

**PILLAR 3 DISCLOSURE****As at 30 June 2019****1. Overview**

The information of Public Bank Group ("the Group") below is disclosed pursuant to the requirements of the Bank Negara Malaysia ("BNM")'s Risk-Weighted Capital Adequacy Framework (Basel II) ("RWCAF") - Disclosure Requirements (Pillar 3). Certain information relating to Public Bank Berhad ("the Bank") is presented on a voluntary basis to provide additional information to users.

**Minimum Regulatory Capital Requirements**

The following tables present the minimum regulatory capital requirements to support the Group's and the Bank's risk-weighted assets:

	<b>30 June 2019</b>		<b>31 December 2018</b>	
	<b>Risk-Weighted Assets RM'000</b>	<b>Minimum Capital Requirement at 8% RM'000</b>	<b>Risk-Weighted Assets RM'000</b>	<b>Minimum Capital Requirement at 8% RM'000</b>
<b>Group</b>				
Credit Risk	<b>250,872,991</b>	<b>20,069,839</b>	243,758,710	19,500,697
Market Risk	<b>4,302,866</b>	<b>344,229</b>	4,313,276	345,062
Operational Risk	<b>19,786,115</b>	<b>1,582,889</b>	19,472,018	1,557,761
Large Exposure Risk	<b>602,683</b>	<b>48,215</b>	581,132	46,491
<b>Total</b>	<b>275,564,655</b>	<b>22,045,172</b>	268,125,136	21,450,011
<b>Bank</b>				
Credit Risk	<b>201,133,730</b>	<b>16,090,698</b>	195,930,586	15,674,447
Market Risk	<b>5,650,088</b>	<b>452,007</b>	4,994,901	399,592
Operational Risk	<b>13,510,652</b>	<b>1,080,852</b>	13,517,986	1,081,439
Large Exposure Risk	<b>577,195</b>	<b>46,176</b>	556,873	44,550
<b>Total</b>	<b>220,871,665</b>	<b>17,669,733</b>	215,000,346	17,200,028

# PUBLIC BANK BERHAD (6463-H)

## 2. Capital Management

### Capital Adequacy Ratios and Capital Structure

#### (a) Capital Adequacy Ratios

Tables (i)-(ii) present the capital adequacy ratios for the following:

- (i) the Group and the Bank
- (ii) the banking subsidiary companies of the Bank

#### (i) Capital Adequacy Ratios of the Group and of the Bank

	Group		Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b>Before deducting interim dividends*:</b>				
Common equity tier I ("CET I") capital ratio	<b>13.649%</b>	13.628%	<b>12.431%</b>	12.657%
Tier I capital ratio	<b>14.030%</b>	14.270%	<b>12.878%</b>	13.428%
Total capital ratio	<b>16.456%</b>	16.840%	<b>15.375%</b>	15.963%
<b>After deducting interim dividends*:</b>				
CET I capital ratio	<b>13.184%</b>	13.092%	<b>11.851%</b>	11.989%
Tier I capital ratio	<b>13.565%</b>	13.734%	<b>12.298%</b>	12.760%
Total capital ratio	<b>15.992%</b>	16.304%	<b>14.795%</b>	15.295%

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

The capital adequacy ratios of the Group consist of total capital and risk-weighted assets derived from consolidated balances of the Bank and its subsidiary companies. The capital adequacy ratios of the Bank consist of total capital and risk-weighted assets derived from the Bank and from its wholly-owned offshore banking subsidiary company, Public Bank (L) Ltd.

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

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

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

Banking institutions are also required to maintain a capital conservation buffer of 2.5% and a CCyB above the minimum regulatory capital adequacy ratios. A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Group and the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Group and the Bank have applied CCyB on their private sector credit exposures outside Malaysia in line with the respective jurisdictions' requirement to maintain their CCyB. Where the prevailing CCyB rate applied in jurisdictions outside Malaysia is more than 2.5%, the CCyB rate for that jurisdiction is capped at 2.5% for the purpose of calculating the Group's and the Bank's CCyB, unless specified otherwise by BNM.

