

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 JUNE 2022

	Note	30 June 2022 RM'000	31 December 2021 RM'000
ASSETS			
Cash and balances with banks		1,741,589	659,606
Derivative financial assets		50,522	14,587
Financial investments at fair value through other comprehensive income	A8	11,256,060	10,241,995
Financial investments at amortised cost	A9	5,664,980	5,493,069
Financing and advances	A10	62,739,545	59,315,652
Other assets	A11	220,993	201,811
Statutory deposits with Bank Negara Malaysia		200,000	181,500
Deferred tax assets		220,480	194,892
Collective investment		583,046	577,254
Investment in an associated company		67,500	67,500
Right-of-use assets		15,789	14,992
Property and equipment		3,120	3,415
TOTAL ASSETS		82,763,624	76,966,273
LIABILITIES			
Deposits from customers	A12	70,790,940	66,307,110
Deposits from banks and other financial institutions	A13	2,738,184	2,105,771
Bills and acceptances payable		1,623	284
Recourse obligations on financing sold to Cagamas		1,100,000	1,100,000
Derivative financial liabilities		27,174	103,576
Subordinated Sukuk Murabahah		1,000,000	1,000,000
Lease liabilities		16,405	15,483
Other liabilities	A14	777,401	640,889
Provision for zakat and taxation		132,123	81,736
TOTAL LIABILITIES		76,583,850	71,354,849

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 2021.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30 June 2022 RM'000	31 December 2021 RM'000
EQUITY			
Share capital		3,032,717	2,732,717
Other reserves		(198,972)	(162,091)
Retained profits		3,346,029	3,040,798
TOTAL EQUITY		6,179,774	5,611,424
TOTAL LIABILITIES AND EQUITY		82,763,624	76,966,273
COMMITMENTS AND CONTINGENCIES	A28	14,320,100	14,261,352
CAPITAL ADEQUACY	A27		
<u>Before deducting interim dividend</u> *			
Common Equity Tier I Capital Ratio		11.942%	11.777%
Tier I Capital Ratio		11.942%	11.777%
Total Capital Ratio		15.167%	15.142%
<u>After deducting interim dividend</u> *			
Common Equity Tier I Capital Ratio		11.942%	11.777%
Tier I Capital Ratio		11.942%	11.777%
Total Capital Ratio		15.167%	15.142%
Net assets per share attributable to ordinary equity holder of the Bank (RM)		25.41	24.27

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

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PUBLIC ISLAMIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2022

	Note	2nd Quarter Ended		Half Year Ended	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Income derived from investment of depositors' funds and others	A15	651,679	609,160	1,276,091	1,239,320
Income derived from investment of shareholder's funds	A16	54,925	49,906	106,384	104,023
Allowance for impairment on financing and advances	A17	(620)	(93,606)	(25,862)	(124,214)
Allowance for impairment on other assets	A18	(362)	(178)	(488)	(264)
Total distributable income		705,622	565,282	1,356,125	1,218,865
Income attributable to depositors and others	A19	(319,061)	(284,407)	(621,371)	(565,161)
Total net income		386,561	280,875	734,754	653,704
Personnel expenses	A20	(6,269)	(5,396)	(12,164)	(11,414)
Other overheads and expenditures	A21	(141,189)	(119,186)	(267,679)	(239,606)
Profit before zakat and taxation		239,103	156,293	454,911	402,684
Zakat		(705)	(525)	(1,410)	(1,050)
Taxation		(84,386)	(36,896)	(148,270)	(95,320)
Profit for the period		154,012	118,872	305,231	306,314
Earnings per share - basic / diluted (sen)	A22	64.8	51.4	130.2	132.5

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 2021.

PUBLIC ISLAMIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2022

	2nd Quarter Ended		Half Year Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Profit for the period	154,012	118,872	305,231	306,314
Other comprehensive (loss) / income :				
<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	(139,105)	6,616	(161,653)	(204,913)
Hedging reserves:				
- Net change in cash flow hedges	61,570	(7,056)	113,125	57,692
	(77,535)	(440)	(48,528)	(147,221)
Income tax relating to components of other comprehensive (loss) / income:				
- Revaluation reserves	33,386	(1,588)	38,797	49,179
- Hedging reserves	(14,777)	1,693	(27,150)	(13,846)
	18,609	105	11,647	35,333
Other comprehensive loss for the period, net of tax	(58,926)	(335)	(36,881)	(111,888)
Total comprehensive income for the period	95,086	118,537	268,350	194,426

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 2021.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2022

	<----- 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 Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	
At 1 January 2022	2,732,717	(99,858)	(67,878)	5,473	-	172	3,040,798	5,611,424
Profit for the period	-	-	-	-	-	-	305,231	305,231
Other comprehensive (loss) / income for the period	-	(122,856)	85,975	-	-	-	-	(36,881)
Total comprehensive (loss) / income for the period	-	(122,856)	85,975	-	-	-	305,231	268,350
Transactions with owner / other equity movements:								
Increase in share capital	300,000	-	-	-	-	-	-	300,000
	300,000	-	-	-	-	-	-	300,000
At 30 June 2022	3,032,717	(222,714)	18,097	5,473	-	172	3,346,029	6,179,774

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 2021.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2022

	<----- 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 Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	
At 1 January 2021	2,732,717	192,730	(148,851)	4,697	156,181	172	2,327,859	5,265,505
Profit for the period	-	-	-	-	-	-	306,314	306,314
Other comprehensive (loss) / income for the period	-	(155,734)	43,846	-	-	-	-	(111,888)
Total comprehensive (loss) / income for the period	-	(155,734)	43,846	-	-	-	306,314	194,426
Transactions with owner / other equity movements:								
Transfer from regulatory reserve	-	-	-	-	(89,281)	-	89,281	-
	-	-	-	-	(89,281)	-	89,281	-
At 30 June 2021	2,732,717	36,996	(105,005)	4,697	66,900	172	2,723,454	5,459,931

