

PUBLIC ISLAMIC BANK BERHAD
Company Registration No.: 197301001433 (14328-V)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	31 March 2021 RM'000	31 December 2020 RM'000 (Restated)
ASSETS			
Cash and balances with banks		1,892,246	2,112,828
Derivative financial assets		7,901	1,317
Financial investments at fair value through other comprehensive income	A8	9,613,245	9,717,771
Financial investments at amortised cost	A9	4,363,894	4,520,961
Financing and advances	A10	55,504,760	54,176,355
Other assets	A11	198,672	232,231
Statutory deposits with Bank Negara Malaysia		260,550	168,200
Collective investment		568,958	565,504
Investment in an associated company		67,500	45,000
Right-of-use assets		16,821	17,137
Property and equipment		3,407	3,525
TOTAL ASSETS		72,497,954	71,560,829
LIABILITIES			
Deposits from customers	A12	62,853,585	61,817,897
Deposits from banks	A13	2,049,305	2,067,854
Bills and acceptances payable		406	481
Derivative financial liabilities		138,269	196,035
Senior Sukuk Murabahah		519,972	519,950
Subordinated Sukuk Murabahah		1,000,000	1,000,000
Lease liabilities		18,030	18,227
Other liabilities	A14	547,453	620,285
Provision for zakat and taxation		23,857	318
Deferred tax liabilities		5,683	54,277
TOTAL LIABILITIES		67,156,560	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 31 MARCH 2021

	Note	31 March 2021 RM'000	31 December 2020 RM'000 (Restated)
EQUITY			
Share capital		2,732,717	2,732,717
Regulatory reserves		139,042	156,181
Other reserves		(62,805)	48,748
Retained profits		2,532,440	2,327,859
TOTAL EQUITY		5,341,394	5,265,505
TOTAL LIABILITIES AND EQUITY		72,497,954	71,560,829
COMMITMENTS AND CONTINGENCIES	A28	12,254,272	11,946,719
CAPITAL ADEQUACY	A27		
<u>Before deducting interim dividend</u> *			
Common Equity Tier I Capital Ratio		11.687%	12.176%
Tier I Capital Ratio		11.687%	12.176%
Total Capital Ratio		15.209%	15.751%
<u>After deducting interim dividend</u> *			
Common Equity Tier I Capital Ratio		11.687%	12.176%
Tier I Capital Ratio		11.687%	12.176%
Total Capital Ratio		15.209%	15.751%
Net assets per share attributable to ordinary equity holder of the Bank (RM)		23.10	22.77

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

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

PUBLIC ISLAMIC BANK BERHAD
Company Registration No.: 197301001433 (14328-V)
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE 1ST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

	Note	1st Quarter Ended		Three Months Ended	
		31 March 2021 RM'000	31 March 2020 RM'000 (Restated)	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)
Income derived from investment of depositors' funds and others	A15	630,160	662,520	630,160	662,520
Income derived from investment of shareholder's funds	A16	54,117	56,100	54,117	56,100
Allowance for impairment on financing and advances	A17	(30,608)	(12,027)	(30,608)	(12,027)
(Allowance) / Writeback of allowance for impairment on other assets	A18	(86)	23	(86)	23
Total distributable income		653,583	706,616	653,583	706,616
Income attributable to depositors and others	A19	(280,754)	(432,421)	(280,754)	(432,421)
Total net income		372,829	274,195	372,829	274,195
Personnel expenses	A20	(6,018)	(5,671)	(6,018)	(5,671)
Other overheads and expenditures	A21	(120,420)	(116,207)	(120,420)	(116,207)
Profit before zakat and taxation		246,391	152,317	246,391	152,317
Zakat		(525)	(81)	(525)	(81)
Taxation		(58,424)	(35,558)	(58,424)	(35,558)
Profit for the period		187,442	116,678	187,442	116,678
Earnings per share - basic / diluted (sen)	A22	81.07	50.46	81.07	50.46

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 STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

	1st Quarter Ended		Three Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)
Profit for the period	187,442	116,678	187,442	116,678
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	-	(2,358)	-	(2,358)
<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	(211,529)	20,040	(211,529)	20,040
Hedging reserves:				
- Net change in cash flow hedges	64,748	(102,259)	64,748	(102,259)
	(146,781)	(82,219)	(146,781)	(82,219)
Income tax relating to components of other comprehensive (loss) / income :				
- Defined benefit reserves	-	566	-	566
- Revaluation reserves	50,767	(4,810)	50,767	(4,810)
- Hedging reserves	(15,539)	24,542	(15,539)	24,542
	35,228	20,298	35,228	20,298
Other comprehensive loss for the period, net of tax	(111,553)	(64,279)	(111,553)	(64,279)
Total comprehensive income for the period	75,889	52,399	75,889	52,399

