

PUBLIC ISLAMIC BANK BERHAD
Company Registration No.: 197301001433 (14328-V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

		30 September 2021	31 December 2020
	Note	RM'000	RM'000 (Restated)
ASSETS			
Cash and balances with banks		50,278	2,112,828
Financial assets at fair value through profit or loss	A8	31,664	-
Derivative financial assets		9,556	1,317
Financial investments at fair value through other comprehensive income	A9	10,020,401	9,717,771
Financial investments at amortised cost	A10	4,463,246	4,520,961
Financing and advances	A11	57,607,052	54,176,355
Other assets	A12	199,593	232,231
Statutory deposits with Bank Negara Malaysia		249,350	168,200
Deferred tax assets		186,782	-
Collective investment		574,437	565,504
Investment in an associated company		67,500	45,000
Right-of-use assets		16,189	17,137
Property and equipment		3,275	3,525
TOTAL ASSETS		73,479,323	71,560,829
LIABILITIES			
Deposits from customers	A13	63,650,324	61,817,897
Deposits from banks	A14	2,288,896	2,067,854
Bills and acceptances payable		391	481
Derivative financial liabilities		125,493	196,035
Senior Sukuk Murabahah		-	519,950
Subordinated Sukuk Murabahah		1,000,000	1,000,000
Lease liabilities		17,629	18,227
Other liabilities	A15	637,668	620,285
Provision for zakat and taxation		246,344	318
Deferred tax liabilities		-	54,277
TOTAL LIABILITIES		67,966,745	66,295,324

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the year ended 31 December 2020.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Note	30 September 2021 RM'000	31 December 2020 RM'000 (Restated)
EQUITY			
Share capital		2,732,717	2,732,717
Regulatory reserves		150	156,181
Other reserves		(124,647)	48,748
Retained profits		2,904,358	2,327,859
TOTAL EQUITY		5,512,578	5,265,505
TOTAL LIABILITIES AND EQUITY		73,479,323	71,560,829
COMMITMENTS AND CONTINGENCIES	A29	14,060,327	11,946,719
CAPITAL ADEQUACY	A28		
<u>Before deducting interim dividend</u> *			
Common Equity Tier I Capital Ratio		11.560%	12.176%
Tier I Capital Ratio		11.560%	12.176%
Total Capital Ratio		14.988%	15.751%
<u>After deducting interim dividend</u> *			
Common Equity Tier I Capital Ratio		11.560%	12.176%
Tier I Capital Ratio		11.560%	12.176%
Total Capital Ratio		14.988%	15.751%
Net assets per share attributable to ordinary equity holder of the Bank (RM)		23.84	22.77

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

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PUBLIC ISLAMIC BANK BERHAD
Company Registration No.: 197301001433 (14328-V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2021 RM'000	30 September 2020 RM'000 (Restated)	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)
Income derived from investment of depositors' funds and others	A16	587,437	614,294	1,826,757	1,759,466
Income derived from investment of shareholder's funds	A17	49,383	54,028	153,406	152,637
Allowance for impairment on financing and advances	A18	(78,186)	(31,622)	(202,400)	(68,920)
Allowance for impairment on other assets	A19	(32)	(128)	(296)	(277)
Total distributable income		558,602	636,572	1,777,467	1,842,906
Income attributable to depositors and others	A20	(282,905)	(320,703)	(848,066)	(1,130,261)
Total net income		275,697	315,869	929,401	712,645
Personnel expenses	A21	(5,599)	(5,214)	(17,013)	(15,761)
Other overheads and expenditures	A22	(119,823)	(109,751)	(359,429)	(337,839)
Profit before zakat and taxation		150,275	200,904	552,959	359,045
Zakat		337	(81)	(713)	(243)
Taxation		(36,458)	(47,341)	(131,778)	(83,329)
Profit for the period		114,154	153,482	420,468	275,473
Earnings per share - basic / diluted (sen)	A23	49.4	66.4	181.8	119.1

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the year ended 31 December 2020.

PUBLIC ISLAMIC BANK BERHAD
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(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)
Profit for the period	114,154	153,482	420,468	275,473
Other comprehensive (loss) / income:				
<u>Items that will not be reclassified to profit or loss:</u>				
Defined benefit reserves:				
- Loss on remeasurements of defined benefit plan	-	(139)	-	(1,554)
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net change in revaluation of financial investments at fair value through other comprehensive income	(102,755)	33,879	(307,668)	177,746
Hedging reserves:				
- Net change in cash flow hedges	21,825	(8,870)	79,517	(118,777)
	(80,930)	25,009	(228,151)	58,969
Income tax relating to components of other comprehensive (loss) / income:				
- Defined benefit reserves	-	34	-	373
- Revaluation reserves	24,661	(8,131)	73,840	(42,659)
- Hedging reserves	(5,238)	2,129	(19,084)	28,507
	19,423	(5,968)	54,756	(13,779)
Other comprehensive (loss) / income for the period, net of tax	(61,507)	18,902	(173,395)	43,636
Total comprehensive income for the period	52,647	172,384	247,073	319,109

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the year ended 31 December 2020.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	<----- Non-distributable ----->						Distributable	Total Equity RM'000
	Share Capital RM'000	Revaluation Reserves RM'000	Hedging Reserves RM'000	Defined Benefit Reserves RM'000	Regulatory Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000	
At 1 January 2021								
- as previously stated	2,732,717	192,730	(148,851)	4,697	156,181	172	2,485,744	5,423,390
- restatement of comparatives (Note A31)	-	-	-	-	-	-	(157,885)	(157,885)
At 1 January 2021, as restated	2,732,717	192,730	(148,851)	4,697	156,181	172	2,327,859	5,265,505
Profit for the period	-	-	-	-	-	-	420,468	420,468
Other comprehensive (loss) / income for the period	-	(233,828)	60,433	-	-	-	-	(173,395)
Total comprehensive (loss) / income for the period	-	(233,828)	60,433	-	-	-	420,468	247,073
Transactions with owner / other equity movements:								
Transfer from regulatory reserves	-	-	-	-	(156,031)	-	156,031	-
	-	-	-	-	(156,031)	-	156,031	-
At 30 September 2021	2,732,717	(41,098)	(88,418)	4,697	150	172	2,904,358	5,512,578

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	<----- Non-distributable ----->					Distributable		Total Equity RM'000
	Share Capital RM'000	Revaluation Reserves RM'000	Hedging Reserves RM'000	Defined Benefit Reserves RM'000	Regulatory Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000	
At 1 January 2020								
- as previously stated	2,732,717	82,169	(69,660)	4,258	309,431	172	1,944,889	5,003,976
- restatement of comparatives (Note A31)	-	-	-	-	-	-	(115,592)	(115,592)
At 1 January 2020	<u>2,732,717</u>	<u>82,169</u>	<u>(69,660)</u>	<u>4,258</u>	<u>309,431</u>	<u>172</u>	<u>1,829,297</u>	<u>4,888,384</u>
Profit for the period	-	-	-	-	-	-	275,473	275,473
Other comprehensive income / (loss) for the period	-	135,087	(90,270)	(1,181)	-	-	-	43,636
Total comprehensive income / (loss) for the period	<u>-</u>	<u>135,087</u>	<u>(90,270)</u>	<u>(1,181)</u>	<u>-</u>	<u>-</u>	<u>275,473</u>	<u>319,109</u>
Transactions with owner / other equity movements:								
Transfer from regulatory reserves	-	-	-	-	(35,554)	-	35,554	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,554)</u>	<u>-</u>	<u>35,554</u>	<u>-</u>
At 30 September 2020	<u><u>2,732,717</u></u>	<u><u>217,256</u></u>	<u><u>(159,930)</u></u>	<u><u>3,077</u></u>	<u><u>273,877</u></u>	<u><u>172</u></u>	<u><u>2,140,324</u></u>	<u><u>5,207,493</u></u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the year ended 31 December 2020.