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2022

	30 June 2022 RM'000	30 June 2021 RM'000
Profit before zakat and taxation	454,911	402,684
Adjustments for non-cash items	35,274	61,657
Operating profit before working capital changes	<u>490,185</u>	<u>464,341</u>
Changes in working capital:		
Net changes in operating assets	(3,503,368)	(2,507,295)
Net changes in operating liabilities	5,254,220	743,000
Cash generated from / (used in) operations	<u>2,241,037</u>	<u>(1,299,954)</u>
Zakat and tax paid	(113,234)	(23,975)
Tax refunded	-	4,847
Net cash generated from / (used in) operating activities	<u>2,127,803</u>	<u>(1,319,082)</u>
Net cash used in investing activities	(1,345,275)	(308,692)
Net cash generated from / (used in) financing activities	<u>299,455</u>	<u>(396)</u>
Net change in cash and cash equivalents	<u>1,081,983</u>	<u>(1,628,170)</u>
Cash and cash equivalents at beginning of the year	659,606	2,112,828
Cash and cash equivalents at end of the period	<u><u>1,741,589</u></u>	<u><u>484,658</u></u>
Note:		
Cash and balances with banks	1,741,589	484,658
Less: Balances with banks with original maturity more than three months	-	-
Cash and cash equivalents at end of the period	<u><u>1,741,589</u></u>	<u><u>484,658</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 2021.

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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 2nd quarter and financial half year ended 30 June 2022 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 2021. 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 2021.

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 2021, except for the adoption of the following during the current financial period:

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)

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)

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. The amendments also clarify that an entity first recognises any impairment loss on assets used in fulfilling the contract before a separate provision for onerous contract is considered.

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

Continuous Assistance to Customers Affected by the COVID-19 Pandemic Amid Path to Economic Recovery

Since 2020, the Bank has proactively offered various flexible financing repayment assistance programmes for customers who faced financial difficulties during the COVID-19 pandemic. As business activities resumed since the end of 2021, the economy is expected to gradually recover. Nevertheless, there remain downside risks to the economy and the overall macro outlook of the economy will hinge on developments related to the pandemic. In view of global headwinds facing the economy which include potential economic disruption and uncertain speed of economic recovery, the Bank will continue to monitor the impact of the pandemic for any potential deterioration in credit risk of financing.

From 15 November 2021 to 31 March 2022, banks alongside Agensi Kaunseling dan Pengurusan Kredit (“AKPK”) have offered the Financial Management and Resilience Programme (“URUS”) to B50 customers who met certain criteria. Under URUS, the Bank provided customers with personalised financial plans which encompass options of either profit waiver of 3 months or profit waiver together with reduced instalments of up to 24 months.

To assist B50 customers who are affected by the floods and have enrolled for the flood relief assistance programme, which involves deferment of repayment/payment up to 6 monthly instalments, the Bank offered URUS, if required. URUS would be offered to the eligible B50 customers until 31 July 2022 or upon the expiry of the flood relief assistance programme, whichever is earlier.

MFRS 9 Financial Instruments and financial reporting requirements

The Bank continued to maintain 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 reflect the macroeconomic outlook and potential deterioration in credit risk of financing that could be affected by the COVID-19 pandemic. 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.

i) Forward looking macro-economic information and assumptions

The Bank has incorporated the assumptions in the forward looking models to reflect the evolving situation with respect to COVID-19 arising from the following uncertainties:

- The extent and duration of measures due to recent resurgence of COVID-19 cases globally;
- The expected impact on the economy, including the timing and speed of the economic response; and
- The effects of various government relief and support measures, in particular their impact on the extent and duration of economic recovery.

ii) Management overlays for financing under relief assistance

For the management overlays maintained, the Bank has exercised judgment, adapted and estimated based on information on-hand.

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 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)
- Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts)

Effective date of these Amendments to Standards has been deferred, pending further announcement

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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.

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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):

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 clarify 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.

Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 Insurance Contracts) - In order to avoid the temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of MFRS 17 and MFRS 9, the amendment provides an option for the presentation of comparative information about financial assets as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - The amendments clarify that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The adoption of MFRS 17 Insurance Contracts and its related Amendments are not expected to 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.

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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 2021 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.

During the financial half year ended 30 June 2022:

On 13 May 2022, the share capital of the Bank was increased from RM2,732,717,000 comprising 231,217,000 ordinary shares to RM3,032,717,000 comprising 243,217,000 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.

Subsequent to financial half year ended 30 June 2022 which have not been reflected in the financial statements for the current period:

On 28 July 2022, the Bank issued the fourth (4th) tranche of RM500 million in aggregate nominal amount of Subordinated Sukuk Murabahah due in 2032 callable in 2027. The Subordinated Sukuk Murabahah bear profit at the rate of 4.40% per annum payable semi-annually.

On 3 August 2022, the Bank had early redeemed the second (2nd) tranche of Subordinated Sukuk Murabahah of RM500 million in nominal value.

A7. Dividends Paid, Distributed and Declared

No dividend has been paid nor declared during the financial half year ended 30 June 2022.