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 31 MARCH 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 A30)	-	-	-	-	-	-	(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	-	-	-	-	-	-	187,442	187,442
Other comprehensive (loss) / income for the period	-	(160,762)	49,209	-	-	-	-	(111,553)
Total comprehensive (loss) / income for the period	-	(160,762)	49,209	-	-	-	187,442	75,889
Transactions with owner / other equity movements:								
Transfer from regulatory reserves	-	-	-	-	(17,139)	-	17,139	-
	-	-	-	-	(17,139)	-	17,139	-
At 31 March 2021	2,732,717	31,968	(99,642)	4,697	139,042	172	2,532,440	5,341,394

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 31 MARCH 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 A30)	-	-	-	-	-	-	(115,592)	(115,592)
At 1 January 2020, as restated	<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	-	-	-	-	-	-	116,678	116,678
Other comprehensive income / (loss) for the period	-	15,230	(77,717)	(1,792)	-	-	-	(64,279)
Total comprehensive income / (loss) for the period	<u>-</u>	<u>15,230</u>	<u>(77,717)</u>	<u>(1,792)</u>	<u>-</u>	<u>-</u>	<u>116,678</u>	<u>52,399</u>
Transactions with owner / other equity movements:								
Transfer from regulatory reserves	-	-	-	-	(1,539)	-	1,539	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,539)</u>	<u>-</u>	<u>1,539</u>	<u>-</u>
At 31 March 2020	<u><u>2,732,717</u></u>	<u><u>97,399</u></u>	<u><u>(147,377)</u></u>	<u><u>2,466</u></u>	<u><u>307,892</u></u>	<u><u>172</u></u>	<u><u>1,947,514</u></u>	<u><u>4,940,783</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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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)
Profit before zakat and taxation	246,391	152,317
Adjustments for non-cash items	(11,685)	(5,764)
Operating profit before working capital changes	234,706	146,553
Changes in working capital:		
Net changes in operating assets	(1,467,282)	(853,818)
Net changes in operating liabilities	944,601	(890,406)
Cash used in operations	(287,975)	(1,597,671)
Zakat and tax paid	(12,337)	(28,951)
Tax refunded	4,847	-
Net cash used in operating activities	(295,465)	(1,626,622)
Net cash generated from investing activities	75,080	148,095
Net cash used in financing activities	(197)	(183)
Net change in cash and cash equivalents	(220,582)	(1,478,710)
Cash and cash equivalents at beginning of the year	2,112,828	3,139,455
Cash and cash equivalents at end of the period	1,892,246	1,660,745
Note:		
Cash and balances with banks	1,892,246	1,660,745
Less: Balances with banks with original maturity more than three months	-	-
Cash and cash equivalents at end of the period	1,892,246	1,660,745

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 1st quarter ended 31 March 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.

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

Following Bank Negara Malaysia ("BNM")'s letter dated 24 March 2020 on measures to assist customers affected by the COVID-19 pandemic, on 24 July 2020, BNM implemented additional measures to assist customers whose applications are received on or before 30 June 2021 via various repayment assistance.

- 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;

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A1. Basis of Preparation (continued)

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

- 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; 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 30 June 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.

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

For rescheduled and restructured 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 30 June 2021, including a financing that is rescheduled and restructured more than once, the following classification treatment in CCRIS shall apply:

- a) The financing need not be reported as R&R in CCRIS; and
- b) The financing need not be reported as credit-impaired 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.

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A1. Basis of Preparation (continued)

MFRS 9 Financial Instruments and financial reporting requirements

In the previous year, 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 were 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 BNM and various research houses, forward looking information and assumptions relating to COVID-19 have been considered in the Bank's forward looking model.

The following are values of the key domestic macro-economic variables and forward looking assumptions for year 2021 which are used in the model:

	2021
	%
Gross domestic product	5.0 - 6.0
Consumer price index	1.0 - 1.5
Housing price index	186 - 223
Unemployment rate	2.9 - 3.5

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 in the previous year.

a) Large corporate customers

Management overlay was provided for certain large corporate customers who were and continue to be affected by the economic environment and have applied for rescheduling and restructuring arrangements.

b) Retail and SME customers

Customers who are eligible for the targeted repayment assistance were identified and assessed. Based on the data available, management overlay was provided to cater for potential deterioration in credit risk of this group of customers.

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)

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.

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.

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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 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

There were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Bank.

A7. Dividends Paid, Distributed and Declared

No dividend has been paid nor declared during the 1st quarter ended 31 March 2021.

