

PUBLIC ISLAMIC BANK BERHAD
(14328 - V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	30 September 2017 RM'000	31 December 2016 RM'000
ASSETS			
Cash and balances with banks		3,425,513	651,382
Financial assets held-for-trading	A8	1,142,677	495,364
Derivative financial assets		3,731	18,153
Financial investments available-for-sale	A9	5,660,801	6,140,438
Financial investments held-to-maturity	A10	3,012,810	2,985,266
Financing and advances	A11	40,318,003	37,235,682
Other assets	A12	79,562	85,913
Statutory deposits with Bank Negara Malaysia		1,725,200	1,518,000
Deferred tax assets		8,242	4,242
Collective investment		509,041	497,836
Investment in an associated company		30,000	30,000
Property and equipment		1,057	1,250
TOTAL ASSETS		55,916,637	49,663,526
LIABILITIES			
Deposits from customers	A13	48,446,288	42,473,074
Deposits from banks	A14	1,910,782	2,322,128
Bills and acceptances payable		687	1,675
Recourse obligations on financing sold to Cagamas		-	500,016
Derivative financial liabilities		39,299	23,356
Subordinated Sukuk Murabahah		999,566	499,374
Other liabilities	A15	414,304	215,490
Provision for zakat and taxation		40,389	43,251
TOTAL LIABILITIES		51,851,315	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.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	30 September 2017 RM'000	31 December 2016 RM'000
EQUITY			
Share capital		2,732,717	219,217
Reserves		<u>1,332,605</u>	<u>3,365,945</u>
TOTAL EQUITY		<u>4,065,322</u>	<u>3,585,162</u>
TOTAL LIABILITIES AND EQUITY		<u>55,916,637</u>	<u>49,663,526</u>
COMMITMENTS AND CONTINGENCIES	A28	<u>10,992,730</u>	<u>11,222,116</u>
CAPITAL ADEQUACY			
<u>Before deducting interim dividend *</u>			
Common Equity Tier I Capital Ratio	A27	11.601%	11.138%
Tier I Capital Ratio	A27	11.601%	11.138%
Total Capital Ratio	A27	<u>15.709%</u>	<u>13.746%</u>
<u>After deducting interim dividend *</u>			
Common Equity Tier I Capital Ratio	A27	11.601%	10.923%
Tier I Capital Ratio	A27	11.601%	10.923%
Total Capital Ratio	A27	<u>15.709%</u>	<u>13.531%</u>
Net assets per share attributable to ordinary equity holder of the Bank (RM)		<u>17.58</u>	<u>16.35</u>

* Refer 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
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Income derived from investment of depositors' funds and others	A16	585,971	537,326	1,707,326	1,569,961
Income derived from investment of shareholder's funds	A17	47,685	41,625	134,934	125,224
Allowance for impairment on financing and advances	A18	(17,978)	(21,169)	(57,339)	(61,714)
Writeback of impairment / (Impairment) on other assets		36	12	95	(2)
Profit Equalisation Reserves		-	(2)	-	(73)
Total distributable income		615,714	557,792	1,785,016	1,633,396
Income attributable to depositors and others	A19	(378,940)	(326,185)	(1,085,125)	(977,366)
Total net income		236,774	231,607	699,891	656,030
Personnel expenses	A20	(4,247)	(4,342)	(13,223)	(12,661)
Other overheads and expenditures	A21	(95,598)	(87,846)	(292,927)	(258,208)
Profit before zakat and taxation		136,929	139,419	393,741	385,161
Zakat		(65)	(53)	(195)	(158)
Taxation		(31,210)	(32,673)	(91,475)	(90,222)
Profit for the period		105,654	106,693	302,071	294,781
Earnings per share - basic / diluted (sen)	A22	45.7	48.7	135.2	135.2