PUBLIC ISLAMIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)
Profit before zakat and taxation	552,959	359,045
Adjustments for non-cash items	121,741	(31,944)
Operating profit before working capital changes	<u>674,700</u>	<u>327,101</u>
Changes in working capital:		
Net changes in operating assets	(3,772,337)	(1,735,636)
Net changes in operating liabilities	2,069,703	249,774
Cash used in operations	<u>(1,027,934)</u>	<u>(1,158,761)</u>
Zakat and tax paid	(36,327)	(47,181)
Tax refunded	4,847	-
Net cash used in operating activities	<u>(1,059,414)</u>	<u>(1,205,942)</u>
Net cash used in investing activities	(482,538)	(1,295,641)
Net cash used in financing activities	<u>(520,598)</u>	<u>(556)</u>
Net change in cash and cash equivalents	<u>(2,062,550)</u>	<u>(2,502,139)</u>
Cash and cash equivalents at beginning of the year	<u>2,112,828</u>	<u>3,139,455</u>
Cash and cash equivalents at end of the period	<u><u>50,278</u></u>	<u><u>637,316</u></u>
Note:		
Cash and balances with banks	50,278	637,316
Less: Balances with banks with original maturity more than three months	-	-
Cash and cash equivalents at end of the period	<u><u>50,278</u></u>	<u><u>637,316</u></u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the year ended 31 December 2020.

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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 2021 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss ("FVTPL"), financial investments at fair value through other comprehensive income ("FVOCI") 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 2020. 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 financial year ended 31 December 2020.

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 financial year ended 31 December 2020, except for the adoption of the following during the current financial period:

Effective for annual periods commencing on or after 1 January 2021

- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) - Amendments were made on some specific requirements of those standards with respect to issues affecting financial reporting during the reform of an interest rate benchmark. The amendments provide a practical expedient whereby a company would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

The adoption of these amendments did not have any financial impact to the Bank.

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A1. Basis of Preparation (continued)

Additional Measures to Assist Customers Affected by the COVID-19 Pandemic

Following Bank Negara Malaysia ("BNM")'s letters dated 24 March 2020, 24 July 2020 and 17 August 2020 on measures to assist customers affected by the COVID-19 pandemic, BNM had on 31 May 2021 extended the eligibility period of various repayment assistance from 30 June 2021 to on or before 31 December 2021.

- i) Definition of defaulted exposures under the policy document on Capital Adequacy Framework for Islamic Banks

In applying the definition of defaulted exposures under the above policy to financing for which repayment assistance is extended:

- a) The determination of "days past due" should be based on the new repayment terms of a financing that has been rescheduled and restructured. Where the repayment terms include a repayment deferral, the determination of days past due should exclude the deferred repayment period;
- b) For financing to individuals or SMEs, a customer should not be considered to be in default based on "unlikeliness to repay" at the time the repayment assistance is granted, except where the financing is sold by the banking institution at a material loss or the customer is subjected to bankruptcy actions. Banking institutions are also expected to consider whether the financial difficulties faced by the customers are unlikely to be temporary; and
- c) For financing to corporates, the assessment of "unlikeliness to repay" should not be based solely on the customer taking up an offer of repayment assistance extended by the banking institution but based on a more holistic assessment of all relevant indicators and information available on the corporate customer.

Regulatory Capital Treatment

The regulatory capital treatment above shall apply to financing denominated in Malaysian Ringgit or foreign currency that meet the following criteria:

- a) The principal or profit, or both, is not in arrears exceeding 90 days as at the date of application for repayment assistance; and
- b) The application for repayment assistance by a customer is received on or before 31 December 2021.

The regulatory capital treatment would also be applicable to rescheduled and restructured financing that are facilitated by Agensi Kaunseling dan Pengurusan Kredit, the Small Debt Resolution Scheme and the Corporate Debt Restructuring Committee.

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A1. Basis of Preparation (continued)

Additional Measures to Assist Customers Affected by the COVID-19 Pandemic (continued)

ii) Classification in the Central Credit Reference Information System ("CCRIS")

For rescheduled and restructured ("R&R") individual, SME and corporate financing with arrears not exceeding 90 days as at the date of application for repayment assistance and where application for repayment assistance is received on or before 31 December 2021, including a financing that is rescheduled and restructured more than once, the financing need not be reported as R&R in CCRIS.

iii) Drawdown of prudential buffers

Banking institutions are allowed to:

- a) Drawdown the capital conservation buffer of 2.5%;
- b) Operate below the minimum Liquidity Coverage Ratio ("LCR") of 100%;
- c) Reduce the regulatory reserves held against expected losses to 0%; and
- d) Minimum Net Stable Funding Ratio ("NSFR") is lowered to 80% from 100%.

However, banking institutions are required to rebuild the said buffers and restore them to the minimum regulatory requirements by 30 September 2021. BNM will review this timeline if current expectations change materially. As at the reporting date, the Bank has not drawn down any of the prudential buffers.

In line with the announcement made by the Prime Minister of Malaysia on the *Pakej Perlindungan Rakyat dan Pemulihan Ekonomi* (PEMULIH package), the Association of Banks in Malaysia and Association of Islamic Banking and Financial Institutions Malaysia had on 29 June 2021 announced that from 7 July 2021, banks will be offering a 6-month moratorium on the instalment of all credit facilities (excluding credit cards) for the following customers on an opt in basis:-

- i) All individuals (including all B40, M40 and T20 customers);
- ii) All microenterprises; and
- iii) All small and medium enterprises ("SMEs") that have been affected by the COVID-19 pandemic.

For credit card facilities, the banks will offer conversion of a customer's outstanding balances into a 3-year term financing with reduced profit rate.

This moratorium is applicable for financing approved before 1 July 2021 and are not in arrears for more than 90 days on the date the request is submitted. In addition, CCRIS records will also be unaffected by opting in this moratorium.

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A1. Basis of Preparation (continued)

MFRS 9 Financial Instruments and financial reporting requirements

The Bank had incorporated management overlays to cater for the impact of the COVID-19 pandemic and the associated relief measures in the measurement of expected credit losses ("ECL").

These management overlays are made to reflect the macroeconomic outlook and potential deterioration in credit risk of financing under relief assistance. The management overlays involved significant level of judgment and reflect management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

The customers who had received relief assistance remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. Hence, in the absence of other factors relevant to the assessment of whether there has been a significant increase in credit risk, the relief assistance provided do not automatically result in migration from Stage 1 (12-month ECL) to Stage 2 (lifetime ECL).

i) Forward looking macro-economic information and assumptions

The economic outlook from various sources, forward looking information and assumptions relating to COVID-19 have been considered in the Bank's forward looking model.

ii) Management overlays for financing under relief assistance

The Bank exercised judgment, adapted and estimated based on the information on-hand in the provision of management overlays to cater for potential deterioration of credit risk of customers who came forward to apply for multiple relief and/or other forms of relief assistance.

As the circumstances surrounding the COVID-19 pandemic remain fluid, the Bank will continue to review and monitor closely the abovementioned assumptions and management overlays if current expectations change materially.

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A1. Basis of Preparation (continued)

The following Malaysian Financial Reporting Standard ("MFRS") and Amendments to MFRSs have been issued by MASB but are not yet effective to the Bank:

Effective for annual periods commencing on or after 1 April 2021

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)

Effective for annual periods commencing on or after 1 January 2022

- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"
- Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)
- Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)
- Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
- Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases) - The original amendment issued in 2020 allows lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions. It applies to rent concessions that reduce the lease payments due on or before 30 June 2021. This amendment extends the availability of the practical expedient for another 12 months which is for rent concessions that reduce the lease payments due on or before 30 June 2022.