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

	31 March 2021 RM'000	31 December 2020 RM'000
At fair value		
Government securities and treasury bills:		
Malaysian Government Investment Issues	<u>9,613,245</u>	<u>9,717,771</u>

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:

	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	1,610	-	-	1,610
New financial investments purchased	303	-	-	303
Net allowance made	5	-	-	5
Amount derecognised	(290)	-	-	(290)
At 31 March 2021	<u>1,628</u>	<u>-</u>	<u>-</u>	<u>1,628</u>
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	<u>1,610</u>	<u>-</u>	<u>-</u>	<u>1,610</u>

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A9. Financial Investments at Amortised Cost

	31 March 2021 RM'000	31 December 2020 RM'000
At amortised cost		
Government securities and treasury bills:		
Malaysian Government Investment Issues	3,722,585	3,879,493
Non-money market instruments:		
Debt securities		
- Unquoted corporate sukuk	642,051	642,237
Allowance for impairment	(742)	(769)
Total financial investments at amortised cost	<u>4,363,894</u>	<u>4,520,961</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	15	-	-	15
Net allowance made	1	-	-	1
Amount derecognised	(43)	-	-	(43)
At 31 March 2021	<u>742</u>	<u>-</u>	<u>-</u>	<u>742</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>769</u>	<u>-</u>	<u>-</u>	<u>769</u>

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A10. Financing and Advances

a. By type and contract

31 March 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	1,568,839	-	-	-	-	-	1,568,839
Term financing							
- House financing	5,499,922	-	-	19,085,082	-	-	24,585,004
- Syndicated financing	1,372,118	-	-	-	-	-	1,372,118
- Hire purchase receivables	-	9,084,573	-	-	-	-	9,084,573
- Other term financing	4,334,258	-	1,721,332	12,551,170	-	180,854	18,787,614
Credit card receivables	-	-	-	-	-	36,337	36,337
Bills receivables	-	-	-	-	975	-	975
Trust receipts	-	-	-	-	6,204	-	6,204
Claims on customers under acceptance credits	-	-	-	-	179,662	-	179,662
Revolving credits	277,647	-	-	-	-	-	277,647
Staff financing	-	11,141	-	98,602	-	-	109,743
Gross financing and advances	13,052,784	9,095,714	1,721,332	31,734,854	186,841	217,191	56,008,716
Less : Allowance for impairment on financing and advances							
- Expected credit losses							(503,956)
- Stage 1: 12-Month ECL							(206,339)
- Stage 2: Lifetime ECL not credit-impaired							(248,875)
- Stage 3: Lifetime ECL credit-impaired							(48,742)
Net financing and advances							55,504,760

^ 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 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							54,176,355

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

	31 March 2021 RM'000	31 December 2020 RM'000
Retail financing *		
- House financing	24,585,004	23,638,835
- Hire purchase	9,084,573	8,798,205
- Credit cards	36,337	34,699
- Other financing ^	17,605,525	17,188,431
	51,311,439	49,660,170
Corporate financing	4,697,277	4,990,184
Gross financing and advances	56,008,716	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

	31 March 2021 RM'000	31 December 2020 RM'000
Domestic non-bank financial institutions		
- Others	1,380,073	1,288,555
Domestic business enterprises		
- Small and medium enterprises	9,834,764	9,580,323
- Others	2,805,995	3,182,038
Government and statutory bodies	1,012,659	1,002,236
Individuals	40,781,507	39,376,764
Other domestic entities	5,661	5,592
Foreign entities	188,057	214,846
Gross financing and advances	56,008,716	54,650,354

d. By rate of return sensitivity

	31 March 2021 RM'000	31 December 2020 RM'000
Fixed rate		
- House financing	234,671	241,969
- Hire purchase receivables	9,084,121	8,797,731
- Other fixed rate financing	3,438,107	3,207,286
Variable rate		
- Base rate / base financing rate plus	39,681,209	38,315,464
- Cost plus	3,570,608	4,087,904
Gross financing and advances	56,008,716	54,650,354

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A10. Financing and Advances (continued)

e. By residual contractual maturity

	31 March 2021 RM'000	31 December 2020 RM'000
Maturity within one year	3,021,650	2,705,318
More than one year to three years	2,324,586	2,847,751
More than three years to five years	5,155,625	5,234,002
More than five years	45,506,855	43,863,283
Gross financing and advances	56,008,716	54,650,354

f. By economic purpose

	31 March 2021 RM'000	31 December 2020 RM'000
Purchase of transport vehicles	9,095,714	8,809,205
Purchase of landed properties	37,009,730	36,166,126
(of which: - residential	25,196,137	24,238,949
- non-residential)	11,813,593	11,927,177
Purchase of fixed assets (excluding landed properties)	383	382
Personal use	3,054,992	3,003,698
Credit card	36,337	34,699
Purchase of consumer durables	691	695
Construction	814,310	777,160
Working capital	5,855,949	5,719,179
Other purpose	140,610	139,210
Gross financing and advances	56,008,716	54,650,354