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A8. Financial Investments at Fair Value through Other Comprehensive Income ("FVOCI")

	30 June 2022 RM'000	31 December 2021 RM'000
At fair value		
Government securities and treasury bills:		
Malaysian Government Investment Issues	11,256,060	10,241,995

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 2022	1,765	-	-	1,765
New financial investments purchased	234	-	-	234
Net allowance written back	(10)	-	-	(10)
Amount derecognised	(24)	-	-	(24)
At 30 June 2022	1,965	-	-	1,965
At 1 January 2021	1,610	-	-	1,610
New financial investments purchased	800	-	-	800
Net allowance made	2	-	-	2
Amount derecognised	(647)	-	-	(647)
At 31 December 2021	1,765	-	-	1,765

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A9. Financial Investments at Amortised Cost

	30 June 2022 RM'000	31 December 2021 RM'000
At amortised cost		
Government securities and treasury bills:		
Malaysian Government Investment Issues	4,350,656	4,092,251
Non-money market instruments:		
Debt securities		
- Cagamas sukuk	1,103,389	1,103,390
- Unquoted corporate sukuk	211,898	298,362
	1,315,287	1,401,752
Allowance for impairment	(963)	(934)
Total financial investments at amortised cost	5,664,980	5,493,069

Movements in allowances for impairment on debt instruments which reflect the ECL model on impairment 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 2022	934	-	-	934
New financial investments purchased	162	-	-	162
Net allowance written back	(131)	-	-	(131)
Amount derecognised	(2)	-	-	(2)
At 30 June 2022	963	-	-	963
At 1 January 2021	769	-	-	769
New financial investments purchased	286	-	-	286
Net allowance written back	(3)	-	-	(3)
Amount derecognised	(118)	-	-	(118)
At 31 December 2021	934	-	-	934

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A10. Financing and Advances

a. By type and contract

30 June 2022	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	1,591,210	-	-	-	-	-	1,591,210
Term financing							
- House financing	5,320,955	-	-	24,169,625	-	-	29,490,580
- Syndicated financing	1,359,392	-	-	-	-	-	1,359,392
- Hire purchase receivables	-	10,245,224	-	-	-	-	10,245,224
- Other term financing	4,585,202	-	1,614,765	13,701,998	-	155,460	20,057,425
Credit card receivables	-	-	-	-	-	58,152	58,152
Bills receivables	-	-	-	-	1,448	-	1,448
Trust receipts	-	-	-	-	4,430	-	4,430
Claims on customers under acceptance credits	-	-	-	-	210,798	-	210,798
Revolving credits	345,175	-	-	-	-	-	345,175
Staff financing	-	13,413	-	111,179	-	-	124,592
Gross financing and advances	13,201,934	10,258,637	1,614,765	37,982,802	216,676	213,612	63,488,426
Less : Allowance for impairment on financing and advances							
- Expected credit losses							(748,881)
- Stage 1: 12-Month ECL							(404,018)
- Stage 2: Lifetime ECL not credit-impaired							(311,701)
- Stage 3: Lifetime ECL credit-impaired							(33,162)
Net financing and advances							62,739,545

^ 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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A10. Financing and Advances (continued)

a. By type and contract (continued)

31 December 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	1,520,988	-	-	-	-	-	1,520,988
Term financing							
- House financing	5,448,803	-	-	21,967,856	-	-	27,416,659
- Syndicated financing	1,359,404	-	-	-	-	-	1,359,404
- Hire purchase receivables	-	9,569,371	-	-	-	-	9,569,371
- Other term financing	4,585,323	-	1,708,438	13,179,826	-	158,194	19,631,781
Credit card receivables	-	-	-	-	-	51,488	51,488
Bills receivables	-	-	-	-	871	-	871
Trust receipts	-	-	-	-	5,112	-	5,112
Claims on customers under acceptance credits	-	-	-	-	172,488	-	172,488
Revolving credits	193,804	-	-	-	-	-	193,804
Staff financing	-	12,786	-	108,261	-	-	121,047
Gross financing and advances	13,108,322	9,582,157	1,708,438	35,255,943	178,471	209,682	60,043,013
Less : Allowance for impairment on financing and advances							
- Expected credit losses							(727,361)
- Stage 1: 12-Month ECL							(401,495)
- Stage 2: Lifetime ECL not credit-impaired							(283,903)
- Stage 3: Lifetime ECL credit-impaired							(41,963)
Net financing and advances							<u>59,315,652</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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A10. Financing and Advances (continued)

b. By class

	30 June 2022 RM'000	31 December 2021 RM'000
Retail financing *		
- House financing	29,490,580	27,416,659
- Hire purchase	10,245,224	9,569,371
- Credit cards	58,152	51,488
- Other financing ^	18,577,498	18,098,175
	58,371,454	55,135,693
Corporate financing	5,116,972	4,907,320
Gross financing and advances	63,488,426	60,043,013

* 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 June 2022 RM'000	31 December 2021 RM'000
Domestic non-bank financial institutions		
- Others	1,155,619	1,277,429
Domestic business enterprises		
- Small and medium enterprises	10,198,717	10,012,187
- Others	3,454,431	3,107,412
Government and statutory bodies	1,001,815	1,001,907
Individuals	47,508,490	44,472,234
Other domestic entities	4,102	4,478
Foreign entities	165,252	167,366
Gross financing and advances	63,488,426	60,043,013

d. By rate of return sensitivity

	30 June 2022 RM'000	31 December 2021 RM'000
Fixed rate		
- House financing	201,041	214,979
- Hire purchase receivables	10,244,860	9,568,986
- Other fixed rate financing	3,763,857	3,590,876
Variable rate		
- Base rate / base financing rate plus	45,671,584	43,045,489
- Cost plus	3,607,084	3,622,683
Gross financing and advances	63,488,426	60,043,013