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020" - The Annual Improvements cover the following amendments that are applicable to the Bank:

- i) **MFRS 9 Financial Instruments** - It clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- ii) **Illustrative Examples accompanying MFRS 16 Leases** - It deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.

Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations) - The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by MASB in April 2018.

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment) - The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company shall recognise such sales proceeds and related cost in profit or loss.

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A1. Basis of Preparation (continued)

The following MFRS and Amendments to MFRSs have been issued by MASB but are not yet effective to the Bank (continued):

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets) - The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

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.

Amendments to MFRS 17 Insurance Contracts - The amendments are designed to minimise the risk of disruption to implementation already underway and do not change the fundamental principles of the standard or reduce the usefulness of information for investors. In addition, the amendments also defer the effective date of MFRS 17 by two years to annual reporting periods beginning on or after 1 January 2023.

Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts) - The amendments extend the expiry date for the temporary exemption from applying MFRS 9 Financial Instruments by two years to annual periods beginning on or after 1 January 2023, to be aligned with the effective date of MFRS 17, which replaces MFRS 4.

Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements) - The amendments provide clarification on the requirements for classifying liabilities as current or non-current, and specifically on the following:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.
- The amendments clarify the situations that are considered settlement of a liability.

Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements) - The amendments require entities to disclose their material accounting policy information rather than significant accounting policies and include examples of what is considered to be material to their financial statements. To support the amendments, MFRS Practice Statement 2 Making Materiality Judgments was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures.

Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors) - The amendments revise the definition of accounting estimates to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes) - The amendments clarifies how companies should account for deferred tax on transactions such as leases and decommissioning obligation. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

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A1. Basis of Preparation (continued)

The following MFRS and Amendments to MFRSs have been issued by MASB but are not yet effective to the Bank (continued):

The adoption of MFRS 17 Insurance Contracts and Amendments to MFRS 17 will not have any financial impact on the financial statements of the Bank as it is not applicable to the Bank.

The adoption of other amendments to MFRSs is not expected to have any financial impact on the financial statements of the Bank.

A2. Auditors' Report on Preceding Audited Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2020 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 current financial period.

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

Other than as disclosed in Note A1, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the current financial period.

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 current financial period.

A6. Debt and Equity Securities

Saved as disclosed below, there were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Bank.

RM5.0 Billion Sukuk Murabahah Programme ("Programme")

The Bank had redeemed the 1st tranche of Senior Sukuk Murabahah amounting to RM520 million in nominal value under the Programme on the maturity date.

A7. Dividends Paid, Distributed and Declared

No dividend has been paid nor declared during the financial period ended 30 September 2021.

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A8. Financial Assets at Fair Value through Profit or Loss ("FVTPL")

	30 September 2021 RM'000	31 December 2020 RM'000
At fair value		
Government securities and treasury bills:		
Malaysian Government Investment Issues	31,664	-
Total financial assets at FVTPL	31,664	-

A9. Financial Investments at Fair Value through Other Comprehensive Income ("FVOCI")

	30 September 2021 RM'000	31 December 2020 RM'000
At fair value		
Government securities and treasury bills:		
Malaysian Government Investment Issues	10,020,401	9,717,771
	10,020,401	9,717,771

The following expected credit losses ("ECL") for debt instruments are not recognised in the statement of financial position as the carrying amount of debt instruments at FVOCI is equivalent to their fair value:

	12-Month ECL (Stage 1) RM'000	Lifetime ECL Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	1,610	-	-	1,610
New financial investments purchased	719	-	-	719
Net allowance made	7	-	-	7
Amount derecognised	(622)	-	-	(622)
At 30 September 2021	1,714	-	-	1,714
At 1 January 2020	1,602	-	-	1,602
New financial investments purchased	1,126	-	-	1,126
Net allowance made	26	-	-	26
Amount derecognised	(1,144)	-	-	(1,144)
At 31 December 2020	1,610	-	-	1,610

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A10. Financial Investments at Amortised Cost

	30 September 2021 RM'000	31 December 2020 RM'000
At amortised cost		
Government securities and treasury bills:		
Malaysian Government Investment Issues	4,094,114	3,879,493
Non-money market instruments:		
Debt securities		
- Unquoted corporate sukuk	369,891	642,237
Allowance for impairment	(759)	(769)
Total financial investments at amortised cost	<u><u>4,463,246</u></u>	<u><u>4,520,961</u></u>

Movements in allowances for impairment on debt instruments which reflect the ECL model on impairment are as follows:

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
At 1 January 2021	769	-	-	769
New financial investments purchased	96	-	-	96
Net allowance made	1	-	-	1
Amount derecognised	(107)	-	-	(107)
At 30 September 2021	<u><u>759</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>759</u></u>
At 1 January 2020	637	-	-	637
New financial investments purchased	241	-	-	241
Net allowance written back	(1)	-	-	(1)
Amount derecognised	(108)	-	-	(108)
At 31 December 2020	<u><u>769</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>769</u></u>

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A11. Financing and Advances

a. By type and contract

30 September 2021	Bai' Bithaman Ajil RM'000	Ijarah ^ Thumma Al-Bai' RM'000	Bai' Inah RM'000	Musharakah Mutanaqisah RM'000	Murabahah RM'000	Others RM'000	Total Financing and Advances RM'000
At amortised cost							
Cash line	1,637,139	-	-	-	-	-	1,637,139
Term financing							
- House financing	5,467,711	-	-	20,743,997	-	-	26,211,708
- Syndicated financing	1,370,304	-	-	-	-	-	1,370,304
- Hire purchase receivables	-	9,188,104	-	-	-	-	9,188,104
- Other term financing	4,616,801	-	1,736,739	12,846,467	-	157,206	19,357,213
Credit card receivables	-	-	-	-	-	42,337	42,337
Bills receivables	-	-	-	-	465	-	465
Trust receipts	-	-	-	-	5,054	-	5,054
Claims on customers under acceptance credits	-	-	-	-	140,739	-	140,739
Revolving credits	208,606	-	-	-	-	-	208,606
Staff financing	-	11,723	-	104,773	-	-	116,496
Gross financing and advances	13,300,561	9,199,827	1,736,739	33,695,237	146,258	199,543	58,278,165
Less : Allowance for impairment on financing and advances							
- Expected credit losses							(671,113)
- Stage 1: 12-Month ECL							(325,005)
- Stage 2: Lifetime ECL not credit-impaired							(294,301)
- Stage 3: Lifetime ECL credit-impaired							(51,807)
Net financing and advances							57,607,052

^ The Bank is the owner of the asset throughout the tenure of the Ijarah financing. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

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A11. Financing and Advances (continued)

a. By type and contract (continued)

31 December 2020	Bai' Bithaman Ajil RM'000	Ijarah ^ Thumma Al-Bai' RM'000	Bai' Inah RM'000	Musharakah Mutanaqisah RM'000	Murabahah RM'000	Others RM'000	Total Financing and Advances RM'000
At amortised cost							
Cash line	1,515,623	-	-	-	-	-	1,515,623
Term financing							
- House financing	5,470,603	-	-	18,168,232	-	-	23,638,835
- Syndicated financing	1,341,516	-	-	-	-	-	1,341,516
- Hire purchase receivables	-	8,798,205	-	-	-	-	8,798,205
- Other term financing	4,680,794	-	1,702,074	12,205,232	-	211,199	18,799,299
Credit card receivables	-	-	-	-	-	34,699	34,699
Bills receivables	-	-	-	-	1,114	-	1,114
Trust receipts	-	-	-	-	4,155	-	4,155
Claims on customers under acceptance credits	-	-	-	-	162,079	-	162,079
Revolving credits	248,884	-	-	-	-	-	248,884
Staff financing	-	11,002	-	94,943	-	-	105,945
Gross financing and advances	13,257,420	8,809,207	1,702,074	30,468,407	167,348	245,898	54,650,354
Less : Allowance for impairment on financing and advances							
- Expected credit losses							(473,999)
- Stage 1: 12-Month ECL							(249,018)
- Stage 2: Lifetime ECL not credit-impaired							(175,333)
- Stage 3: Lifetime ECL credit-impaired							(49,648)
Net financing and advances							<u>54,176,355</u>

All the financing and advances are located in Malaysia.