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
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit for the period	<u>105,654</u>	106,693	<u>302,071</u>	<u>294,781</u>
Other comprehensive income / (loss) :				
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net gain on revaluation of financial investments available-for-sale	12,070	27,272	22,667	31,572
Hedging reserves:				
- Net change in cash flow hedges	<u>(3,868)</u>	(19,196)	<u>(35,696)</u>	(135,367)
	<u>8,202</u>	8,076	<u>(13,029)</u>	(103,795)
Income tax relating to components of other comprehensive income / (loss) :				
- Revaluation reserves	(2,897)	(6,545)	(5,440)	(7,577)
- Hedging reserves	929	4,607	8,567	32,488
	<u>(1,968)</u>	(1,938)	<u>3,127</u>	24,911
Other comprehensive income / (loss) for the period, net of tax	<u>6,234</u>	6,138	<u>(9,902)</u>	(78,884)
Total comprehensive income for the period	<u>111,888</u>	112,831	<u>292,169</u>	<u>215,897</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
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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 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	-	-	-	-	-	-	-	-	302,071	302,071
Other comprehensive income / (loss) for the period	-	-	-	17,227	-	(27,129)	-	-	-	(9,902)
Total comprehensive income / (loss) for the period	-	-	-	17,227	-	(27,129)	-	-	302,071	292,169
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 from statutory reserves	-	-	(239,546)	-	-	-	-	-	239,546	-
Transfer to regulatory reserves	-	-	-	-	-	-	32,043	-	(32,043)	-
Increase in share capital	300,000	-	-	-	-	-	-	-	-	300,000
Dividends paid	-	-	-	-	-	-	-	-	(112,009)	(112,009)
	<u>2,513,500</u>	<u>(2,213,500)</u>	<u>(239,546)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>32,043</u>	<u>95,495</u>	<u>187,991</u>
At 30 September 2017	<u>2,732,717</u>	<u>-</u>	<u>-</u>	<u>3,395</u>	<u>172</u>	<u>(29,128)</u>	<u>4,706</u>	<u>180,858</u>	<u>1,172,602</u>	<u>4,065,322</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.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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 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	-	-	-	-	-	-	-	-	294,781	294,781
Other comprehensive income / (loss) for the period	-	-	-	23,995	-	(102,879)	-	-	-	(78,884)
Total comprehensive income / (loss) for the period	-	-	-	23,995	-	(102,879)	-	-	294,781	215,897
Transactions with owner / other equity movements:										
Transfer to Profit Equalisation Reserves of the Bank	-	-	-	-	104	-	-	-	(104)	-
Transfer to statutory reserves	-	-	12,000	-	-	-	-	-	(12,000)	-
Transfer to regulatory reserves	-	-	-	-	-	-	42,226	-	(42,226)	-
Increase in share capital	12,000	288,000	-	-	-	-	-	-	-	300,000
	12,000	288,000	12,000	-	104	-	-	42,226	(54,330)	300,000
At 30 September 2016	219,217	2,213,500	239,546	45,874	191	(57,170)	4,293	110,965	703,187	3,479,603

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
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	30 September 2017 RM'000	30 September 2016 RM'000
Profit before zakat and taxation	393,741	385,161
Adjustments for non-cash items	52,883	33,784
Operating profit before working capital changes	446,624	418,945
Changes in working capital:		
Net changes in operating assets	(4,043,132)	(3,581,194)
Net changes in operating liabilities	5,259,678	6,680,790
Cash generated from operations	1,663,170	3,518,541
Zakat and tax paid	(95,405)	(50,848)
Net cash generated from operating activities	1,567,765	3,467,693
Net cash generated from / (used in) investing activities	478,375	(1,502,598)
Net cash generated from financing activities	687,991	300,000
Net change in cash and cash equivalents	2,734,131	2,265,095
Cash and cash equivalents at beginning of the period	651,382	3,225,149
Cash and cash equivalents at end of the period	3,385,513	5,490,244
Note:		
Cash and balances with banks	3,425,513	5,490,244
Less: Balances with banks with original maturity more than three months	(40,000)	-
Cash and cash equivalents at end of the year	3,385,513	5,490,244

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.

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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 3rd quarter and nine months ended 30 September 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.

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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 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 ("BNM") reissued the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) ("the Framework") with the date of application to be effective immediately. 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.

Capital Adequacy Framework for Islamic Banks (Capital Components)

On 4 August 2017, BNM reissued the Capital Adequacy Framework for Islamic Banks (Capital Components) ("the Framework") with the date of application to be effective immediately. The updates to the Framework focused mainly on Additional Tier I and Tier II Islamic Capital instruments that are structured using equity-based Shariah Contracts such as Wakalah, Musharakah or Mudharabah. There is no impact on the Bank as the Bank's Tier II Islamic Capital instruments are structured based on exchange-based Murabahah contract. Therefore, the application of the Framework did not have any impact on the capital adequacy ratios of the Bank.

BNM's Revised Policy Document on Capital Funds for Islamic Banks

On 3 May 2017, BNM issued the revised policy document on Capital Funds for Islamic Banks whereby the previous requirement to maintain a reserve fund is no longer required given the implementation of the Capital Conservation Buffer under the Capital Adequacy Framework. Therefore, the statutory reserves which were previously maintained by the Bank are no longer required. During the period, the Bank had transferred RM239,546,000 from statutory reserves to retained profit.

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A1. Basis of Preparation (continued)

The following MFRSs, Amendments to MFRSs and IC Interpretations 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
- IC Interpretation 23 Uncertainty over Income Tax Treatments

Effective for annual periods commencing on or after 1 January 2021

- MFRS 17 Insurance Contracts

A brief description of the new MFRSs, Amendments to MFRSs and IC Interpretations 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. The Bank had completed gap assessment and development of MFRS 9 compliant impairment models for credit exposures. Currently, the MFRS 9 impairment models are being validated by independent validators to ensure they comply with the requirements of MFRS 9 whilst model implementation into information systems is in final phase of completion. A detailed assessment is being carried out to determine the extent of the financial impact to the Bank arising from the initial adoption of MFRS 9.

- (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.

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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):

- (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.
- (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.
- (g) **IC Interpretation 23 Uncertainty over Income Tax Treatments** - The IC Interpretation provides clarification on the application of recognition and measurement requirements in MFRS 112 Income Taxes when there is uncertainty over income tax treatments. The IC Interpretation clarifies that an entity shall:
- i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
 - ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount method or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

The adoption of the IC Interpretation is not expected to have any material financial impact on the financial statements of the Bank.