g. By sectors

	31 March 2021 RM'000	31 December 2020 RM'000
Agriculture, hunting, forestry and fishing	513,733	889,124
Mining and quarrying	150,593	149,280
Manufacturing	1,525,136	1,508,088
Electricity, gas and water	4,981	5,174
Construction	2,471,245	2,408,706
Wholesale & retail trade and restaurants & hotels	3,069,343	2,960,882
Transport, storage and communication	481,695	473,145
Finance, insurance and business services	1,869,521	1,773,243
Real estate	3,663,787	3,646,447
Community, social and personal services	1,369,650	1,354,561
Households	40,889,032	39,481,702
Others	-	2
Gross financing and advances	56,008,716	54,650,354

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A10. Financing and Advances (continued)

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

	31 March 2021 RM'000	31 December 2020 RM'000
At 1 January	169,421	275,050
Impaired during the period / year	57,617	190,044
Reclassified as non-credit impaired	(54,825)	(191,093)
Recoveries	(9,250)	(39,279)
Amount written off	(8,356)	(60,617)
Financing converted to foreclosed properties	(1,994)	(4,684)
Closing balance	<u>152,613</u>	<u>169,421</u>
Gross impaired financing as a percentage of gross financing and advances	<u>0.27%</u>	<u>0.31%</u>

i. Impaired financing and advances by economic purpose

	31 March 2021 RM'000	31 December 2020 RM'000
Purchase of transport vehicles	42,556	38,903
Purchase of landed properties	90,177	111,636
(of which: - residential	72,530	86,075
- non-residential)	17,647	25,561
Personal use	16,276	14,229
Credit card	228	120
Working capital	3,358	4,513
Other purpose	18	20
	<u>152,613</u>	<u>169,421</u>

j. Impaired financing and advances by sectors

	31 March 2021 RM'000	31 December 2020 RM'000
Agriculture, hunting, forestry and fishing	22	55
Mining and quarrying	234	231
Manufacturing	588	606
Construction	4,041	8,377
Wholesale & retail trade and restaurants & hotels	3,164	4,505
Transport, storage and communication	299	134
Finance, insurance and business services	2,855	6,855
Real estate	1,853	1,670
Community, social and personal services	1,301	1,555
Households	138,256	145,433
	<u>152,613</u>	<u>169,421</u>

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 2021	249,018	175,333	49,648	473,999
Changes due to financing and advances recognised as at 1 January 2021:	14,801	(9,251)	(5,550)	-
- Transfer to Stage 1: 12-Month ECL	19,608	(18,010)	(1,598)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(4,772)	9,956	(5,184)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(35)	(1,197)	1,232	-
New financing and advances originated	2,777	2,457	-	5,234
Net remeasurement due to changes in credit risk	(16,625)	16,415	13,489	13,279
Financing and advances derecognised (other than write-off)	(1,120)	(14,834)	(1,119)	(17,073)
Modifications to contractual cash flows of financing and advances	(378)	31,159	630	31,411
Changes in models / risk parameters	(42,134)	47,596	-	5,462
Amount written off	-	-	(8,356)	(8,356)
At 31 March 2021	<u>206,339</u>	<u>248,875</u>	<u>48,742</u>	<u>503,956</u>
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	<u>249,018</u>	<u>175,333</u>	<u>49,648</u>	<u>473,999</u>

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A11. Other Assets

	31 March 2021 RM'000	31 December 2020 RM'000
Deferred handling fees	42,707	40,023
Income receivable	74	91
Other receivables, deposits and prepayments	133,157	129,963
Tax recoverable	-	41,287
Employee benefits	-	32
Foreclosed properties	22,734	20,835
	198,672	232,231

A12. Deposits from Customers

a. By type of deposit and contract

	31 March 2021 RM'000	31 December 2020 RM'000
<u>At amortised cost</u>		
Savings deposit		
- Qard	9,331,800	8,561,432
Demand deposit		
- Qard	6,184,760	5,815,770
Term deposit		
- Term deposit		
- Commodity Murabahah	39,370,288	40,003,712
- Special term deposit account		
- Commodity Murabahah	7,966,737	7,436,983
	62,853,585	61,817,897

b. By type of customer

	31 March 2021 RM'000	31 December 2020 RM'000
Federal and state governments	3,794,730	4,067,101
Local government and statutory authorities	686,472	676,356
Business enterprises	11,558,594	10,877,438
Individuals	24,879,838	23,989,087
Foreign customers	613,159	615,937
Others	21,320,792	21,591,978
	62,853,585	61,817,897

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A12. Deposits from Customers (continued)