^ The Bank is the owner of the asset throughout the tenure of the Ijarah financing. The ownership of the asset will be transferred to the customer via sale at the end of the Ijarah financing.

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A11. Financing and Advances (continued)

b. By class

	30 September 2021 RM'000	31 December 2020 RM'000
Retail financing *		
- House financing	26,211,708	23,638,835
- Hire purchase	9,188,104	8,798,205
- Credit cards	42,337	34,699
- Other financing ^	17,903,768	17,188,431
	53,345,917	49,660,170
Corporate financing	4,932,248	4,990,184
Gross financing and advances	58,278,165	54,650,354

* *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 2021 RM'000	31 December 2020 RM'000
Domestic non-bank financial institutions		
- Others	1,190,168	1,288,555
Domestic business enterprises		
- Small and medium enterprises	9,964,223	9,580,323
- Others	3,230,895	3,182,038
Government and statutory bodies	1,012,567	1,002,236
Individuals	42,711,455	39,376,764
Other domestic entities	4,577	5,592
Foreign entities	164,280	214,846
Gross financing and advances	58,278,165	54,650,354

d. By rate of return sensitivity

	30 September 2021 RM'000	31 December 2020 RM'000
Fixed rate		
- House financing	222,169	241,969
- Hire purchase receivables	9,187,713	8,797,731
- Other fixed rate financing	3,641,655	3,207,286
Variable rate		
- Base rate / base financing rate plus	41,615,520	38,315,464
- Cost plus	3,611,108	4,087,904
Gross financing and advances	58,278,165	54,650,354

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A11. Financing and Advances (continued)

e. By residual contractual maturity

	30 September 2021 RM'000	31 December 2020 RM'000
Maturity within one year	2,745,425	2,705,318
More than one year to three years	2,598,407	2,847,751
More than three years to five years	5,059,830	5,234,002
More than five years	47,874,503	43,863,283
Gross financing and advances	<u>58,278,165</u>	<u>54,650,354</u>

f. By economic purpose

	30 September 2021 RM'000	31 December 2020 RM'000
Purchase of transport vehicles	9,199,827	8,809,205
Purchase of landed properties	38,816,007	36,166,126
(of which: - residential	<u>26,924,056</u>	<u>24,238,949</u>
- non-residential)	<u>11,891,951</u>	<u>11,927,177</u>
Purchase of fixed assets (excluding landed properties)	359	382
Personal use	3,023,496	3,003,698
Credit card	42,337	34,699
Purchase of consumer durables	480	695
Construction	914,756	777,160
Working capital	5,834,761	5,719,179
Other purpose	446,142	139,210
Gross financing and advances	<u>58,278,165</u>	<u>54,650,354</u>

g. By sectors

	30 September 2021 RM'000	31 December 2020 RM'000
Agriculture, hunting, forestry and fishing	493,867	889,124
Mining and quarrying	124,382	149,280
Manufacturing	1,555,345	1,508,088
Electricity, gas and water	5,377	5,174
Construction	2,683,476	2,408,706
Wholesale & retail trade and restaurants & hotels	3,127,096	2,960,882
Transport, storage and communication	936,319	473,145
Finance, insurance and business services	1,679,882	1,773,243
Real estate	3,475,395	3,646,447
Community, social and personal services	1,378,121	1,354,561
Households	42,818,905	39,481,702
Others	-	2
Gross financing and advances	<u>58,278,165</u>	<u>54,650,354</u>

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A11. Financing and Advances (continued)

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

	30 September 2021 RM'000	31 December 2020 RM'000
At 1 January	169,421	275,050
Impaired during the period / year	158,399	190,044
Reclassified as non-credit impaired	(127,731)	(191,093)
Recoveries	(26,763)	(39,279)
Amount written off	(22,362)	(60,617)
Financing converted to foreclosed properties	(4,338)	(4,684)
Closing balance	<u>146,626</u>	<u>169,421</u>
Gross impaired financing as a percentage of gross financing and advances	<u>0.25%</u>	<u>0.31%</u>

i. Impaired financing and advances by economic purpose

	30 September 2021 RM'000	31 December 2020 RM'000
Purchase of transport vehicles	46,050	38,903
Purchase of landed properties (of which: - residential - non-residential)	77,994 <u>61,001</u> <u>16,993</u>	111,636 <u>86,075</u> <u>25,561</u>
Personal use	18,950	14,229
Credit card	288	120
Working capital	3,324	4,513
Other purpose	20	20
	<u>146,626</u>	<u>169,421</u>

j. Impaired financing and advances by sectors

	30 September 2021 RM'000	31 December 2020 RM'000
Agriculture, hunting, forestry and fishing	65	55
Mining and quarrying	239	231
Manufacturing	614	606
Construction	3,682	8,377
Wholesale & retail trade and restaurants & hotels	1,521	4,505
Transport, storage and communication	401	134
Finance, insurance and business services	4,757	6,855
Real estate	1,784	1,670
Community, social and personal services	1,302	1,555
Households	132,261	145,433
	<u>146,626</u>	<u>169,421</u>

All the impaired financing and advances are located in Malaysia.

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A11. Financing and Advances (continued)

k. Movements in loss allowance for financing which reflect the ECL model on impairment are as follows:

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
At 1 January 2021	249,018	175,333	49,648	473,999
Changes due to financing and advances recognised as at 1 January 2021:	29,859	(23,981)	(5,878)	-
- Transfer to Stage 1: 12-Month ECL	36,280	(33,345)	(2,935)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(6,255)	11,128	(4,873)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(166)	(1,764)	1,930	-
New financing and advances originated	8,813	5,576	108	14,497
Net remeasurement due to changes in credit risk	77,371	44,786	30,867	153,024
Financing and advances derecognised (other than write-off)	(3,712)	(17,752)	(3,923)	(25,387)
Modifications to contractual cash flows of financing and advances	(20)	45,597	3,347	48,924
Changes in models / risk parameters	(36,324)	64,742	-	28,418
Amount written off	-	-	(22,362)	(22,362)
At 30 September 2021	325,005	294,301	51,807	671,113
At 1 January 2020	129,065	90,576	85,922	305,563
Changes due to financing and advances recognised as at 1 January 2020:	32,883	(15,175)	(17,708)	-
- Transfer to Stage 1: 12-Month ECL	37,228	(30,490)	(6,738)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(4,253)	16,831	(12,578)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(92)	(1,516)	1,608	-
New financing and advances originated	15,026	6,880	163	22,069
Net remeasurement due to changes in credit risk	54,749	29,819	45,544	130,112
Financing and advances derecognised (other than write-off)	(6,356)	(3,361)	(4,945)	(14,662)
Modifications to contractual cash flows of financing and advances	(7,399)	40,016	1,071	33,688
Changes in models / risk parameters	31,050	26,578	218	57,846
Amount written off	-	-	(60,617)	(60,617)
At 31 December 2020	249,018	175,333	49,648	473,999