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A10. Financing and Advances (continued)

e. By residual contractual maturity

	30 June 2022 RM'000	31 December 2021 RM'000
Maturity within one year	2,251,394	2,619,719
More than one year to three years	4,721,585	3,173,331
More than three years to five years	3,630,449	4,597,363
More than five years	52,884,998	49,652,600
Gross financing and advances	<u>63,488,426</u>	<u>60,043,013</u>

f. By economic purpose

	30 June 2022 RM'000	31 December 2021 RM'000
Purchase of transport vehicles	10,258,639	9,582,156
Purchase of landed properties	42,691,617	40,157,899
(of which: - residential	<u>30,233,109</u>	<u>28,147,415</u>
- non-residential)	<u>12,458,508</u>	<u>12,010,484</u>
Purchase of fixed assets (excluding landed properties)	323	350
Personal use	3,081,662	3,047,753
Credit card	58,152	51,488
Purchase of consumer durables	478	480
Construction	967,212	918,143
Working capital	5,592,817	5,666,542
Other purpose	837,526	618,202
Gross financing and advances	<u>63,488,426</u>	<u>60,043,013</u>

g. By sectors

	30 June 2022 RM'000	31 December 2021 RM'000
Agriculture, hunting, forestry and fishing	448,815	467,084
Mining and quarrying	115,160	124,844
Manufacturing	1,557,090	1,557,619
Electricity, gas and water	22,598	5,269
Construction	2,769,617	2,671,339
Wholesale & retail trade and restaurants & hotels	3,376,641	3,199,424
Transport, storage and communication	1,209,768	938,448
Finance, insurance and business services	1,548,915	1,747,674
Real estate	3,448,208	3,377,338
Community, social and personal services	1,372,006	1,371,257
Households	47,619,608	44,582,717
Gross financing and advances	<u>63,488,426</u>	<u>60,043,013</u>

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A10. Financing and Advances (continued)

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

	30 June 2022 RM'000	31 December 2021 RM'000
At 1 January	132,260	169,421
Impaired during the period / year	47,410	189,972
Reclassified as non-credit impaired	(31,899)	(156,605)
Recoveries	(16,222)	(34,891)
Amount written off	(18,476)	(31,288)
Financing converted to foreclosed properties	(4,308)	(4,349)
Closing balance	108,765	132,260
Gross impaired financing as a percentage of gross financing and advances	0.17%	0.22%

i. Impaired financing and advances by economic purpose

	30 June 2022 RM'000	31 December 2021 RM'000
Purchase of transport vehicles	21,539	29,141
Purchase of landed properties	68,709	84,414
(of which: - residential	37,902	48,885
- non-residential)	30,807	35,529
Personal use	14,870	15,350
Credit card	367	150
Working capital	3,265	3,187
Other purpose	15	18
	108,765	132,260

j. Impaired financing and advances by sectors

	30 June 2022 RM'000	31 December 2021 RM'000
Agriculture, hunting, forestry and fishing	89	66
Mining and quarrying	-	242
Manufacturing	232	589
Construction	161	3,500
Wholesale & retail trade and restaurants & hotels	1,899	1,295
Transport, storage and communication	283	329
Finance, insurance and business services	23,205	23,566
Real estate	1,234	1,754
Community, social and personal services	1,182	1,229
Households	80,480	99,690
	108,765	132,260

All the impaired financing and advances are located in Malaysia.

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A10. 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 2022	401,495	283,903	41,963	727,361
Changes due to financing and advances recognised as at 1 January 2022:	36,065	(32,628)	(3,437)	-
- Transfer to Stage 1: 12-Month ECL	39,861	(37,612)	(2,249)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(3,754)	6,374	(2,620)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(42)	(1,390)	1,432	-
New financing and advances originated	6,618	1,248	-	7,866
Net remeasurement due to changes in credit risk	(36,953)	36,158	14,498	13,703
Financing and advances derecognised (other than write-off)	(3,150)	(2,918)	(2,830)	(8,898)
Modifications to contractual cash flows of financing and advances	(57)	25,938	1,444	27,325
Changes in models / risk parameters	-	-	-	-
Amount written off	-	-	(18,476)	(18,476)
At 30 June 2022	404,018	311,701	33,162	748,881
At 1 January 2021	249,018	175,333	49,648	473,999
Changes due to financing and advances recognised as at 1 January 2021:	35,289	(27,761)	(7,528)	-
- Transfer to Stage 1: 12-Month ECL	40,343	(36,853)	(3,490)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(4,904)	10,447	(5,543)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(150)	(1,355)	1,505	-
New financing and advances originated	13,100	7,603	492	21,195
Net remeasurement due to changes in credit risk	147,856	36,301	32,412	216,569
Financing and advances derecognised (other than write-off)	(5,340)	(22,846)	(5,754)	(33,940)
Modifications to contractual cash flows of financing and advances	(1,338)	50,529	3,980	53,171
Changes in models / risk parameters	(36,319)	64,744	1	28,426
Amount written off	(771)	-	(31,288)	(32,059)
At 31 December 2021	401,495	283,903	41,963	727,361

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A11. Other Assets

	30 June 2022 RM'000	31 December 2021 RM'000
Deferred handling fees	52,158	46,133
Income receivable	89	51
Other receivables, deposits and prepayments	141,165	130,466
Employee benefits	912	935
Foreclosed properties	26,669	24,226
	<u>220,993</u>	<u>201,811</u>

A12. Deposits from Customers

a. By type of deposit and contract

	30 June 2022 RM'000	31 December 2021 RM'000
<u>At amortised cost</u>		
Savings deposit		
- Qard	10,473,762	10,170,977
Demand deposit		
- Qard	7,668,586	6,900,483
Term deposit		
- Term deposit		
- Commodity Murabahah	43,210,077	40,081,520
- Special term deposit account		
- Commodity Murabahah	9,438,515	9,154,130
	<u>70,790,940</u>	<u>66,307,110</u>

b. By type of customer

	30 June 2022 RM'000	31 December 2021 RM'000
Federal and state governments	6,514,605	5,089,046
Local government and statutory authorities	1,293,357	776,504
Business enterprises	13,728,105	12,438,225
Individuals	27,534,788	26,076,260
Foreign customers	631,272	624,280
Others	21,088,813	21,302,795
	<u>70,790,940</u>	<u>66,307,110</u>