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

	31 March 2021 RM'000	31 December 2020 RM'000
Due within six months	39,163,001	40,950,133
More than six months to one year	8,171,967	6,488,683
More than one year to three years	1,135	881
More than three years to five years	922	998
	47,337,025	47,440,695

A13. Deposits from Banks

	31 March 2021 RM'000	31 December 2020 RM'000
At amortised cost		
<u>Non-Mudharabah Fund</u>		
Licensed banks	1,952,463	1,969,892
Licensed investment banks	11,247	16,059
Bank Negara Malaysia	79,215	74,366
Other financial institutions	6,380	7,537
	2,049,305	2,067,854

A14. Other Liabilities

	31 March 2021 RM'000	31 December 2020 RM'000 (Restated)
Income payable	259,225	352,414
Other payables and accruals (Note A30)	277,319	256,793
Employee benefits	200	-
Accrued restoration costs	569	569
Allowance for impairment on financing commitments and financial guarantees	10,140	10,509
	547,453	620,285

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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 2021	7,953	2,466	90	10,509
Changes due to financing commitments and financial guarantees recognised as at 1 January 2021:	442	(382)	(60)	-
- Transfer to Stage 1: 12-Month ECL	500	(481)	(19)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(58)	108	(50)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	-	(9)	9	-
New financing commitments and financial guarantees originated	240	335	-	575
Net remeasurement due to changes in credit risk	(1,118)	285	128	(705)
Financing commitments and financial guarantees derecognised	(45)	(23)	-	(68)
Modifications to contractual cash flows of financing commitments and financial guarantees	(2)	146	-	144
Changes in models / risk parameters	(840)	525	-	(315)
At 31 March 2021	6,630	3,352	158	10,140
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	7,953	2,466	90	10,509

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

	1st Quarter Ended		Three Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)
Income derived from investment of:				
(a) Term deposits	461,847	520,095	461,847	520,095
(b) Other deposits	168,313	142,425	168,313	142,425
	630,160	662,520	630,160	662,520
a. Income derived from investment of term deposits:				
<u>Finance income and Hibah</u>				
Financing and advances (Note A30)	345,144	399,203	345,144	399,203
Financial investments at fair value through other comprehensive income	44,908	59,385	44,908	59,385
Financial investments at amortised cost	26,349	26,254	26,349	26,254
Balances with banks	515	1,623	515	1,623
	416,916	486,465	416,916	486,465
Financial assets at fair value through profit or loss	-	3,581	-	3,581
Total finance income and Hibah	416,916	490,046	416,916	490,046
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	6,518	4,463	6,518	4,463
- Service charges and fees	2,359	2,935	2,359	2,935
- Facility fees	150	2,515	150	2,515
- Other fee income	967	845	967	845
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments at fair value through other comprehensive income	32,089	10,871	32,089	10,871
- Net (loss) / gain representing ineffective portions of hedging derivatives	(269)	3,727	(269)	3,727
- Others	11	149	11	149
Gross distribution income from collective investment	2,068	3,154	2,068	3,154
Other income	1,038	1,390	1,038	1,390
Total other operating income	44,931	30,049	44,931	30,049
	461,847	520,095	461,847	520,095

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

	1st Quarter Ended		Three Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)
b. Income derived from investment of other deposits:				
<u>Finance income and Hibah</u>				
Financing and advances (Note A30)	125,782	109,320	125,782	109,320
Financial investments at fair value through other comprehensive income	16,366	16,262	16,366	16,262
Financial investments at amortised cost	9,602	7,189	9,602	7,189
Balances with banks	188	444	188	444
	151,938	133,215	151,938	133,215
Financial assets at fair value through profit or loss	-	981	-	981
Total finance income and Hibah	151,938	134,196	151,938	134,196
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	2,376	1,222	2,376	1,222
- Service charges and fees	860	804	860	804
- Facility fees	55	689	55	689
- Other fee income	352	231	352	231
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments at fair value through other comprehensive income	11,694	2,977	11,694	2,977
- Net (loss) / gain representing ineffective portions of hedging derivatives	(98)	1,021	(98)	1,021
- Others	5	40	5	40
Gross distribution income from collective investment	753	864	753	864
Other income	378	381	378	381
Total other operating income	16,375	8,229	16,375	8,229
	168,313	142,425	168,313	142,425

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A16. Income Derived from Investment of Shareholder's Funds