- (h) **MFRS 17 Insurance Contracts** - MFRS 17 introduces consistent accounting for all insurance contracts based on a current measurement model. Under MFRS 17, the general model requires entities to recognise and measure a group of insurance contracts at:
- i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus
 - ii) an amount representing the unearned profit in the group of contracts.

The adoption of MFRS 17 is not expected to have any material financial impact on the financial statements of the Bank.

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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 3rd quarter and nine months ended 30 September 2017.

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 3rd quarter and nine months ended 30 September 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 3rd quarter and nine months ended 30 September 2017.

A6. Debt and Equity Securities

On 29 June 2017, the share capital of the Bank was increased from RM2,432,717,000 comprising 219,217,000 ordinary shares to RM2,732,717,000 comprising 231,217,000 ordinary shares by way of issuance and allotment of 12,000,000 new ordinary shares at an issue price of RM25.00 per new ordinary share to its holding company, Public Bank Berhad.

On 3 August 2017, the Bank issued the second tranche of RM500 million in nominal value of Subordinated Sukuk Murabahah under the Programme which are due on 3 August 2027 and callable on 3 August 2022. The Subordinated Sukuk Murabahah bear profit at 4.65% per annum payable semi-annually.

There were no share buy-back and repayment of debt and equity securities by the Bank in the 3rd quarter and nine months ended 30 September 2017.

A7. Dividends Paid and Distributed

During the nine months ended 30 September 2017:

- a) A first interim dividend of 30.0 sen per share for the financial year ended 31 December 2016, amounting to RM65,765,100 was paid on 6 February 2017.
- b) A first interim dividend of 20.0 sen per share for the financial year ending 31 December 2017, amounting to RM46,243,400 was paid on 27 July 2017.

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A8. Financial Assets Held-for-Trading

	30 September 2017 RM'000	31 December 2016 RM'000
At fair value		
Money market instruments:		
Negotiable Islamic Debt Certificates	<u>1,142,677</u>	<u>495,364</u>

A9. Financial Investments Available-for-Sale

	30 September 2017 RM'000	31 December 2016 RM'000
At fair value		
Government securities and treasury bills:		
Malaysian Government Investment Issues	<u>5,660,801</u>	<u>6,140,438</u>

A10. Financial Investments Held-to-Maturity

	30 September 2017 RM'000	31 December 2016 RM'000
At amortised cost		
Government securities and treasury bills:		
Malaysian Government Investment Issues	2,443,199	2,414,016
Non-money market instruments:		
Debt securities		
- Unquoted corporate sukuk	569,611	571,250
	<u>3,012,810</u>	<u>2,985,266</u>

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A11. Financing and Advances

a. By type and contract

30 September 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	1,396,424	-	-	-	-	-	1,396,424
Term financing							
- House financing	4,054,956	-	-	9,769,878	-	-	13,824,834
- Syndicated financing	1,377,931	-	-	-	-	-	1,377,931
- Hire purchase receivables	-	11,105,558	-	-	-	-	11,105,558
- Other term financing	2,750,378	-	1,794,946	7,966,253	-	-	12,511,577
Credit card receivables	-	-	-	-	-	12,307	12,307
Bills receivables	-	-	-	-	679	-	679
Trust receipts	-	-	-	-	4,910	-	4,910
Claims on customers under acceptance credits	-	-	-	-	126,255	-	126,255
Revolving credits	205,943	-	-	-	-	-	205,943
Staff financing	-	5,988	-	52,235	-	-	58,223
Gross financing and advances	9,785,632	11,111,546	1,794,946	17,788,366	131,844	12,307	40,624,641
Allowance for impaired financing and advances:							
- collective assessment allowance							(306,638)
- individual assessment allowance							-
Net financing and advances							<u>40,318,003</u>

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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
Bills 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.

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A11. Financing and Advances (continued)

b. By class

	30 September 2017 RM'000	31 December 2016 RM'000
Retail financing *		
- House financing	13,824,834	11,480,503
- Hire purchase	11,105,558	11,732,886
- Credit cards	12,307	10,530
- Other financing ^	12,941,347	11,492,287
	<u>37,884,046</u>	<u>34,716,206</u>
Corporate financing	2,740,595	2,821,144
Gross financing and advances	<u>40,624,641</u>	<u>37,537,350</u>

* 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

	30 September 2017 RM'000	31 December 2016 RM'000
Domestic non-bank financial institutions		
- Others	242,072	228,592
Domestic business enterprises		
- Small and medium enterprises	7,875,576	7,023,420
- Others	1,069,982	1,109,988
Government and statutory bodies	1,326,716	1,313,959
Individuals	30,018,227	27,772,881
Other domestic entities	5,704	4,874
Foreign entities	86,364	83,636
Gross financing and advances	<u>40,624,641</u>	<u>37,537,350</u>

d. By rate of return sensitivity

	30 September 2017 RM'000	31 December 2016 RM'000
Fixed rate		
- House financing	810,002	429,769
- Hire purchase receivables	11,105,427	11,732,681
- Other fixed rate financing	3,429,854	3,042,732
Variable rate		
- Base rate / base financing rate plus	23,937,675	20,602,923
- Cost plus	1,341,683	1,729,245
Gross financing and advances	<u>40,624,641</u>	<u>37,537,350</u>