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A12. Other Assets

	30 September 2021 RM'000	31 December 2020 RM'000
Deferred handling fees	43,128	40,023
Income receivable	-	91
Other receivables, deposits and prepayments	131,494	129,963
Tax recoverable	-	41,287
Employee benefits	-	32
Foreclosed properties	24,971	20,835
	<u>199,593</u>	<u>232,231</u>

A13. Deposits from Customers

a. By type of deposit and contract

	30 September 2021 RM'000	31 December 2020 RM'000
<u>At amortised cost</u>		
Savings deposit		
- Qard	9,961,882	8,561,432
Demand deposit		
- Qard	6,809,032	5,815,770
Term deposit		
- Term deposit		
- Commodity Murabahah	40,064,591	40,003,712
- Special term deposit account		
- Commodity Murabahah	6,814,819	7,436,983
	<u>63,650,324</u>	<u>61,817,897</u>

b. By type of customer

	30 September 2021 RM'000	31 December 2020 RM'000
Federal and state governments	4,045,572	4,067,101
Local government and statutory authorities	983,379	676,356
Business enterprises	11,900,129	10,877,438
Individuals	25,646,508	23,989,087
Foreign customers	625,227	615,937
Others	20,449,509	21,591,978
	<u>63,650,324</u>	<u>61,817,897</u>

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A13. Deposits from Customers (continued)

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

	30 September 2021 RM'000	31 December 2020 RM'000
Due within six months	37,283,282	40,950,133
More than six months to one year	9,343,626	6,488,683
More than one year to three years	251,472	881
More than three years to five years	1,030	998
	<u>46,879,410</u>	<u>47,440,695</u>

A14. Deposits from Banks

	30 September 2021 RM'000	31 December 2020 RM'000
At amortised cost		
<u>Non-Mudharabah Fund</u>		
Licensed banks	1,647,560	1,969,892
Licensed Islamic banks	400,000	-
Licensed investment banks	9,541	16,059
Bank Negara Malaysia	75,258	74,366
Other financial institutions	156,537	7,537
	<u>2,288,896</u>	<u>2,067,854</u>

A15. Other Liabilities

	30 September 2021 RM'000	31 December 2020 RM'000 (Restated)
Income payable	281,104	352,414
Other payables and accruals (Note A31)	344,152	256,793
Employee benefits	275	-
Accrued restoration costs	569	569
Allowance for impairment on financing commitments and financial guarantees	11,568	10,509
	<u>637,668</u>	<u>620,285</u>

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A15. Other Liabilities (continued)

Movements in allowance for impairment on financing commitments and financial guarantees are as follows:

	12-Month ECL (Stage 1) RM'000	Lifetime ECL Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	Total RM'000
At 1 January 2021	7,953	2,466	90	10,509
Changes due to financing commitments and financial guarantees recognised as at 1 January 2021:	522	(458)	(64)	-
- Transfer to Stage 1: 12-Month ECL	634	(611)	(23)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(112)	163	(51)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	(10)	10	-
New financing commitments and financial guarantees originated	607	382	-	989
Net remeasurement due to changes in credit risk	(1,146)	160	21	(965)
Financing commitments and financial guarantees derecognised	(127)	(53)	(1)	(181)
Modifications to contractual cash flows of financing commitments and financial guarantees	(31)	676	8	653
Changes in models / risk parameters	(496)	1,059	-	563
At 30 September 2021	<u>7,282</u>	<u>4,232</u>	<u>54</u>	<u>11,568</u>
At 1 January 2020	5,225	906	328	6,459
Changes due to financing commitments and financial guarantees recognised as at 1 January 2020:	311	(115)	(196)	-
- Transfer to Stage 1: 12-Month ECL	378	(358)	(20)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(67)	251	(184)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	(8)	8	-
New financing commitments and financial guarantees originated	1,032	381	18	1,431
Net remeasurement due to changes in credit risk	121	577	(52)	646
Financing commitments and financial guarantees derecognised	(89)	(74)	(4)	(167)
Modifications to contractual cash flows of financing commitments and financial guarantees	(14)	399	(4)	381
Changes in models / risk parameters	1,367	392	-	1,759
At 31 December 2020	<u>7,953</u>	<u>2,466</u>	<u>90</u>	<u>10,509</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)
Income derived from investment of:				
(a) Term deposits	429,139	465,171	1,345,478	1,353,036
(b) Other deposits	158,298	149,123	481,279	406,430
	<u>587,437</u>	<u>614,294</u>	<u>1,826,757</u>	<u>1,759,466</u>
a. Income derived from investment of term deposits:				
<u>Finance income and Hibah</u>				
Financing and advances (Note A31)	335,182	342,630	1,033,541	978,761
Financial investments at fair value through other comprehensive income	42,698	52,203	132,026	166,444
Financial investments at amortised cost	25,817	28,376	78,488	82,911
Balances with banks	230	267	2,568	2,435
	<u>403,927</u>	<u>423,476</u>	<u>1,246,623</u>	<u>1,230,551</u>
Financial assets at fair value through profit or loss	18	(22)	47	4,050
Total finance income and Hibah	<u>403,945</u>	<u>423,454</u>	<u>1,246,670</u>	<u>1,234,601</u>
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	5,646	5,302	18,365	13,704
- Service charges and fees	2,005	2,826	6,203	7,445
- Facility fees	497	96	744	2,912
- Other fee income	838	1,073	2,657	2,433
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments at fair value through other comprehensive income	14,168	29,403	63,099	77,732
- Net (loss) / gain representing ineffective portions of hedging derivatives	(277)	(1,530)	(500)	166
- Others	1	199	37	604
Gross distribution income from collective investment	1,815	2,681	5,772	8,808
Other income	501	1,667	2,431	4,631
Total other operating income	<u>25,194</u>	<u>41,717</u>	<u>98,808</u>	<u>118,435</u>
	<u>429,139</u>	<u>465,171</u>	<u>1,345,478</u>	<u>1,353,036</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)
b. Income derived from investment of other deposits:				
<u>Finance income and Hibah</u>				
Financing and advances (Note A31)	123,551	109,652	369,700	294,005
Financial investments at fair value through other comprehensive income	15,741	16,889	47,226	49,997
Financial investments at amortised cost	9,510	9,100	28,075	24,905
Balances with banks	94	103	918	731
	148,896	135,744	445,919	369,638
Financial assets at fair value through profit or loss	7	36	17	1,216
Total finance income and Hibah	148,903	135,780	445,936	370,854
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	2,086	1,681	6,569	4,116
- Service charges and fees	739	897	2,219	2,236
- Facility fees	179	59	266	875
- Other fee income	310	337	951	731
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments at fair value through other comprehensive income	5,325	9,343	22,571	23,349
- Net (loss) / gain representing ineffective portions of hedging derivatives	(101)	(442)	(179)	50
- Others	-	65	13	182
Gross distribution income from collective investment	669	871	2,064	2,646
Other income	188	532	869	1,391
Total other operating income	9,395	13,343	35,343	35,576
	158,298	149,123	481,279	406,430

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A17. Income Derived from Investment of Shareholder's Funds