	1st Quarter Ended		Three Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)
<u>Finance income and Hibah</u>				
Financing and advances (Note A30)	40,443	43,060	40,443	43,060
Financial investments at fair value through other comprehensive income	5,262	6,406	5,262	6,406
Financial investments at amortised cost	3,087	2,832	3,087	2,832
Balances with banks	60	175	60	175
	48,852	52,473	48,852	52,473
Financial assets at fair value through profit or loss	-	386	-	386
Total finance income and Hibah	48,852	52,859	48,852	52,859
<u>Other operating income</u>				
Fee and commission income:				
- Commissions	764	481	764	481
- Service charges and fees	276	317	276	317
- Facility fees	18	271	18	271
- Other fee income	113	91	113	91
Net gains and losses on financial instruments:				
- Net gain arising from sale of financial investments at fair value through other comprehensive income	3,760	1,173	3,760	1,173
- Net (loss) / gain representing ineffective portions of hedging derivatives	(32)	402	(32)	402
- Others	2	16	2	16
Gross distribution income from collective investment	242	340	242	340
Other income	122	150	122	150
Total other operating income	5,265	3,241	5,265	3,241
	54,117	56,100	54,117	56,100

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A17. Allowance for Impairment on Financing and Advances

	1st Quarter Ended		Three Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Expected credit losses	37,944	18,443	37,944	18,443
Impaired financing recovered	(7,336)	(6,416)	(7,336)	(6,416)
	30,608	12,027	30,608	12,027

A18. Allowance for Impairment on Other Assets

	1st Quarter Ended		Three Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Expected credit losses on:				
- Financial investments at fair value through other comprehensive income	18	(84)	18	(84)
- Financial investments at amortised cost	(27)	61	(27)	61
Allowance for impairment on foreclosed properties	95	-	95	-
	86	(23)	86	(23)

A19. Income Attributable to Depositors and Others

	1st Quarter Ended		Three Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Deposits from customers				
- Non-Mudharabah fund	246,947	392,432	246,947	392,432
Deposits from banks				
- Non-Mudharabah fund	17,733	23,726	17,733	23,726
Sukuk Murabahah	15,869	16,046	15,869	16,046
Lease liabilities	205	217	205	217
	280,754	432,421	280,754	432,421

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A20. Personnel expenses

	1st Quarter Ended		Three Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Salaries, allowances and bonuses	4,472	4,210	4,472	4,210
Pension costs	803	731	803	731
Others	743	730	743	730
	6,018	5,671	6,018	5,671

A21. Other Overheads and Expenditures

	1st Quarter Ended		Three Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Establishment costs				
- Depreciation	469	445	469	445
- Insurance	236	235	236	235
- Water and electricity	49	48	49	48
- General repairs and maintenance	1,100	134	1,100	134
- Others	496	359	496	359
	2,350	1,221	2,350	1,221
Marketing expenses				
- Advertisement and publicity	433	530	433	530
- Others	178	227	178	227
	611	757	611	757
Administration and general expenses				
- Communication expenses	1,942	1,758	1,942	1,758
- Legal and professional fees	2,335	1,397	2,335	1,397
- Others	4,678	4,733	4,678	4,733
	8,955	7,888	8,955	7,888
Cost of resource sharing charged by Public Bank Berhad *	113,331	109,753	113,331	109,753
Recovery of expenses	(4,827)	(3,412)	(4,827)	(3,412)
	120,420	116,207	120,420	116,207

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

	1st Quarter Ended		Three Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Credit related	48,688	48,488	48,688	48,488
Non-credit branch support	40,578	40,770	40,578	40,770
Other administration function	24,065	20,495	24,065	20,495
	113,331	109,753	113,331	109,753

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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 1st quarter and financial period ended 31 March 2021.

	1st Quarter Ended		Three Months Ended	
	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)	31 March 2021 RM'000	31 March 2020 RM'000 (Restated)
Net profit attributable to equity holder of the Bank (RM'000)	187,442	116,678	187,442	116,678
Weighted average number of shares in issue ('000)	231,217	231,217	231,217	231,217
Basic EPS (sen)	81.07	50.46	81.07	50.46

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 RM246.4 million for the financial period ended 31 March 2021, which was 61.8% or RM94.1 million higher as compared to pre-tax profit of RM152.3 million for the financial period ended 31 March 2020. The higher profit was primarily due to higher net finance income of RM92.3 million and higher other operating income of RM25.0 million offset by higher allowance for impairment on financing and advances of RM18.5 million and higher other operating expenses of RM4.6 million.

A24. Prospects for 2021

The adverse effects of the containment measures to prevent the spread of the COVID-19 pandemic will continue to be felt in 2021 as the world adapts and adjusts to the new normal macro environment. Both fiscal and monetary policies globally are expected to remain accommodative in support of the economic recovery. Additional policy support and expectations of vaccine driven improvements in economic activities are likely to outweigh the drags arising from the high number of COVID-19 infections during the start of 2021. Mainly, the outlook is dependent on the developments related to the pandemic and potential challenges that might affect the roll-out of vaccines globally.

Advanced economies, including the United States of America, Europe and Japan are expected to gradually recover in 2021, following downturns in 2020. Asia's economic growth is also expected to improve, in tandem with the expectation of global recovery ahead.