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A11. Financing and Advances (continued)

e. By residual contractual maturity

	30 September 2017 RM'000	31 December 2016 RM'000
Maturity within one year	2,464,755	1,824,406
More than one year to three years	3,016,716	3,255,053
More than three years to five years	3,290,432	3,236,267
More than five years	31,852,738	29,221,624
Gross financing and advances	<u>40,624,641</u>	<u>37,537,350</u>

f. By economic purpose

	30 September 2017 RM'000	31 December 2016 RM'000
Purchase of transport vehicles	11,111,538	11,737,615
Purchase of landed properties (of which: - residential - non-residential)	<u>22,825,843</u> <u>14,192,843</u> <u>8,633,000</u>	<u>19,488,709</u> <u>11,745,999</u> <u>7,742,710</u>
Purchase of fixed assets (excluding landed properties)	7,515	4,660
Personal use	2,604,464	2,534,634
Credit card	12,307	10,530
Purchase of consumer durables	1,660	1,756
Construction	287,394	237,790
Working capital	3,734,143	3,454,971
Other purpose	39,777	66,685
Gross financing and advances	<u>40,624,641</u>	<u>37,537,350</u>

g. By sectors

	30 September 2017 RM'000	31 December 2016 RM'000
Agriculture, hunting, forestry and fishing	913,213	837,589
Mining and quarrying	41,827	33,442
Manufacturing	726,393	637,469
Electricity, gas and water	3,718	1,272
Construction	1,190,103	1,015,486
Wholesale & retail trade and restaurants & hotels	2,007,347	1,730,052
Transport, storage and communication	348,574	322,348
Finance, insurance and business services	689,060	641,868
Real estate	3,027,230	2,920,892
Community, social and personal services	1,570,561	1,538,381
Households	30,104,591	27,856,517
Others	2,024	2,034
Gross financing and advances	<u>40,624,641</u>	<u>37,537,350</u>

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A11. Financing and Advances (continued)

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

	30 September 2017 RM'000	31 December 2016 RM'000
At 1 January	225,667	211,804
Impaired during the period / year	495,615	593,015
Reclassified as non-impaired	(373,728)	(440,075)
Recoveries	(31,865)	(44,904)
Amount written off	(68,132)	(92,607)
Financing converted to foreclosed properties	(767)	(1,566)
Closing balance	<u>246,790</u>	<u>225,667</u>
Gross impaired financing as a percentage of gross financing and advances	<u>0.61%</u>	<u>0.60%</u>

i. Impaired financing and advances by economic purpose

	30 September 2017 RM'000	31 December 2016 RM'000
Purchase of transport vehicles	95,194	94,829
Purchase of landed properties	121,089	99,044
(of which: - residential	<u>108,091</u>	<u>87,126</u>
- non-residential)	<u>12,998</u>	<u>11,918</u>
Personal use	28,020	29,707
Credit card	160	66
Working capital	2,302	2,007
Other purpose	25	14
	<u>246,790</u>	<u>225,667</u>

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A11. Financing and Advances (continued)

j. Impaired financing and advances by sectors

	30 September 2017 RM'000	31 December 2016 RM'000
Agriculture, hunting, forestry and fishing	603	516
Mining and quarrying	712	43
Manufacturing	1,193	534
Construction	2,211	6,201
Wholesale & retail trade and restaurants & hotels	2,715	1,761
Transport, storage and communication	238	938
Finance, insurance and business services	1,171	763
Real estate	204	622
Community, social and personal services	232	345
Households	237,352	213,761
Others	159	183
	246,790	225,667

All the impaired financing and advances are located in Malaysia.

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

	30 September 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	73,136	78,346
Amount written off	(68,132)	(92,607)
Closing balance	306,638	301,634

	30 September 2017 RM'000	31 December 2016 RM'000
<u>Individual Assessment Allowance</u>		
At 1 January	34	-
Allowance made during the period / year	-	34
Amount written back in respect of recoveries	(34)	-
Closing balance	-	34

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A12. Other Assets

	30 September 2017 RM'000	31 December 2016 RM'000
Deferred handling fees	60,473	67,253
Income receivable	4,499	58
Other receivables, deposits and prepayments	9,387	13,810
Employee benefits	2,710	2,999
Foreclosed properties	2,493	1,793
	79,562	85,913

A13. Deposits from Customers

a. By type of deposit and contract

	30 September 2017 RM'000	31 December 2016 RM'000
At amortised cost		
Savings deposit		
- Wadiah	6,132,163	5,855,625
Demand deposit		
- Wadiah	3,833,209	3,839,873
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Inah	2,937	-
- Commodity Murabahah	35,058,174	27,684,903
- General investment account		
- Mudharabah	-	90,115
- Wakalah	-	110,184
	-	200,299
- Special term deposit account		
- Wadiah	3,419,805	4,892,374
	48,446,288	42,473,074