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A12. Deposits from Customers (continued)

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

	30 June 2022 RM'000	31 December 2021 RM'000
Due within six months	42,534,050	36,351,304
More than six months to one year	8,406,211	12,840,436
More than one year to three years	1,707,884	42,973
More than three years to five years	447	937
	52,648,592	49,235,650

A13. Deposits from Banks and Other Financial Institutions

	30 June 2022 RM'000	31 December 2021 RM'000
At amortised cost		
<u>Non-Mudharabah Fund</u>		
Licensed banks	2,154,053	1,965,613
Licensed Islamic banks	400,000	-
Licensed investment banks	11,035	8,610
Bank Negara Malaysia	65,809	67,706
Other financial institutions	107,287	63,842
	2,738,184	2,105,771

A14. Other Liabilities

	30 June 2022 RM'000	31 December 2021 RM'000
Income payable	381,092	298,742
Other payables and accruals	383,750	329,462
Accrued restoration costs	569	569
Allowance for impairment on financing commitments and financial guarantees	11,990	12,116
	777,401	640,889

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A14. 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 2022	7,188	4,910	18	12,116
Changes due to financing commitments and financial guarantees recognised as at 1 January 2022:	869	(866)	(3)	-
- Transfer to Stage 1: 12-Month ECL	1,009	(1,009)	-	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(139)	146	(7)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(1)	(3)	4	-
New financing commitments and financial guarantees originated	394	249	-	643
Net remeasurement due to changes in credit risk	(815)	216	14	(585)
Financing commitments and financial guarantees derecognised	(156)	(302)	-	(458)
Modifications to contractual cash flows of financing commitments and financial guarantees	-	277	(3)	274
Changes in models / risk parameters	-	-	-	-
At 30 June 2022	7,480	4,484	26	11,990
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:	515	(445)	(70)	-
- Transfer to Stage 1: 12-Month ECL	608	(582)	(26)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(93)	145	(52)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	(8)	8	-
New financing commitments and financial guarantees originated	783	899	-	1,682
Net remeasurement due to changes in credit risk	(1,368)	102	(9)	(1,275)
Financing commitments and financial guarantees derecognised	(179)	(139)	(1)	(319)
Modifications to contractual cash flows of financing commitments and financial guarantees	(25)	968	8	951
Changes in models / risk parameters	(491)	1,059	-	568
At 31 December 2021	7,188	4,910	18	12,116

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A15. Income Derived from Investment of Depositors' Funds and Others

	2nd Quarter Ended		Half Year Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Income derived from investment of:				
(a) Term deposits	460,363	454,492	904,334	916,339
(b) Other deposits	191,316	154,668	371,757	322,981
	651,679	609,160	1,276,091	1,239,320

a. Income derived from investment of term deposits:

Finance income and Hibah

Financing and advances	370,654	353,215	727,360	698,359
Financial investments at fair value through other comprehensive income	48,321	44,420	93,052	89,328
Financial investments at amortised cost	27,159	26,322	56,144	52,671
Balances with banks	181	1,823	258	2,338
	446,315	425,780	876,814	842,696
Financial assets at fair value through profit or loss	-	29	-	29
Total finance income and Hibah	446,315	425,809	876,814	842,725

Other operating income

Fee and commission income:

- Commissions	7,767	6,201	14,072	12,719
- Service charges and fees	2,670	1,839	5,680	4,198
- Facility fees	152	97	328	247
- Other fee income	983	852	1,960	1,819

Net gains and losses on financial instruments:

- Net (loss) / gain arising from sale of financial investments at fair value through other comprehensive income	(2)	16,842	483	48,931
- Net (loss) / gain representing ineffective portions of hedging derivatives	(332)	46	(514)	(223)
- Others	-	25	-	36

Gross distribution income from collective investment

	1,932	1,889	3,833	3,957
Other income	878	892	1,678	1,930
Total other operating income	14,048	28,683	27,520	73,614
	460,363	454,492	904,334	916,339

Of which:

Financing income earned on impaired financing

	586	952	1,225	1,788
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A15. Income Derived from Investment of Depositors' Funds and Others (continued)

	2nd Quarter Ended		Half Year Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
b. Income derived from investment of other deposits:				
<u>Finance income and Hibah</u>				
Financing and advances	154,031	120,367	299,006	246,149
Financial investments at fair value through other comprehensive income	20,072	15,119	38,252	31,485
Financial investments at amortised cost	11,300	8,963	23,080	18,565
Balances with banks	75	636	106	824
	185,478	145,085	360,444	297,023
Financial assets at fair value through profit or loss	-	10	-	10
Total finance income and Hibah	185,478	145,095	360,444	297,033
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	3,222	2,107	5,785	4,483
- Service charges and fees	1,112	620	2,335	1,480
- Facility fees	63	32	135	87
- Other fee income	409	289	805	641
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments at fair value through other comprehensive income	1	5,552	198	17,246
- Net (loss) / gain representing ineffective portions of hedging derivatives	(137)	20	(211)	(78)
- Others	-	8	-	13
Gross distribution income from collective investment	803	642	1,576	1,395
Other income	365	303	690	681
Total other operating income	5,838	9,573	11,313	25,948
	191,316	154,668	371,757	322,981
Of which:				
Financing income earned on impaired financing	244	327	503	631

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A16. Income Derived from Investment of Shareholder's Funds