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)
<u>Finance income and Hibah</u>				
Financing and advances (Note A31)	38,562	39,764	117,840	110,415
Financial investments at fair value through other comprehensive income	4,912	6,089	15,053	18,777
Financial investments at amortised cost	2,970	3,296	8,949	9,353
Balances with banks	28	34	293	275
	<u>46,472</u>	<u>49,183</u>	<u>142,135</u>	<u>138,820</u>
Financial assets at fair value through profit or loss	2	5	5	457
Total finance income and Hibah	<u>46,474</u>	<u>49,188</u>	<u>142,140</u>	<u>139,277</u>
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	650	613	2,094	1,546
- Service charges and fees	230	327	707	840
- Facility fees	57	16	85	329
- Other fee income	97	123	303	274
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments at fair value through other comprehensive income	1,639	3,401	7,194	8,769
- Net (loss) / gain representing ineffective portions of hedging derivatives	(32)	(170)	(57)	18
- Others	1	24	5	69
Gross distribution income from collective investment	209	313	658	993
Other income	58	193	277	522
Total other operating income	<u>2,909</u>	<u>4,840</u>	<u>11,266</u>	<u>13,360</u>
	<u>49,383</u>	<u>54,028</u>	<u>153,406</u>	<u>152,637</u>

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A18. Allowance for Impairment on Financing and Advances

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Expected credit losses	82,941	41,064	220,535	88,904
Impaired financing recovered	(4,755)	(9,442)	(18,135)	(19,984)
	78,186	31,622	202,400	68,920

A19. Allowance for Impairment on Other Assets

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Expected credit losses on:				
- Financial investments at fair value through other comprehensive income	51	80	104	96
- Financial investments at amortised cost	(18)	11	(10)	144
Allowance for impairment on foreclosed properties	(1)	37	202	37
	32	128	296	277

A20. Income Attributable to Depositors and Others

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Deposits from customers				
- Non-Mudharabah fund	253,157	285,892	754,612	1,016,624
Deposits from banks				
- Non-Mudharabah fund	17,367	18,376	48,751	64,677
Sukuk Murabahah	12,180	16,222	44,095	48,314
Lease liabilities	201	213	608	646
	282,905	320,703	848,066	1,130,261

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A21. Personnel expenses

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Salaries, allowances and bonuses	4,400	4,031	13,229	12,186
Pension costs	798	709	2,383	2,149
Others	401	474	1,401	1,426
	5,599	5,214	17,013	15,761

A22. Other Overheads and Expenditures

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Establishment costs				
- Depreciation	477	493	1,422	1,419
- Insurance	222	219	674	708
- Water and electricity	30	39	111	125
- General repairs and maintenance	352	185	1,913	984
- Others	360	423	1,154	1,257
	1,441	1,359	5,274	4,493
Marketing expenses				
- Advertisement and publicity	229	575	1,111	1,545
- Others	145	115	696	491
	374	690	1,807	2,036
Administration and general expenses				
- Communication expenses	1,853	1,070	5,638	4,599
- Legal and professional fees	1,780	1,846	6,291	4,255
- Others	4,572	4,639	13,805	13,895
	8,205	7,555	25,734	22,749
Cost of resource sharing charged by Public Bank Berhad *	112,983	103,624	337,484	317,507
Recovery of expenses	(3,180)	(3,477)	(10,870)	(8,946)
	119,823	109,751	359,429	337,839

* The type of resource sharing rendered by Public Bank Berhad to the Bank in Malaysia are as follows:

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Credit related	49,197	45,862	146,485	139,790
Non-credit branch support	41,850	39,237	125,076	118,487
Other administration function	21,936	18,525	65,923	59,230
	112,983	103,624	337,484	317,507

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A23. Earnings Per Share ("EPS")

a) Basic EPS

The calculation of the basic EPS 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 2021.

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)	30 September 2021 RM'000	30 September 2020 RM'000 (Restated)
Net profit attributable to equity holder of the Bank (RM'000)	114,154	153,482	420,468	275,473
Weighted average number of shares in issue ('000)	231,217	231,217	231,217	231,217
Basic EPS (sen)	49.4	66.4	181.8	119.1

b) Diluted EPS

The Bank has no dilution in its EPS in the current and the preceding financial period as there are no dilutive potential ordinary shares.

A24. Performance Review

The Bank reported a higher pre-tax profit of RM553.0 million for the financial period ended 30 September 2021, which was 54.0% or RM194.0 million higher as compared to pre-tax profit of RM359.0 million for the financial period ended 30 September 2020. Included in the previous year corresponding period were modification loss relating to COVID-19 relief measures of RM144.4 million and the negative effect of Overnight Policy Rate ("OPR") reduction of 125 basis points. Due to this low base effect coupled with positive financing and deposits growth achieved in the current period, net finance income grew by RM372.2 million. The higher profit was offset by higher allowance for impairment on financing and advances of RM133.5 million, higher other operating expenses of RM22.8 million and lower other operating income of RM21.9 million.

A25. Prospects for 2021

The global economy is recovering as the world continues to adapt and adjust to the new normal macro environment, although the pace of recovery may vary across countries. Accommodative fiscal and monetary policies are expected to provide the much needed support to the global recovery. Overall, the balance of risks remains tilted to the downside as the outlook hinges on the developments related to the pandemic and potential challenges ahead.

Advanced economies, including the United States of America, Europe and Japan are expected to progressively recover in 2021. Asia's economic growth is also expected to improve in tandem with the global economic recovery, albeit at a slower-than-expected growth owing to the resurgence and spread of the COVID-19 pandemic in the second half of 2021.

For Malaysia, the relaxation of the nationwide containment allowing more economic sectors to operate along with higher adaptability of firms to operate in the new normal environment as well as continued policy support are expected to some extent mitigate the impact of the containment in the second and third quarter of 2021. In addition, fiscal and financial measures will continue to cushion the impact on businesses and households to provide the much needed financial and fiscal support for an economic recovery. The Malaysian banking system remains resilient underpinned by ample liquidity and healthy capital buffers.

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A25. Prospects for 2021 (continued)

The Bank continues to proactively provide repayment assistance through flexible repayment packages, including financing moratorium, to extend the much needed financial relief to customers during these difficult times. In line with the Government's Economic Recovery Package ("PEMULIH"), the Bank is offering a six-month financing repayment moratorium to individuals, small and medium enterprises ("SMEs") and microenterprises affected by the pandemic.

The banking industry in collaboration with Agensi Kaunseling dan Pengurusan Kredit ("AKPK") introduced the Financial Management and Resilience Programme ("URUS") from 15 November 2021 until 31 January 2022, which provides repayment assistance to B50 borrowers who lost their jobs or experience income loss of at least 50%. URUS provides repayment assistance in the form of profit waiver for a period of 3 months, with the option of reduced instalments for up to 24 months.

The Bank continues to operate efficiently, maintain prudence in management of credit risk, proactively manage any potential stress in asset quality whilst preserving its sound corporate governance and risk management practices.

The Bank will continue to support financing in residential properties, in tandem with the Government's initiative to promote home ownership, especially for first time home buyers. The Bank will also continue to support financing for purchase of passenger vehicles and financing to SMEs.

The Bank will continue to adapt to the new normal business environment and intensify digitalisation efforts to provide greater convenience to customers. The Bank will also continue to deliver efficient customer service through its extensive network of physical and digital channels, while sustaining its market position in both the domestic retail and consumer segments. Similarly, the Bank will also remain supportive of its corporate financing business by leveraging on its strong franchise and relationship with customers.

Amid heightened market uncertainties, the Bank's treasury operations will remain vigilant in its business approach and continue to maintain a prudent risk profile, while further strengthening its risk management capabilities to weather ongoing market risk.

The Bank continues to ensure that it remains well-capitalised and well-funded to support its business, while safeguarding the interests of its stakeholders. The Bank's healthy capital and liquidity position coupled with its resilient asset quality and prudent financing loss reserves will enable the Bank to navigate through the challenges ahead.