Policy accommodation will continue to provide support to the gradual economic recovery and growth trajectory of the Malaysian economy in 2021. Underlying inflation is expected to remain subdued owing to the continued spare capacity in the economy. External demand will be supported by the recovery in global growth, while domestic economic activities are expected to gather pace partly driven by the continued policy support.

The economy will also be supported by the small and medium enterprises ("SME") who had benefitted from the funding assistance through various initiatives by the Government and Bank Negara Malaysia, including PENJANA SME Financing, PENJANA Tourism Financing, Special Relief Facility and Micro Enterprises Facility.

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A24. Prospects for 2021 (continued)

The accommodative monetary and financial conditions will continue to be supportive of economic activities. The Malaysian banking system is also underpinned by ample liquidity and strong capital buffers.

The Bank continues to operate efficiently, maintain prudence in management of credit risk and asset quality while preserving strong corporate governance and sound 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 capitalise on its efficient customer service delivery and extensive network of physical and digital channels, while sustaining its market position in both the domestic retail and consumer segments. 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 continue to maintain a prudent risk profile, while further strengthening its risk management capabilities to weather potential market stresses.

Amid the unprecedented COVID-19 pandemic, the Bank will continue to ensure that the Bank remains well-capitalised and well-funded to support its business and safeguard the interests of its stakeholders. The Bank's healthy capital position and ample liquidity buffer coupled with its stable asset quality and financing loss reserves will enable the Bank to navigate through the challenges ahead.

The Bank will proactively manage any potential stress in asset quality, while it continues to provide assistance to customers with financial difficulties through various financing repayment assistance programmes and debt rehabilitation support. The Bank remains committed to actively engage and assist customers by providing an expanded targeted repayment assistance for B40 individuals and microenterprises, either through deferment of instalments or reduction of instalments.

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.

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 ----->						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	
1st Quarter Ended 31 March 2021							
External revenue	107,650	350,175	44,920	69,187	112,332	-	684,264
Revenue from other segments	-	94,370	20	26,977	20,159	(141,526)	-
	107,650	444,545	44,940	96,164	132,491	(141,526)	684,264
Net finance income	33,202	218,511	14,721	11,012	59,506	-	336,952
Other operating income	208	15,674	16	34,743	15,930	-	66,571
Net income	33,410	234,185	14,737	45,755	75,436	-	403,523
Other operating expenses	(11,996)	(84,408)	(1,384)	(1,544)	(27,106)	-	(126,438)
(Allowance) / Writeback of allowance for impairment on financing and advances	(19,238)	(20,049)	8,679	-	-	-	(30,608)
(Allowance) / Writeback of allowance for impairment on other assets	-	(95)	-	(5)	14	-	(86)
Profit by segments	2,176	129,633	22,032	44,206	48,344	-	246,391
Cost income ratio	35.9%	36.0%	9.4%	3.4%	35.9%	-	31.3%
Gross financing and advances	9,085,105	42,226,334	4,697,277	-	-	-	56,008,716
Financing growth	3.3%	3.3%	-5.9%	-	-	-	2.5%
Impaired financing and advances	42,543	108,502	1,568	-	-	-	152,613
Impaired financing ratio	0.47%	0.26%	0.03%	-	-	-	0.27%
Deposits from customers	-	54,880,881	5,087	7,967,617	-	-	62,853,585
Deposit growth	-	0.9%	-28.5%	7.1%	-	-	1.7%
Segment assets	8,969,183	55,338,248	4,644,014	9,903,745	9,873,762	(16,363,364)	72,365,588
Reconciliation of segment assets to total assets:							
Investment in an associated company							67,500
Unallocated assets							64,866
Total assets							72,497,954