	2nd Quarter Ended		Half Year Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
<u>Finance income and Hibah</u>				
Financing and advances	44,220	38,835	85,565	79,278
Financial investments at fair value through other comprehensive income	5,761	4,879	10,946	10,141
Financial investments at amortised cost	3,246	2,892	6,605	5,979
Balances with banks	22	205	31	265
	53,249	46,811	103,147	95,663
Financial assets at fair value through profit or loss	-	3	-	3
Total finance income and Hibah	53,249	46,814	103,147	95,666
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	924	680	1,655	1,444
- Service charges and fees	319	201	668	477
- Facility fees	19	10	39	28
- Other fee income	118	93	231	206
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments at fair value through other comprehensive income	1	1,795	57	5,555
- Net (loss) / gain representing ineffective portions of hedging derivatives	(40)	7	(61)	(25)
- Others	-	2	-	4
Gross distribution income from collective investment	231	207	451	449
Other income	104	97	197	219
Total other operating income	1,676	3,092	3,237	8,357
	54,925	49,906	106,384	104,023
Of which:				
Financing income earned on impaired financing	70	105	144	203

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A17. Allowance for Impairment on Financing and Advances

	2nd Quarter Ended		Half Year Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Expected credit losses	8,023	99,650	39,870	137,594
Impaired financing recovered	(7,403)	(6,044)	(14,008)	(13,380)
	620	93,606	25,862	124,214

A18. Allowance for Impairment on Other Assets

	2nd Quarter Ended		Half Year Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Expected credit losses on:				
- Financial investments at fair value through other comprehensive income	63	35	200	53
- Financial investments at amortised cost	40	35	29	8
Allowance for impairment on foreclosed properties	259	108	259	203
	362	178	488	264

A19. Income Attributable to Depositors and Others

	2nd Quarter Ended		Half Year Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Deposits from customers				
- Non-Mudharabah fund	285,601	254,508	553,430	501,455
Deposits from banks and other financial institutions				
- Non-Mudharabah fund	13,984	13,651	29,354	31,384
Financing sold to Cagamas	8,837	-	17,435	-
Sukuk Murabahah	10,471	16,046	20,827	31,915
Lease liabilities	168	202	325	407
	319,061	284,407	621,371	565,161

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A20. Personnel expenses

	2nd Quarter Ended		Half Year Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Salaries, allowances and bonuses	4,737	4,357	9,321	8,829
Pension costs	791	782	1,566	1,585
Others	741	257	1,277	1,000
	6,269	5,396	12,164	11,414

A21. Other Overheads and Expenditures

	2nd Quarter Ended		Half Year Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Establishment costs				
- Depreciation	522	476	997	945
- Insurance	227	216	664	452
- Water and electricity	37	32	78	81
- General repairs and maintenance	821	461	1,556	1,561
- Others	582	298	1,131	794
	2,189	1,483	4,426	3,833
Marketing expenses				
- Advertisement and publicity	371	449	691	882
- Others	176	373	358	551
	547	822	1,049	1,433
Administration and general expenses				
- Communication expenses	16,833	1,843	20,709	3,785
- Legal and professional fees	2,262	2,176	4,386	4,511
- Others	8,332	4,555	16,600	9,233
	27,427	8,574	41,695	17,529
Cost of resource sharing charged by Public Bank Berhad *	115,546	111,170	230,074	224,501
Recovery of expenses	(4,520)	(2,863)	(9,565)	(7,690)
	141,189	119,186	267,679	239,606

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

	2nd Quarter Ended		Half Year Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Credit related	50,581	48,600	99,797	97,288
Non-credit branch support	43,364	42,648	85,162	83,226
Other administration function	21,601	19,922	45,115	43,987
	115,546	111,170	230,074	224,501

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A22. 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 2nd quarter and financial half year ended 30 June 2022.

	2nd Quarter Ended		Half Year Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Net profit attributable to equity holder of the Bank (RM'000)	154,012	118,872	305,231	306,314
Number of ordinary shares at beginning of the period ('000)	231,217	231,217	231,217	231,217
Effect of the issuance of shares ('000)	6,462	-	3,249	-
Weighted average number of shares in issue ('000)	237,679	231,217	234,466	231,217
Basic EPS (sen)	64.8	51.4	130.2	132.5

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.

A23. Performance Review

The Bank reported a higher pre-tax profit of RM454.9 million for the financial half year ended 30 June 2022, which was 13.0% or RM52.2 million higher as compared to pre-tax profit of RM402.7 million for the financial half year ended 30 June 2021. The higher profit was due to lower allowance for impairment on financing and advances of RM98.3 million and higher net finance income of RM48.7 million offset by lower other operating income of RM65.8 million, higher other operating expenses of RM28.8 million and higher allowance for impairment on other assets of RM0.2 million.

A24. Prospects for 2022

Globally, the reopening of economies and improvement in labour market conditions are supportive of economic recovery. In part, these helped cushioned the impact arising from geopolitical tension(s), global inflationary pressures and potentially heightened financial market volatility owing to adjustments in monetary policy across the world. Aside from that, the uncertainties surrounding the global economic outlook also stem from the supply chain disruptions and slower-than-expected growth in China due to the containment measures to prevent the spread of COVID-19.

The Malaysian economy is expected to improve further, supported by both domestic and external demand, continued policy support domestically as well as improvement in the labour market. However, the outlook for Malaysia is subjected to headwinds due to spillover effects of uncertainties in the global front. The Malaysian banking system remains resilient underpinned by ample liquidity and healthy capital buffers.

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A24. Prospects for 2022 (continued)

The Bank continues to reach out to its customers in need of financial assistance, including the necessary financial support for SMEs. Repayment assistance is not limited to customers affected by the pandemic but also those affected due to unforeseen circumstances and natural disasters, such as floods. Even with the expiry of some of the financing under the PEMULIH repayment assistance scheme, the Bank is still proactively providing further assistance to customers who may continue to face financial constraints.