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A13. Deposits from Customers (continued)

b. By type of customer

	30 September 2017 RM'000	31 December 2016 RM'000
Federal and state governments	9,317,003	5,287,126
Local government and statutory authorities	887,774	883,615
Business enterprises	5,167,520	6,477,550
Individuals	18,153,625	14,731,939
Foreign customers	639,690	580,445
Others	14,280,676	14,512,399
	48,446,288	42,473,074

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

	30 September 2017 RM'000	31 December 2016 RM'000
Due within six months	34,157,642	30,055,815
More than six months to one year	4,320,676	2,719,052
More than one year to three years	2,268	2,035
More than three years to five years	330	674
	38,480,916	32,777,576

d. By class

	30 September 2017 RM'000	31 December 2016 RM'000
Core deposits	45,023,546	37,580,700
Wholesale deposits	3,422,742	4,892,374
	48,446,288	42,473,074

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A14. Deposits from Banks

	30 September 2017 RM'000	31 December 2016 RM'000
At amortised cost		
<u>Non-Mudharabah Fund</u>		
Licensed banks	1,880,118	1,709,786
Licensed investment banks	1,294	741
Bank Negara Malaysia	21,449	18,451
Other financial institutions	7,921	593,150
	<u>1,910,782</u>	<u>2,322,128</u>

A15. Other Liabilities

	30 September 2017 RM'000	31 December 2016 RM'000
Income payable	335,376	180,708
Other payables and accruals	78,820	34,671
Profit Equalisation Reserves	108	111
	<u>414,304</u>	<u>215,490</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(a) Term deposits	466,695	416,945	1,349,311	1,215,438
(b) Other deposits	119,276	120,381	358,015	354,523
	585,971	537,326	1,707,326	1,569,961

a. Income derived from investment of term deposits:

Finance income and Hibah

Financing and advances	372,588	333,831	1,083,838	963,473
Financial investments available-for-sale	37,001	32,352	112,931	89,131
Financial investments held-to-maturity	20,238	19,770	59,714	56,048
Balances with banks	16,008	8,663	22,792	37,519
	445,835	394,616	1,279,275	1,146,171
Financial assets held-for-trading	6,857	3,426	27,520	12,015
Total finance income and Hibah	452,692	398,042	1,306,795	1,158,186

Other operating income

Fee and commission income:

- Commissions	4,823	3,988	10,781	10,504
- Service charges and fees	4,382	3,912	11,633	10,741
- Other fee income	1,179	958	4,392	3,701

Net gains and losses on financial instruments:

- Gross dividend income from financial investments available-for-sale	-	6	-	2,777
- Net gain arising from sale of financial investments available-for-sale	720	3,757	2,667	12,920
- (Loss) / Gain representing ineffective portions of hedging derivatives	(131)	3,081	3,904	9,556
- Others	32	406	486	550

Gross dividend income from collective investment

	2,951	2,666	8,265	5,797
Other income	47	129	388	706
Total other operating income	14,003	18,903	42,516	57,252
	466,695	416,945	1,349,311	1,215,438

Of which:

Financing income earned on impaired financing

	2,175	2,184	6,561	6,243
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A16. Income Derived from Investment of Depositors' Funds and Others (continued)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
b. Income derived from investment of other deposits:				
<u>Finance income and Hibah</u>				
Financing and advances	95,191	96,399	287,577	281,029
Financial investments available-for-sale	9,426	9,349	29,964	25,998
Financial investments held-to-maturity	5,166	5,710	15,844	16,348
Balances with banks	4,212	2,482	6,047	10,944
	113,995	113,940	339,432	334,319
Financial assets held-for-trading	1,713	986	7,302	3,505
Total finance income and Hibah	115,708	114,926	346,734	337,824
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	1,249	1,153	2,861	3,064
- Service charges and fees	1,126	1,130	3,087	3,133
- Other fee income	296	276	1,165	1,079
Net gains and losses on financial instruments:				
- Gross dividend income from financial investments available-for-sale	-	(2)	-	810
- Net gain arising from sale of financial investments available-for-sale	181	1,082	708	3,769
- (Loss) / Gain representing ineffective portions of hedging derivatives	(56)	888	1,036	2,787
- Others	5	118	128	160
Gross dividend income from collective investment	756	773	2,193	1,691
Other income	11	37	103	206
Total other operating income	3,568	5,455	11,281	16,699
	119,276	120,381	358,015	354,523
Of which:				
Financing income earned on impaired financing	555	631	1,741	1,821

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A17. Income Derived from Investment of Shareholder's Funds