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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	
1st Quarter Ended 31 March 2020 (Restated)							
External revenue	105,193	401,738	59,133	62,254	90,289	-	718,607
Revenue from other segments	30	142,948	46	31,252	39,325	(213,601)	-
	<u>105,223</u>	<u>544,686</u>	<u>59,179</u>	<u>93,506</u>	<u>129,614</u>	<u>(213,601)</u>	<u>718,607</u>
Net finance income	25,891	170,716	12,720	5,546	29,807	-	244,680
Other operating income	466	12,922	3,253	11,804	13,074	-	41,519
Net income	<u>26,357</u>	<u>183,638</u>	<u>15,973</u>	<u>17,350</u>	<u>42,881</u>	<u>-</u>	<u>286,199</u>
Other operating expenses	(14,948)	(82,540)	(917)	(871)	(22,602)	-	(121,878)
Allowance for impairment on financing and advances	(3,508)	(7,941)	(578)	-	-	-	(12,027)
Writeback of allowance / (Allowance) for impairment on other assets	-	-	-	35	(12)	-	23
Profit by segments	<u>7,901</u>	<u>93,157</u>	<u>14,478</u>	<u>16,514</u>	<u>20,267</u>	<u>-</u>	<u>152,317</u>
Cost income ratio	56.7%	44.9%	5.7%	5.0%	52.7%	-	42.6%
Gross financing and advances	8,148,052	37,420,638	5,249,959	-	-	-	50,818,649
Financing growth	-2.0%	2.2%	2.5%	-	-	-	1.6%
Impaired financing and advances	56,253	186,104	-	-	-	-	242,357
Impaired financing ratio	0.69%	0.50%	-	-	-	-	0.48%
Deposits from customers	-	51,276,379	221	7,735,444	-	-	59,012,044
Deposit growth	-	-3.1%	-98.1%	19.9%	-	-	-0.6%
Segment assets	<u>8,082,110</u>	<u>51,797,033</u>	<u>5,232,008</u>	<u>9,505,923</u>	<u>9,134,037</u>	<u>(15,631,111)</u>	<u>68,120,000</u>
Reconciliation of segment assets to total assets:							
Investment in an associated company							45,000
Unallocated assets							23,613
Total assets							<u>68,188,613</u>

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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):

	31 March 2021	31 December 2020 (Restated)
<u>Before deducting interim dividend *</u>		
Common Equity Tier I ("CET I") capital ratio	11.687%	12.176%
Tier I capital ratio	11.687%	12.176%
Total capital ratio	15.209%	15.751%
<u>After deducting interim dividend *</u>		
CET I capital ratio	11.687%	12.176%
Tier I capital ratio	11.687%	12.176%
Total capital ratio	15.209%	15.751%

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

	31 March 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	19,083	91,425
Retained profits	2,327,859	2,327,859
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	5,012,159	5,106,977
<u>Tier II capital</u>		
Stage 1 and Stage 2 expected credit loss allowances	467,566	437,149
Qualifying regulatory reserves	42,989	62,309
Subordinated Sukuk Murabahah	1,000,000	1,000,000
Total Tier II capital	1,510,555	1,499,458
Total capital	6,522,714	6,606,435

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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.

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:

	31 March 2021 RM'000	31 December 2020 RM'000
Credit risk	40,844,372	39,956,669
Market risk	106	120
Operational risk	2,042,524	1,986,509
	<u>42,887,002</u>	<u>41,943,298</u>

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A28. Commitments and Contingencies

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

	31 March 2021 RM'000	31 December 2020 RM'000
<u>Contingent Liabilities</u>		
Direct credit substitutes	33,276	33,408
Transaction-related contingent items	68,625	68,691
Short term self-liquidating trade-related contingencies	8,162	4,116
	110,063	106,215
<u>Commitments</u>		
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:		
- exceeding one year	6,550,889	6,408,715
- not exceeding one year	2,627,167	2,575,280
Unutilised credit card lines	166,086	156,502
	9,344,142	9,140,497
<u>Derivative Financial Instruments</u>		
Foreign exchange related contracts:		
- up to one year	67	7
Profit rate related contracts:		
- more than one year to five years	1,800,000	1,700,000
- more than five years	1,000,000	1,000,000
	2,800,067	2,700,007
	12,254,272	11,946,719

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A29. Fair Value Measurements

Determination of Fair Value and Fair Value Hierarchy

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

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

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

- Level 1 - Quoted market prices: quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 - Fair values based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and
- Level 3 - Fair values derived using unobservable inputs: inputs used are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments.

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A29. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

31 March 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	-	9,613,245	-	9,613,245
Derivative financial assets	-	7,901	-	7,901
Total financial assets measured at fair value	-	9,621,146	-	9,621,146
Financial liabilities				
Derivative financial liabilities	-	138,269	-	138,269
Total financial liabilities measured at fair value	-	138,269	-	138,269

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A29. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

31 December 2020	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	-	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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A30. 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 31 March 2021 which are pending documentation enhancements amounted to RM2.55 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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A30. 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 financial period ended 31 March 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	415,700	(16,497)	399,203
(b) Other deposits	113,837	(4,517)	109,320
(c) Shareholder's funds	44,839	(1,779)	43,060
Profit before zakat and taxation	175,110	(22,793)	152,317
Taxation	(41,028)	5,470	(35,558)
Profit for the period	134,001	(17,323)	116,678

(iii) Statement of cash flows

	For the financial period ended 31 March 2020		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
	Profit before zakat and taxation	175,110	(22,793)
Operating profit before working capital changes	169,346	(22,793)	146,553
Net changes in operating liabilities	(913,199)	22,793	(890,406)

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A30. 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
<hr/>			
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%
<hr/>			
<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%
<hr/>			

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