For long term sustainability, the Bank will continue to enhance its service delivery standards and infrastructure leveraging on the advancement of technology, to provide seamless delivery of banking services across its multi-delivery channels.

A26. Subsequent Events

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

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A27. 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 and Funding Center RM'000	Inter- segment Elimination RM'000	
3rd Quarter Ended 30 September 2021							
External revenue	109,868	366,753	43,508	38,961	77,722	-	636,812
Revenue from other segments	(8)	86,906	154	31,318	21,771	(140,141)	-
	<u>109,860</u>	<u>453,659</u>	<u>43,662</u>	<u>70,279</u>	<u>99,493</u>	<u>(140,141)</u>	<u>636,812</u>
Net finance income	34,079	229,664	12,962	9,415	30,297	-	316,417
Other operating income	205	13,452	555	4,313	18,973	-	37,498
Net income	<u>34,284</u>	<u>243,116</u>	<u>13,517</u>	<u>13,728</u>	<u>49,270</u>	<u>-</u>	<u>353,915</u>
Other operating expenses	(13,173)	(85,967)	(1,051)	(1,500)	(23,731)	-	(125,422)
Allowance for impairment on financing and advances (Allowance) / Writeback of allowance	(13,727)	(61,791)	(2,668)	-	-	-	(78,186)
for impairment on other assets	-	-	-	(43)	11	-	(32)
Profit by segments	<u>7,384</u>	<u>95,358</u>	<u>9,798</u>	<u>12,185</u>	<u>25,550</u>	<u>-</u>	<u>150,275</u>

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A27. 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 and Funding Center RM'000	Inter- segment Elimination RM'000	
3rd Quarter Ended 30 September 2020 (Restated)							
External revenue	100,382	337,732	50,052	48,574	131,559	-	668,299
Revenue from other segments	23	137,677	111	31,063	25,024	(193,898)	-
	<u>100,405</u>	<u>475,409</u>	<u>50,163</u>	<u>79,637</u>	<u>156,583</u>	<u>(193,898)</u>	<u>668,299</u>
Net finance income	21,236	210,834	15,691	16,689	23,269	-	287,719
Other operating income	296	15,097	95	8,683	35,729	-	59,900
Net income	<u>21,532</u>	<u>225,931</u>	<u>15,786</u>	<u>25,372</u>	<u>58,998</u>	<u>-</u>	<u>347,619</u>
Other operating expenses	(12,733)	(79,685)	(263)	(1,832)	(20,452)	-	(114,965)
Writeback of allowance / (Allowance) for impairment on financing and advances	5,226	(30,542)	(6,306)	-	-	-	(31,622)
Allowance for impairment on other assets	-	(37)	-	(63)	(28)	-	(128)
Profit by segments	<u>14,025</u>	<u>115,667</u>	<u>9,217</u>	<u>23,477</u>	<u>38,518</u>	<u>-</u>	<u>200,904</u>

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A27. 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 and Funding Center RM'000	Inter- segment Elimination RM'000	
Nine Months Ended 30 September 2021							
External revenue	328,124	1,075,903	130,564	153,103	292,434	-	1,980,128
Revenue from other segments	-	271,500	301	87,742	67,909	(427,452)	-
	<u>328,124</u>	<u>1,347,403</u>	<u>130,865</u>	<u>240,845</u>	<u>360,343</u>	<u>(427,452)</u>	<u>1,980,128</u>
Net finance income	102,022	668,831	40,582	29,158	146,087	-	986,680
Other operating income	639	43,036	559	49,911	51,272	-	145,417
Net income	<u>102,661</u>	<u>711,867</u>	<u>41,141</u>	<u>79,069</u>	<u>197,359</u>	<u>-</u>	<u>1,132,097</u>
Other operating expenses	(39,294)	(256,465)	(2,706)	(4,323)	(73,654)	-	(376,442)
Allowance for impairment on financing and advances (Allowance) / Writeback of allowance for impairment on other assets	(65,260)	(134,053)	(3,087)	-	-	-	(202,400)
(Loss) / Profit by segments	<u>(1,893)</u>	<u>321,146</u>	<u>35,348</u>	<u>74,642</u>	<u>123,716</u>	<u>-</u>	<u>552,959</u>
Cost income ratio	38.3%	36.0%	6.6%	5.5%	37.3%	-	33.3%
Gross financing and advances	9,188,602	44,157,315	4,932,248	-	-	-	58,278,165
Financing growth	4.4%	8.1%	-1.2%	-	-	-	6.6%
Impaired financing and advances	46,037	99,089	1,500	-	-	-	146,626
Impaired financing ratio	0.50%	0.22%	0.03%	-	-	-	0.25%
Deposits from customers	-	56,829,457	3,992	6,816,875	-	-	63,650,324
Deposit growth	-	4.5%	-43.9%	-8.4%	-	-	3.0%
Segment assets	<u>9,030,314</u>	<u>57,748,526</u>	<u>4,867,018</u>	<u>9,054,183</u>	<u>9,803,836</u>	<u>(17,399,298)</u>	<u>73,104,579</u>
Reconciliation of segment assets to total assets:							
Investment in an associated company							67,500
Unallocated assets							307,244
Total assets							<u>73,479,323</u>

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A27. 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 and Funding Center RM'000	Inter- segment Elimination RM'000	
Nine Months Ended 30 September 2020 (Restated)							
External revenue	306,125	1,097,633	162,220	177,111	168,977	-	1,912,066
Revenue from other segments	101	417,473	289	101,560	91,230	(610,653)	-
	<u>306,226</u>	<u>1,515,106</u>	<u>162,509</u>	<u>278,671</u>	<u>260,207</u>	<u>(610,653)</u>	<u>1,912,066</u>
Net finance income / (expense)	70,803	569,547	42,535	33,081	(101,495)	-	614,471
Other operating income	1,089	38,781	3,724	45,127	78,650	-	167,371
Net income / (loss)	71,892	608,328	46,259	78,208	(22,845)	-	781,842
Other operating expenses	(42,250)	(240,007)	(1,658)	(3,887)	(65,798)	-	(353,600)
Allowance for impairment on financing and advances	(12,309)	(39,856)	(16,755)	-	-	-	(68,920)
Allowance for impairment on other assets	-	(37)	-	(42)	(198)	-	(277)
Profit / (Loss) by segments	<u>17,333</u>	<u>328,428</u>	<u>27,846</u>	<u>74,279</u>	<u>(88,841)</u>	<u>-</u>	<u>359,045</u>
Cost income ratio	58.8%	39.5%	3.6%	5.0%	-288.0%	-	45.2%
Gross financing and advances	8,517,101	39,492,027	5,415,604	-	-	-	53,424,732
Financing growth	2.5%	7.9%	5.7%	-	-	-	6.8%
Impaired financing and advances	31,206	127,387	1,659	-	-	-	160,252
Impaired financing ratio	0.37%	0.32%	0.03%	-	-	-	0.30%
Deposits from customers	-	53,253,178	6,962	7,221,243	-	-	60,481,383
Deposit growth	-	0.7%	-40.6%	11.9%	-	-	1.9%
Segment assets	<u>8,446,465</u>	<u>54,127,506</u>	<u>5,381,585</u>	<u>8,653,110</u>	<u>10,282,237</u>	<u>(17,376,520)</u>	<u>69,514,383</u>
Reconciliation of segment assets to total assets:							
Investment in an associated company							45,000
Unallocated assets							112,750
Total assets							<u>69,672,133</u>