The Group's and the Bank's CCyB which are determined based on the weighted average of prevailing CCyB rates of their private sector credit exposures outside Malaysia are insignificant due to their immaterial exposures. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

**PUBLIC BANK BERHAD (6463-H)**

**2. Capital Management (Cont'd.)**

**Capital Adequacy Ratios and Capital Structure (Cont'd.)**

**(a) Capital Adequacy Ratios (Cont'd.)**

**(ii) Capital Adequacy Ratios of the Banking Subsidiary Companies of the Bank**

	<b>Public Islamic Bank Berhad<sup>1</sup></b>	<b>Public Investment Bank Berhad<sup>2</sup></b>	<b>Public Bank (L) Ltd.<sup>3</sup></b>	<b>Public Bank (Hong Kong) Limited<sup>4</sup></b>	<b>Public Finance Limited<sup>4</sup></b>	<b>Cambodian Public Bank Plc<sup>5</sup></b>	<b>Public Bank Vietnam Limited<sup>6</sup></b>
<b>30 June 2019</b>							
<b>Before deducting interim dividends*:</b>							
CET I capital ratio	12.240%	50.390%	18.191%	17.075%	22.721%	N/A	N/A
Tier I capital ratio	12.240%	50.390%	18.191%	17.075%	22.721%	N/A	N/A
Total capital ratio	14.806%	51.115%	18.201%	18.328%	23.783%	20.032%	22.573%
<b>After deducting interim dividends*:</b>							
CET I capital ratio	12.240%	50.390%	18.191%	17.075%	20.747%	N/A	N/A
Tier I capital ratio	12.240%	50.390%	18.191%	17.075%	20.747%	N/A	N/A
Total capital ratio	14.806%	51.115%	18.201%	18.328%	21.809%	20.032%	22.573%
<b>31 December 2018</b>							
<b>Before deducting interim dividends*:</b>							
CET I capital ratio	12.087%	51.529%	19.171%	16.342%	23.326%	N/A	N/A
Tier I capital ratio	12.087%	51.529%	19.171%	16.342%	23.326%	N/A	N/A
Total capital ratio	16.116%	52.062%	19.175%	17.510%	24.381%	19.756%	25.703%
<b>After deducting interim dividends*:</b>							
CET I capital ratio	11.955%	47.019%	19.171%	16.342%	21.248%	N/A	N/A
Tier I capital ratio	11.955%	47.019%	19.171%	16.342%	21.248%	N/A	N/A
Total capital ratio	15.984%	47.552%	19.175%	17.510%	22.303%	19.756%	25.703%

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

## **PUBLIC BANK BERHAD (6463-H)**

### **2. Capital Management (Cont'd.)**

#### **Capital Adequacy Ratios and Capital Structure (Cont'd.)**

##### **(a) Capital Adequacy Ratios (Cont'd.)**

##### **(ii) Capital Adequacy Ratios of the Banking Subsidiary Companies of the Bank (Cont'd.)**

- <sup>1</sup> The risk-weighted assets of Public Islamic Bank Berhad ("PIBB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios 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 requirements before including capital conservation buffer and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIBB is required to maintain a capital conservation buffer of 2.5% and a CCyB if this buffer is applied by regulators in countries which PIBB has exposures to.
- <sup>2</sup> The risk-weighted assets of Public Investment Bank Berhad ("PIVB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Frameworks on Capital Components and Basel II - Risk-Weighted Assets. The minimum regulatory capital adequacy requirements before including capital conservation buffer and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIVB is required to maintain a capital conservation buffer of 2.5% and a CCyB if this buffer is applied by regulators in countries which PIVB has exposures to.
- <sup>3</sup> The risk-weighted assets of Public Bank (L) Ltd ("PBL") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with the Banking Capital Adequacy Framework – Guidelines on Capital Components and Risk Weighted Assets issued by the Labuan Financial Services Authority ("Labuan FSA"). The minimum regulatory capital adequacy requirements for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.
- <sup>4</sup> These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The capital adequacy ratios of these two subsidiary companies are computed in accordance with the provisions of the Banking (Amendment) Ordinance 2012 relating to Basel III capital standards and the amended Banking Capital Rules. These two subsidiaries are required to maintain a capital conservation buffer of 2.5% and a CCyB of 2.5% (2018: 1.875%) as imposed by Hong Kong Monetary Authority to their private sector exposures in Hong Kong with effect from 1 January 2019.
- <sup>5</sup> The amount presented here is the solvency ratio of Cambodian Public Bank Plc ("Campu Bank"), which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with National Bank of Cambodia ("NBC") Prakas B7-010-182 and B7-00-46 (amended by Prakas No. B7-04-206 and Prakas No. B7-07-135). This ratio is derived as Campu Bank's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.
- <sup>6</sup> The amount presented here is the capital adequacy ratio of Public Bank Vietnam Limited ("PBVN"), which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with SBV Circular No.19/2017/TT-NHNN being amendment of and supplement to Circular No.36/2014/TT-NHNN on safety ratios, limits in operations of credit institutions issued by the State Bank of Vietnam. This ratio is derived as PBVN's capital divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory capital adequacy ratio requirement is 9.0%.

