit card lines	48,160	39,791
	<u>6,615,449</u>	<u>6,848,615</u>
<u>Derivative Financial Instruments</u>		
Profit rate related contracts:		
- less than one year	200,000	200,000
- one year to less than five years	1,630,000	1,630,000
- five years and above	2,500,000	2,500,000
	<u>4,330,000</u>	<u>4,330,000</u>
	<u>10,991,077</u>	<u>11,222,116</u>

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

A29. Fair Value Measurements

Determination of Fair Value and Fair Value Hierarchy

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

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

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

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

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

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

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

A29. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

31 March 2017	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Financial assets held-for-trading				
- Money market instruments	-	2,317,866	-	2,317,866
Financial investments available-for-sale				
- Government securities and treasury bills	-	5,795,264	-	5,795,264
Derivative financial assets	-	14,282	-	14,282
Total financial assets measured at fair value	-	8,127,412	-	8,127,412
Financial liabilities				
Derivative financial liabilities	-	25,893	-	25,893
Total financial liabilities measured at fair value	-	25,893	-	25,893

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

A29. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

31 December 2016	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Financial assets held-for-trading				
- Money market instruments	-	495,364	-	495,364
Financial investments available-for-sale				
- Government securities and treasury bills	-	6,140,438	-	6,140,438
Derivative financial assets	-	18,153	-	18,153
Total financial assets measured at fair value	-	6,653,955	-	6,653,955
Financial liabilities				
Derivative financial liabilities	-	23,356	-	23,356
Total financial liabilities measured at fair value	-	23,356	-	23,356

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period/year (2016 : Nil).