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A28. Capital Adequacy

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

	30 September 2021	31 December 2020 (Restated)
<u>Before deducting interim dividend *</u>		
Common Equity Tier I ("CET I") capital ratio	11.560%	12.176%
Tier I capital ratio	11.560%	12.176%
Total capital ratio	14.988%	15.751%
<u>After deducting interim dividend *</u>		
CET I capital ratio	11.560%	12.176%
Tier I capital ratio	11.560%	12.176%
Total capital ratio	14.988%	15.751%

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

	30 September 2021 RM'000	31 December 2020 RM'000 (Restated)
Components of CET I, Tier I and Tier II capital:		
<u>CET I capital / Tier I capital</u>		
Share capital	2,732,717	2,732,717
Other reserves	(36,401)	91,425
Retained profits	2,723,454	2,327,859
Less: Deferred tax assets, net	(186,782)	-
Less: Defined benefit pension fund assets	-	(24)
Less: Investment in an associated company deducted from CET I capital	(67,500)	(45,000)
Total CET I capital / Tier I capital	5,165,488	5,106,977
<u>Tier II capital</u>		
Stage 1 and Stage 2 expected credit loss allowances #	531,698	437,149
Qualifying regulatory reserves	-	62,309
Subordinated Sukuk Murabahah	1,000,000	1,000,000
Total Tier II capital	1,531,698	1,499,458
Total capital	6,697,186	6,606,435

Excludes expected credit loss allowances restricted from Tier II capital of the Bank of RM101,595,000 (31 December 2020 : Nil).

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A28. Capital Adequacy (continued)

(a) The capital adequacy ratios of the Bank (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.

Regulatory capital requirements

The capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Frameworks for Islamic Banks on Capital Components and Risk-Weighted Assets. The minimum regulatory capital adequacy ratios before including capital conservation buffer ("CCB") and countercyclical capital buffer ("CCyB") for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Bank has exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Bank has applied CCyB on its private sector credit exposures outside Malaysia in line with the respective jurisdictions' requirement to maintain their CCyB. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

Prudential buffers and transitional arrangements

Prior to the COVID-19 pandemic, banking institutions are required to maintain a CCB of 2.5%. However, effective from 25 March 2020, banking institutions are allowed to drawdown the CCB of 2.5% to manage the impact of the COVID-19 pandemic but are required to rebuild this buffer after 31 December 2020 as well as to meet the minimum regulatory requirements by 30 September 2021. As at the reporting date, the Bank continued to maintain CCB of 2.5%.

As allowed under the BNM's Capital Adequacy Frameworks for Islamic Banks on Capital Components, financial institutions which elect to apply the transitional arrangements for regulatory capital treatment of accounting provisions are allowed to add back a portion of the Stage 1 and Stage 2 provisions for expected credit losses to CET I capital over a four-year period from financial year beginning 2020, or a three-year period from financial year beginning 2021. As at the reporting date, the Bank has not applied the said transitional arrangements.

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

	30 September 2021 RM'000	31 December 2020 RM'000
Credit risk	42,535,876	39,956,669
Market risk	7,577	120
Operational risk	2,140,359	1,986,509
	<u>44,683,812</u>	<u>41,943,298</u>

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A29. Commitments and Contingencies

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

	30 September 2021 RM'000	31 December 2020 RM'000
<u>Contingent Liabilities</u>		
Direct credit substitutes	33,801	33,408
Transaction-related contingent items	64,403	68,691
Short term self-liquidating trade-related contingencies	5,178	4,116
	103,382	106,215
<u>Commitments</u>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
- exceeding one year	7,539,627	6,408,715
- not exceeding one year	2,711,885	2,575,280
Unutilised credit card lines	205,421	156,502
	10,456,933	9,140,497
<u>Derivative Financial Instruments</u>		
Foreign exchange related contracts:		
- up to one year	12	7
Profit rate related contracts:		
- up to one year	500,000	-
- more than one year to five years	2,500,000	1,700,000
- more than five years	500,000	1,000,000
	3,500,012	2,700,007
	14,060,327	11,946,719

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A30. 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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A30. 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 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	31,664	-	31,664
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	10,020,401	-	10,020,401
Derivative financial assets	-	9,556	-	9,556
Total financial assets measured at fair value	-	10,061,621	-	10,061,621
Financial liabilities				
Derivative financial liabilities	-	125,493	-	125,493
Total financial liabilities measured at fair value	-	125,493	-	125,493

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A30. 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 2020	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	-	-	-
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	9,717,771	-	9,717,771
Derivative financial assets	-	1,317	-	1,317
Total financial assets measured at fair value	-	9,719,088	-	9,719,088
Financial liabilities				
Derivative financial liabilities	-	196,035	-	196,035
Total financial liabilities measured at fair value	-	196,035	-	196,035

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period / year (2020 : None).

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A31. Restatement of Comparatives

During the current financial period, the Bank has restated its comparatives in relation to the derecognition of certain financing income.

Certain financing documentations are currently being enhanced to ensure they are fully in accordance with Shariah-principles. The total gross financing as at 30 September 2021 which are pending documentation enhancements amounted to RM2.50 billion. On the grounds of prudence and good governance, pending the completion of the enhancement exercise, the financing income generated from these financing since their inception have been temporarily derecognised from the Bank's retained profits. The Bank has not recognised any financing income from these financing in its statement of profit or loss for the current period.

The enhancement exercise is administrative in nature and the derecognised financing income will be recognised upon satisfactory completion of the exercise.

The financial impact of the restatement on the Bank's financial statements is summarised below:

(i) Statement of financial position

	As at 31 December 2020		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
LIABILITIES			
Other liabilities			
- Other payables and accruals	49,050	207,743	256,793
Deferred tax liabilities	104,135	(49,858)	54,277
EQUITY			
Retained profits	2,485,744	(157,885)	2,327,859

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A31. Restatement of Comparatives (continued)

The financial impact of the restatement on the Bank's financial statements is summarised below (continued):

(i) Statement of financial position (continued)

	As at 1 January 2020		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
	EQUITY		
Retained profits	1,944,889	(115,592)	1,829,297

(ii) Statement of profit or loss

	For the Nine Months Ended 30 September 2020		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
	Finance income on financing and advances derived from investment of:		
(a) Term deposits	1,022,929	(44,168)	978,761
(b) Other deposits	307,272	(13,267)	294,005
(c) Shareholder's funds	115,398	(4,983)	110,415
Profit before zakat and taxation	421,463	(62,418)	359,045
Taxation	(98,309)	14,980	(83,329)
Profit for the period	322,911	(47,438)	275,473

(iii) Statement of cash flows

	For the Nine Months Ended 30 September 2020		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
	Profit before zakat and taxation	421,463	(62,418)
Operating profit before working capital changes	389,519	(62,418)	327,101
Net changes in operating liabilities	187,356	62,418	249,774

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A31. Restatement of Comparatives (continued)

The financial impact of the restatement on the Bank's financial statements is summarised below (continued):

(iv) Capital adequacy

	As at 31 December 2020		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
CET I capital	5,264,862	(157,885)	5,106,977
Tier I capital	5,264,862	(157,885)	5,106,977
Total capital	6,764,320	(157,885)	6,606,435
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Risk-weighted assets	41,943,298	-	41,943,298
<u>Before deducting interim dividend *</u>			
CET I capital ratio (%)	12.552%	-0.376%	12.176%
Tier I capital ratio (%)	12.552%	-0.376%	12.176%
Total capital ratio (%)	16.127%	-0.376%	15.751%
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<u>After deducting interim dividend *</u>			
CET I capital ratio (%)	12.552%	-0.376%	12.176%
Tier I capital ratio (%)	12.552%	-0.376%	12.176%
Total capital ratio (%)	16.127%	-0.376%	15.751%
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* Refer to interim dividend declared subsequent to the financial year end.