**PUBLIC BANK BERHAD (6463-H)**

**2. Capital Management (Cont'd.)**

**Capital Adequacy Ratios and Capital Structure (Cont'd.)**

**(b) Capital Structure**

The following tables present the capital structure of the Group and of the Bank.

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CET I/Tier I capital</b>				
Share capital	9,417,653	9,417,653	9,417,653	9,417,653
Other reserves	1,430,941	1,247,057	827,679	759,892
Retained profits	28,917,540	28,051,532	24,322,411	23,619,722
Qualifying non-controlling interests	708,914	702,333	-	-
Less: Goodwill and other intangible assets	(2,457,015)	(2,454,755)	(695,393)	(695,393)
Less: Deferred tax assets, net	(79,166)	(81,374)	-	-
Less: Defined benefit pension fund assets	(229,964)	(249,036)	(226,733)	(245,535)
Less: Investment in banking/insurance subsidiary companies and associated companies deducted from CET I capital	(96,369)	(92,847)	(6,188,341)	(5,644,441)
Total CET I capital	<b>37,612,534</b>	36,540,563	<b>27,457,276</b>	27,211,898
Additional Tier 1 capital securities	99,521	99,462	99,521	99,462
Non-innovative Tier I stapled securities	888,000	1,559,840	888,000	1,559,840
Qualifying CET I and additional Tier I capital instruments held by third parties	61,126	61,325	-	-
Total Tier I capital	<b>38,661,181</b>	38,261,190	<b>28,444,797</b>	28,871,200
<b>Tier II capital</b>				
Stage 1 and Stage 2 expected credit loss allowances	1,659,042	1,706,858	1,227,567	1,277,949
Qualifying regulatory reserves	1,476,870	1,340,126	1,286,605	1,171,183
Subordinated notes	2,999,983	2,999,980	2,999,983	2,999,980
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	430,633	724,569	-	-
Others	120,566	119,871	-	-
Total Tier II capital	<b>6,687,094</b>	6,891,404	<b>5,514,155</b>	5,449,112
<b>Total capital</b>	<b>45,348,275</b>	45,152,594	<b>33,958,952</b>	34,320,312

## PUBLIC BANK BERHAD (6463-H)

### 3. Credit Risk

#### Minimum Regulatory Capital Requirements for Credit Risk

The following tables present the minimum regulatory capital requirements for credit risk of the Group and of the Bank.

<b>Group Exposure Class</b>	<b>Total Exposures before Credit Risk Mitigation RM'000</b>	<b>Total Exposures after Credit Risk Mitigation RM'000</b>	<b>Risk- Weighted Assets RM'000</b>	<b>Minimum Capital Requirement at 8% RM'000</b>
<b>30 June 2019</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	56,126,708	55,826,418	2,102,087	168,167
Public Sector Entities	2,054,049	2,054,049	39,783	3,183
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	18,112,670	17,317,963	5,332,966	426,637
Insurance Companies, Securities Firms and Fund Managers	537,559	537,508	537,508	43,001
Corporates	92,293,031	89,936,013	69,895,767	5,591,661
Regulatory Retail	130,391,510	129,334,243	99,660,815	7,972,865
Residential Mortgages	113,271,478	113,079,830	48,679,843	3,894,388
Higher Risk Assets	79,908	79,907	119,861	9,589
Other Assets	6,771,166	6,771,166	4,342,367	347,389
Equity Exposures	762,904	762,904	762,904	61,032
Defaulted Exposures	1,312,641	1,312,204	1,708,580	136,686
	<b>421,713,624</b>	<b>417,012,205</b>	<b>233,182,481</b>	<b>18,654,598</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	21,558,687	20,902,962	17,300,761	1,384,061
Derivative Financial Instruments	778,453	778,453	322,702	25,816
Other Treasury-related Exposures	969,316	969,316	55,150	4,412
Defaulted Exposures	8,716	8,716	11,897	952
	<b>23,315,172</b>	<b>22,659,447</b>	<b>17,690,510</b>	<b>1,415,241</b>
<b>Total Credit Exposures</b>	<b>445,028,796</b>	<b>439,671,652</b>	<b>250,872,991</b>	<b>20,069,839</b>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**Minimum Regulatory Capital Requirements for Credit Risk (Cont'd.)**