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<u>Finance income and Hibah</u>				
Financing and advances	38,077	33,343	108,386	99,264
Financial investments available-for-sale	3,787	3,238	11,293	9,183
Financial investments held-to-maturity	2,070	1,976	5,972	5,774
Balances with banks	1,608	845	2,279	3,866
	<u>45,542</u>	<u>39,402</u>	<u>127,930</u>	<u>118,087</u>
Financial assets held-for-trading	709	339	2,752	1,238
Total finance income and Hibah	<u>46,251</u>	<u>39,741</u>	<u>130,682</u>	<u>119,325</u>
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	489	400	1,078	1,082
- Service charges and fees	446	392	1,163	1,107
- Other fee income	123	94	440	381
Net gains and losses on financial instruments:				
- Gross dividend income from financial investments available-for-sale	-	(4)	-	286
- Net gain arising from sale of financial investments available-for-sale	75	372	267	1,331
- (Loss) / Gain representing ineffective portions of hedging derivatives	(8)	307	391	985
- Others	2	42	47	57
Gross dividend income from collective investment	302	269	827	597
Other income	5	12	39	73
Total other operating income	<u>1,434</u>	<u>1,884</u>	<u>4,252</u>	<u>5,899</u>
	<u>47,685</u>	<u>41,625</u>	<u>134,934</u>	<u>125,224</u>
Of which:				
Financing income earned on impaired financing	222	218	656	643

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A18. Allowance for Impairment on Financing and Advances

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Allowance / (Writeback of allowance) for impaired financing:				
- Collective assessment allowance	23,285	25,991	73,136	76,158
- Individual assessment allowance	-	-	(34)	-
Impaired financing written off	-	-	3	-
Impaired financing recovered	(5,307)	(4,822)	(15,766)	(14,444)
	17,978	21,169	57,339	61,714

A19. Income Attributable to Depositors and Others

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Mudharabah fund	-	712	420	2,437
- Non-Mudharabah fund	351,462	284,640	999,535	869,103
Deposits from banks				
- Non-Mudharabah fund	17,733	30,321	55,031	74,602
Financing sold to Cagamas	-	4,525	8,617	13,395
Subordinated Sukuk Murabahah	9,745	5,987	21,522	17,829
	378,940	326,185	1,085,125	977,366

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 (30 September 2016 : RM11,000).

A20. Personnel expenses

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	3,482	3,341	10,329	9,463
Pension costs	526	508	1,587	1,467
Others	239	493	1,307	1,731
	4,247	4,342	13,223	12,661

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A21. Other Overheads and Expenditures

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Establishment costs				
- Depreciation	91	106	286	335
- Rental	324	345	885	886
- Insurance	219	205	547	572
- Water and electricity	64	19	153	102
- General repairs and maintenance	152	100	398	324
- Others	76	109	466	278
	<u>926</u>	<u>884</u>	<u>2,735</u>	<u>2,497</u>
Marketing expenses				
- Advertisement and publicity	500	804	1,975	1,883
- Others	2,988	1,125	6,594	3,668
	<u>3,488</u>	<u>1,929</u>	<u>8,569</u>	<u>5,551</u>
Administration and general expenses				
- Communication expenses	949	761	2,792	2,378
- Legal and professional fees	1,956	2,102	5,885	7,247
- Others	6,080	4,122	17,699	12,498
	<u>8,985</u>	<u>6,985</u>	<u>26,376</u>	<u>22,123</u>
Shared service costs paid/payable to Public Bank Berhad	84,718	81,263	261,847	238,511
Recovery of expenses	(2,519)	(3,215)	(6,600)	(10,474)
	<u>95,598</u>	<u>87,846</u>	<u>292,927</u>	<u>258,208</u>

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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 3rd quarter and nine months ended 30 September 2017.

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Net profit attributable to equity holder of the Bank (RM'000)	105,654	106,693	302,071	294,781
Number of ordinary shares at beginning of the period ('000)	231,217	219,217	219,217	207,217
Effect of the issuance of shares ('000)	-	-	4,132	10,818
Weighted average number of shares ('000)	231,217	219,217	223,349	218,035
Basic earnings per share (sen)	45.7	48.7	135.2	135.2

There were no dilutive potential ordinary shares in the 3rd quarter ended 30 September 2017 and 30 September 2016.

A23. Performance Review

The Bank reported a higher pre-tax profit of RM393.7 million for the financial period ended 30 September 2017, which was 2.2% or RM8.5 million higher as compared to pre-tax profit of RM385.2 million for the financial period ended 30 September 2016. The higher profit was primarily due to higher net finance income of RM61.2 million and lower allowance for impairment on financing and advances of RM4.4 million offset by higher other operating expenses of RM35.3 million and lower other operating income of RM21.8 million.

A24. Prospects for 2017

Global economic expansion is expected to continue for the rest of 2017 and into 2018, driven by accommodative policies and a broadly stable risk environment. Recovery in the euro area has gathered pace supported by domestic demand, while growth-focused policies persisted in China. Elsewhere, emerging economies are expected to benefit from strong external demand and sustained domestic activities. Positive sentiments across major economies and encouraging macro indicators suggest ongoing global growth.

Malaysia's real GDP is expected to surpass the official target of 4.3% - 4.8% for 2017, driven by stable economic fundamentals. Domestic growth will continue to be supported by private sector wages, healthy labour market and policy measures to raise disposable income. As for the investment ecosystem, the implementation of new and ongoing infrastructure projects, and higher capacity expansion in the manufacturing and services sectors are key growth drivers. On the external front, Malaysia's exports will continue to benefit from the improvement in global demand.