The Bank is fully committed to further strengthen its role as a financial intermediary contributing to the economic recovery and national development. The Bank continues to operate efficiently, maintain prudence in management of credit risk and proactively manage any potential stress in asset quality whilst preserving its sound corporate governance and risk management practices.

The Bank remains proactive in and committed to embrace sustainability in its business operations. The Bank's pursuit of sustainability encompasses a wide array of initiatives covering the areas of environmental, social and governance ("ESG"). In addressing climate change risk, the Bank continues to promote the transition to a low carbon economy by supporting green financing and embedding environmental consideration into its business strategies. The Bank's offering of attractive financing packages for the purchase of solar panel and energy efficient vehicles, among others, continue to support a green and lower carbon emission environment.

On digitalisation and technological innovation, the Bank continues to apply relevant roadmap and strategies for the development of digital initiatives amid the new normal business environment. This includes ongoing upgrades and enhancement of information and communication technology infrastructure as well as exploration and adoption of new technologies which improve operational efficiency to cater to the evolving customers' needs.

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

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. Similarly, the Bank will 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 will 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.

A25. 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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A26. Segment Information

	<----- Operating Segments ----->						
2nd Quarter Ended 30 June 2022	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	Total RM'000
External revenue	119,008	409,824	45,851	41,674	90,233	-	706,590
Revenue from other segments	135	79,443	89	38,840	23,633	(142,140)	-
	119,143	489,267	45,940	80,514	113,866	(142,140)	706,590
Net finance income	39,000	235,026	12,398	7,663	71,894	-	365,981
Other operating income / (loss)	267	19,008	3	(214)	2,498	-	21,562
Net income	39,267	254,034	12,401	7,449	74,392	-	387,543
Other operating expenses	(13,342)	(107,030)	(829)	(1,771)	(24,486)	-	(147,458)
Writeback of allowance / (Allowance) for impairment on financing and advances	19,180	(18,556)	(1,244)	-	-	-	(620)
Allowance for impairment on other assets	-	(259)	-	(41)	(62)	-	(362)
Profit by segments	45,105	128,189	10,328	5,637	49,844	-	239,103

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A26. Segment Information (continued)

	<----- Operating Segments ----->						
	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	Total RM'000
2nd Quarter Ended 30 June 2021							
External revenue	110,606	358,975	42,136	44,955	102,380	-	659,052
Revenue from other segments	8	90,224	127	29,447	25,979	(145,785)	-
	<u>110,614</u>	<u>449,199</u>	<u>42,263</u>	<u>74,402</u>	<u>128,359</u>	<u>(145,785)</u>	<u>659,052</u>
Net finance income	34,741	220,656	12,899	8,731	56,284	-	333,311
Other operating income / (loss)	226	13,910	(12)	10,855	16,369	-	41,348
Net income	<u>34,967</u>	<u>234,566</u>	<u>12,887</u>	<u>19,586</u>	<u>72,653</u>	<u>-</u>	<u>374,659</u>
Other operating expenses	(14,125)	(86,090)	(271)	(1,279)	(22,817)	-	(124,582)
Allowance for impairment on financing and advances	(32,295)	(52,213)	(9,098)	-	-	-	(93,606)
Allowance for impairment on other assets	-	(108)	-	(56)	(14)	-	(178)
(Loss) / Profit by segments	<u>(11,453)</u>	<u>96,155</u>	<u>3,518</u>	<u>18,251</u>	<u>49,822</u>	<u>-</u>	<u>156,293</u>

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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 and Funding Center RM'000	Inter- segment Elimination RM'000	
Half Year Ended 30 June 2022							
External revenue	234,219	791,132	91,032	79,098	186,965	-	1,382,446
Revenue from other segments	168	159,419	118	76,536	39,977	(276,218)	-
	<u>234,387</u>	<u>950,551</u>	<u>91,150</u>	<u>155,634</u>	<u>226,942</u>	<u>(276,218)</u>	<u>1,382,446</u>
Net finance income	77,774	460,802	24,690	16,000	139,768	-	719,034
Other operating income	451	36,005	61	316	5,237	-	42,070
Net income	<u>78,225</u>	<u>496,807</u>	<u>24,751</u>	<u>16,316</u>	<u>145,005</u>	<u>-</u>	<u>761,104</u>
Other operating expenses	(26,396)	(197,505)	(1,469)	(3,258)	(51,215)	-	(279,843)
Writeback of allowance / (Allowance) for impairment on financing and advances	6,308	(31,125)	(1,045)	-	-	-	(25,862)
Allowance for impairment on other assets	-	(259)	-	(157)	(72)	-	(488)
Profit by segments	<u>58,137</u>	<u>267,918</u>	<u>22,237</u>	<u>12,901</u>	<u>93,718</u>	<u>-</u>	<u>454,911</u>
Cost income ratio	33.7%	39.8%	5.9%	20.0%	35.3%	-	36.8%
Gross financing and advances	10,246,095	48,125,359	5,116,972	-	-	-	63,488,426
Financing growth	7.1%	5.6%	4.3%	-	-	-	5.7%
Impaired financing and advances	21,525	86,054	1,186	-	-	-	108,765
Impaired financing ratio	0.21%	0.18%	0.02%	-	-	-	0.17%
Deposits from customers	-	61,339,797	9,362	9,441,781	-	-	70,790,940
Deposit growth	-	7.3%	1.1%	3.1%	-	-	6.8%
Segment assets	<u>10,003,700</u>	<u>62,345,177</u>	<u>5,054,315</u>	<u>12,019,105</u>	<u>11,353,876</u>	<u>(18,453,770)</u>	<u>82,322,403</u>
Reconciliation of segment assets to total assets:							
Investment in an associated company							67,500
Unallocated assets							<u>373,721</u>
Total assets							<u>82,763,624</u>