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A24. Prospects for 2017 (continued)

Headline inflation is expected to continue moderating in the second half of 2017 after peaking in March, with the waning effects of global cost factors. During the first eight months of 2017, inflation stood at 3.9%, which is within the official projection for full-year inflation of between 3.0% - 4.0%.

The banking sector will continue to operate as an effective financial intermediary and will remain supportive of economic activities underpinned by strong capitalisation, stable funding and liquidity positions, and sustained profitability.

Against this backdrop, the Bank will continue to ride on its strengths to further develop its business and sustain its market position, operational excellence and efficiency. The Bank will continue to adopt prudent and responsible financing practices, while upholding strong corporate 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 continued growth in financing for home mortgages and the small and medium enterprises ("SME"). The Bank will sustain financing growth in the residential property segment, focusing on the mass market and home mortgages for owner occupation, as well as hire purchase.

To sustain market position in SME financing, the Bank will continue to tap on market opportunities by offering products and services to meet the needs of the SMEs. The SME segment will continue to benefit from the ongoing measures and implementation of key Government initiatives under the National Transformation Programme, the Eleventh Malaysia Plan and SME Masterplan.

The Bank will continue to work closely with AIA PUBLIC Takaful Bhd to ensure its bancatakaful products remain competitive and relevant to meet customers' needs. The Bank will also maintain growth in the 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.

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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	
3rd Quarter Ended 30 September 2017							
External revenue	149,051	338,661	32,493	65,757	47,695	-	633,657
Revenue from other segments	-	139,426	-	-	145,182	(284,608)	-
Total revenue	149,051	478,087	32,493	65,757	192,877	(284,608)	633,657
Net finance income	43,905	140,242	6,515	4,239	40,810	-	235,711
Other operating income	117	13,953	48	1,016	3,871	-	19,005
Net income	44,022	154,195	6,563	5,255	44,681	-	254,716
Other operating expenses	(13,367)	(66,367)	(112)	(689)	(19,310)	-	(99,845)
(Allowance) / Writeback of allowance for impairment on financing and advances	(7,663)	(10,338)	23	-	-	-	(17,978)
Writeback of impairment on other assets	-	36	-	-	-	-	36
Profit before zakat and taxation	22,992	77,526	6,474	4,566	25,371	-	136,929

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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	
3rd Quarter Ended 30 September 2016							
External revenue	160,933	282,252	33,278	57,485	45,003	-	578,951
Revenue from other segments	-	102,746	-	12,192	118,628	(233,566)	-
Total revenue	<u>160,933</u>	<u>384,998</u>	<u>33,278</u>	<u>69,677</u>	<u>163,631</u>	<u>(233,566)</u>	<u>578,951</u>
Net finance income	45,308	131,351	6,790	5,507	37,566	-	226,522
Other operating income	223	12,479	(269)	5,633	8,176	-	26,242
Net income	<u>45,531</u>	<u>143,830</u>	<u>6,521</u>	<u>11,140</u>	<u>45,742</u>	<u>-</u>	<u>252,764</u>
Other operating expenses	(15,954)	(58,327)	(115)	(618)	(17,174)	-	(92,188)
Allowance for impairment on financing and advances	(12,991)	(8,091)	(87)	-	-	-	(21,169)
Writeback of impairment on other assets	-	12	-	-	-	-	12
Profit before zakat and taxation	<u>16,586</u>	<u>77,424</u>	<u>6,319</u>	<u>10,522</u>	<u>28,568</u>	<u>-</u>	<u>139,419</u>

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A26. Segment Information (continued)

Nine Months Ended 30 September 2017	<----- 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	
External revenue	456,852	961,861	99,064	175,156	149,321	-	1,842,254
Revenue from other segments	-	382,803	-	-	390,957	(773,760)	-
Total revenue	456,852	1,344,664	99,064	175,156	540,278	(773,760)	1,842,254
Net finance income	137,322	404,150	19,705	14,589	123,320	-	699,086
Other operating income	374	35,218	1,378	4,140	16,939	-	58,049
Net income	137,696	439,368	21,083	18,729	140,259	-	757,135
Other operating expenses	(46,444)	(199,955)	(345)	(2,216)	(57,190)	-	(306,150)
(Allowance) / Writeback of allowance for impairment on financing and advances	(26,562)	(30,918)	141	-	-	-	(57,339)
Writeback of impairment on other assets	-	95	-	-	-	-	95
Profit before zakat and taxation	64,690	208,590	20,879	16,513	83,069	-	393,741
Cost income ratio	33.7%	45.5%	1.6%	11.8%	40.8%	-	40.4%
Gross financing and advances	11,106,046	26,778,000	2,740,595	-	-	-	40,624,641
Financing growth	-5.3%	16.5%	-2.9%	-	-	-	8.2%
Impaired financing and advances	95,182	151,608	-	-	-	-	246,790
Impaired financing ratio	0.9%	0.6%	-	-	-	-	0.6%
Deposits from customers	-	44,951,834	71,712	3,422,742	-	-	48,446,288
Deposit growth	-	19.7%	239.7%	-30.0%	-	-	14.1%
Segment assets	11,016,535	45,554,358	2,738,940	8,665,899	5,302,184	(17,404,796)	55,873,120
Reconciliation of segment assets to total assets:							
Investment in an associated company							30,000
Unallocated assets							13,517
Total assets							55,916,637