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A26. Segment Information (continued)

Half Year Ended 30 June 2021	<----- 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	
External revenue	218,256	709,150	87,056	114,142	214,712	-	1,343,316
Revenue from other segments	8	184,594	147	56,424	46,138	(287,311)	-
	218,264	893,744	87,203	170,566	260,850	(287,311)	1,343,316
Net finance income	67,943	439,167	27,620	19,743	115,790	-	670,263
Other operating income	434	29,584	4	45,598	32,299	-	107,919
Net income	68,377	468,751	27,624	65,341	148,089	-	778,182
Other operating expenses	(26,121)	(170,498)	(1,655)	(2,823)	(49,923)	-	(251,020)
Allowance for impairment on financing and advances	(51,533)	(72,262)	(419)	-	-	-	(124,214)
Allowance for impairment on other assets	-	(203)	-	(61)	-	-	(264)
(Loss) / Profit by segments	(9,277)	225,788	25,550	62,457	98,166	-	402,684
Cost income ratio	38.2%	36.4%	6.0%	4.3%	33.7%	-	32.3%
Gross financing and advances	9,319,815	43,144,953	4,693,058	-	-	-	57,157,826
Financing growth	5.9%	5.6%	-6.0%	-	-	-	4.6%
Impaired financing and advances	50,689	111,056	1,529	-	-	-	163,274
Impaired financing ratio	0.54%	0.26%	0.03%	-	-	-	0.29%
Deposits from customers	-	55,845,912	3,829	7,294,697	-	-	63,144,438
Deposit growth	-	2.7%	-46.2%	-1.9%	-	-	2.1%
Segment assets	9,168,051	56,607,657	4,631,388	8,777,010	9,834,328	(16,823,680)	72,194,754
Reconciliation of segment assets to total assets:							
Investment in an associated company							67,500
Unallocated assets							212,112
Total assets							72,474,366

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A27. 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 June 2022	31 December 2021
<u>Before deducting interim dividend</u> *		
Common Equity Tier I ("CET I") capital ratio	11.942%	11.777%
Tier I capital ratio	11.942%	11.777%
Total capital ratio	15.167%	15.142%
<u>After deducting interim dividend</u> *		
CET I capital ratio	11.942%	11.777%
Tier I capital ratio	11.942%	11.777%
Total capital ratio	15.167%	15.142%

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

	30 June 2022 RM'000	31 December 2021 RM'000
Components of CET I, Tier I and Tier II capital:		
<u>CET I capital / Tier I capital</u>		
Share capital	3,032,717	2,732,717
Other reserves	(217,241)	(94,385)
Retained profits	3,346,029	3,040,798
Less: Deferred tax assets, net	(220,480)	(194,892)
Less: Defined benefit pension fund assets	(912)	(935)
Less: Investment in an associated company deducted from CET I capital	(67,500)	(67,500)
Total CET I capital / Tier I capital	5,872,613	5,415,803
<u>Tier II capital</u>		
Stage 1 and Stage 2 expected credit loss allowances #	585,618	547,391
Subordinated Sukuk Murabahah	1,000,000	1,000,000
Total Tier II capital	1,585,618	1,547,391
Total capital	7,458,231	6,963,194

Excludes expected credit loss allowances restricted from Tier II capital of the Bank of RM144,993,000 (31 December 2021 : RM152,804,000).

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A27. 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.

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. 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 June 2022 RM'000	31 December 2021 RM'000
Credit risk	46,849,411	43,791,293
Market risk	47	59
Operational risk	2,325,898	2,194,784
	<u>49,175,356</u>	<u>45,986,136</u>

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A28. Commitments and Contingencies

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

	30 June 2022 RM'000	31 December 2021 RM'000
<u>Contingent Liabilities</u>		
Direct credit substitutes	34,332	32,517
Transaction-related contingent items	69,691	70,194
Short term self-liquidating trade-related contingencies	6,059	7,099
	<u>110,082</u>	<u>109,810</u>
<u>Commitments</u>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
- exceeding one year	7,528,147	7,397,178
- not exceeding one year	2,752,871	2,844,610
Unutilised credit card lines	228,988	209,754
	<u>10,510,006</u>	<u>10,451,542</u>
<u>Derivative Financial Instruments</u>		
Foreign exchange related contracts:		
- up to one year	12	-
Profit rate related contracts:		
- up to one year	500,000	500,000
- more than one year to five years	3,100,000	2,600,000
- more than five years	100,000	600,000
	<u>3,700,012</u>	<u>3,700,000</u>
	<u>14,320,100</u>	<u>14,261,352</u>

A29. Credit Exposures Arising From Credit Transactions With Connected Parties

	30 June 2022	31 December 2021
Outstanding credit exposures with connected parties (RM'000)	<u>446,956</u>	<u>430,475</u>
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures	<u>0.65%</u>	<u>0.66%</u>
Percentage of outstanding credit exposures with connected parties which is impaired or in default	<u>0.00%</u>	<u>0.00%</u>

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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 June 2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	11,256,060	-	11,256,060
Derivative financial assets	-	50,522	-	50,522
Total financial assets measured at fair value	-	11,306,582	-	11,306,582
Financial liabilities				
Derivative financial liabilities	-	27,174	-	27,174
Total financial liabilities measured at fair value	-	27,174	-	27,174

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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 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	10,241,995	-	10,241,995
Derivative financial assets	-	14,587	-	14,587
Total financial assets measured at fair value	-	10,256,582	-	10,256,582
Financial liabilities				
Derivative financial liabilities	-	103,576	-	103,576
Total financial liabilities measured at fair value	-	103,576	-	103,576

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period / year (2021 : None).