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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	
Nine Months Ended 30 September 2016							
External revenue	482,598	802,596	96,200	186,074	127,717	-	1,695,185
Revenue from other segments	-	320,613	-	25,792	355,849	(702,254)	-
Total revenue	482,598	1,123,209	96,200	211,866	483,566	(702,254)	1,695,185
Net finance income	133,706	371,238	17,412	6,477	109,063	-	637,896
Other operating income	709	33,658	1,288	18,692	25,503	-	79,850
Net income	134,415	404,896	18,700	25,169	134,566	-	717,746
Other operating expenses	(49,036)	(172,319)	(643)	(1,768)	(47,103)	-	(270,869)
Allowance for impairment on financing and advances	(33,806)	(27,495)	(413)	-	-	-	(61,714)
Impairment on other assets	-	(2)	-	-	-	-	(2)
Profit before zakat and taxation	51,573	205,080	17,644	23,401	87,463	-	385,161
Cost income ratio	36.5%	42.6%	3.4%	7.0%	35.0%	-	37.7%
Gross financing and advances	11,976,007	21,499,027	2,834,456	-	-	-	36,309,490
Financing growth	-0.6%	22.3%	16.9%	-	-	-	13.3%
Impaired financing and advances	98,587	122,382	-	-	-	-	220,969
Impaired financing ratio	0.8%	0.6%	-	-	-	-	0.6%
Deposits from customers	-	36,058,889	24,856	8,831,759	-	-	44,915,504
Deposit growth	-	7.2%	-17.7%	62.7%	-	-	14.9%
Segment assets	11,867,172	37,331,766	2,830,990	11,695,235	4,596,374	(15,412,905)	52,908,632
Reconciliation of segment assets to total assets:							
Investment in an associated company							20,000
Unallocated assets							9,403
Total assets							52,938,035

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A27. Capital Adequacy

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

	30 September 2017	31 December 2016
<u>Before deducting interim dividend *</u>		
Common Equity Tier I ("CET I") capital ratio	11.601%	11.138%
Tier I capital ratio	11.601%	11.138%
Total capital ratio	15.709%	13.746%
<u>After deducting interim dividend *</u>		
CET I capital ratio	11.601%	10.923%
Tier I capital ratio	11.601%	10.923%
Total capital ratio	15.709%	13.531%

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

	30 September 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>		
Share capital	2,732,717	219,217
Share premium	-	2,213,500
Other reserves	6,234	230,420
Retained profit	1,077,401	775,036
Less: Deferred tax assets, net	(8,242)	(4,242)
Less: Defined benefit pension fund assets	(2,060)	(2,279)
Less: Investment in an associated company deducted from CET I capital	(24,000)	(18,000)
Total CET I capital / Tier I capital	3,782,050	3,413,652
<u>Tier II capital</u>		
Collective assessment allowance and regulatory reserves #	345,825	311,939
Subordinated Sukuk Murabahah	999,566	499,374
Less: Investment in an associated company deducted from Tier II capital	(6,000)	(12,000)
Total Tier II capital	1,339,391	799,313
Total capital	5,121,441	4,212,965

Excludes collective assessment allowance on impaired financing restricted from Tier II capital of the Bank of RM131,218,000 (2016 : RM138,510,000). Includes the qualifying regulatory reserves of RM170,405,000 (2016 : RM148,815,000).

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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 4 August 2017 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 is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

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A27. Capital Adequacy (continued)

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

	30 September 2017 RM'000	31 December 2016 RM'000
Credit risk	30,849,021	29,000,132
Market risk	67,278	40,861
Operational risk	1,685,788	1,608,488
	32,602,087	30,649,481

A28. Commitments and Contingencies

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

	30 September 2017 RM'000	31 December 2016 RM'000
<u>Contingent Liabilities</u>		
Direct credit substitutes	18,086	12,953
Transaction-related contingent items	33,772	27,667
Short term self-liquidating trade-related contingencies	1,654	2,881
	53,512	43,501
<u>Commitments</u>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
- exceeding one year	5,251,140	5,408,727
- not exceeding one year	1,495,691	1,400,097
Unutilised credit card lines	62,387	39,791
	6,809,218	6,848,615
<u>Derivative Financial Instruments</u>		
Profit rate related contracts:		
- less than one year	100,000	200,000
- one year to less than five years	2,030,000	1,630,000
- five years and above	2,000,000	2,500,000
	4,130,000	4,330,000
	10,992,730	11,222,116

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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.

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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:

30 September 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	-	1,142,677	-	1,142,677
Financial investments available-for-sale				
- Government securities and treasury bills	-	5,660,801	-	5,660,801
Derivative financial assets	-	3,731	-	3,731
Total financial assets measured at fair value	-	6,807,209	-	6,807,209
Financial liabilities				
Derivative financial liabilities	-	39,299	-	39,299
Total financial liabilities measured at fair value	-	39,299	-	39,299

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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).