<b>Group Exposure Class</b>	<b>Total Exposures before Credit Risk Mitigation RM'000</b>	<b>Total Exposures after Credit Risk Mitigation RM'000</b>	<b>Risk- Weighted Assets RM'000</b>	<b>Minimum Capital Requirement at 8% RM'000</b>
<b>31 December 2018</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	61,117,206	60,916,325	1,663,396	133,072
Public Sector Entities	2,072,039	2,072,039	49,633	3,971
Banks, DFIs and MDBs	15,060,728	15,060,728	4,228,340	338,267
Insurance Companies, Securities Firms and Fund Managers	444,896	444,878	444,878	35,590
Corporates	91,583,089	89,305,235	69,474,704	5,557,976
Regulatory Retail	128,526,289	127,553,860	98,105,114	7,848,409
Residential Mortgages	109,103,738	108,928,547	46,409,880	3,712,790
Higher Risk Assets	72,106	72,105	108,158	8,653
Other Assets	6,174,885	6,174,885	3,587,561	287,005
Equity Exposures	742,415	742,415	742,415	59,393
Defaulted Exposures	1,205,769	1,205,269	1,502,760	120,221
	<u>416,103,160</u>	<u>412,476,286</u>	<u>226,316,839</u>	<u>18,105,347</u>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	21,139,417	20,462,894	16,996,889	1,359,751
Derivative Financial Instruments	886,469	886,469	371,057	29,685
Other Treasury-related Exposures	323,665	323,665	64,733	5,179
Defaulted Exposures	6,969	6,969	9,192	735
	<u>22,356,520</u>	<u>21,679,997</u>	<u>17,441,871</u>	<u>1,395,350</u>
<b>Total Credit Exposures</b>	<u>438,459,680</u>	<u>434,156,283</u>	<u>243,758,710</u>	<u>19,500,697</u>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**Minimum Regulatory Capital Requirements for Credit Risk (Cont'd.)**

<b>Bank Exposure Class</b>	<b>Total Exposures before Credit Risk Mitigation RM'000</b>	<b>Total Exposures after Credit Risk Mitigation RM'000</b>	<b>Risk- Weighted Assets RM'000</b>	<b>Minimum Capital Requirement at 8% RM'000</b>
<b>30 June 2019</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	34,874,555	34,574,264	60,145	4,812
Public Sector Entities	453,241	453,241	2,292	183
Banks, DFIs and MDBs	12,288,318	11,493,611	3,078,673	246,294
Insurance Companies, Securities Firms and Fund Managers	10,184	10,184	10,184	815
Corporates	76,843,938	75,318,402	58,135,627	4,650,850
Regulatory Retail	99,668,152	98,819,422	74,902,262	5,992,181
Residential Mortgages	89,509,155	89,348,296	37,951,116	3,036,089
Higher Risk Assets	68,976	68,976	103,465	8,277
Other Assets	5,523,633	5,523,633	4,542,094	363,368
Equity Exposures	6,343,882	6,343,882	6,343,882	507,511
Defaulted Exposures	1,005,960	1,005,590	1,324,104	105,928
	<b>326,589,994</b>	<b>322,959,501</b>	<b>186,453,844</b>	<b>14,916,308</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	17,963,750	17,344,984	14,266,665	1,141,333
Derivative Financial Instruments	991,941	991,941	364,778	29,182
Other Treasury-related Exposures	665,764	665,764	41,701	3,336
Defaulted Exposures	4,908	4,908	6,742	539
	<b>19,626,363</b>	<b>19,007,597</b>	<b>14,679,886</b>	<b>1,174,390</b>
<b>Total Credit Exposures</b>	<b>346,216,357</b>	<b>341,967,098</b>	<b>201,133,730</b>	<b>16,090,698</b>



**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**Minimum Regulatory Capital Requirements for Credit Risk (Cont'd.)**

<b>Bank Exposure Class</b>	<b>Total Exposures before Credit Risk Mitigation RM'000</b>	<b>Total Exposures after Credit Risk Mitigation RM'000</b>	<b>Risk- Weighted Assets RM'000</b>	<b>Minimum Capital Requirement at 8% RM'000</b>
<b>31 December 2018</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	40,342,425	40,342,425	54,228	4,338
Public Sector Entities	446,323	446,323	2,007	161
Banks, DFIs and MDBs	10,358,329	10,358,329	2,558,965	204,717
Insurance Companies, Securities Firms and Fund Managers	8,979	8,961	8,961	717
Corporates	77,026,973	75,583,503	58,043,625	4,643,490
Regulatory Retail	97,815,466	97,010,777	73,517,528	5,881,402
Residential Mortgages	86,732,285	86,584,459	36,396,246	2,911,700
Higher Risk Assets	62,022	62,022	93,033	7,443
Other Assets	4,480,282	4,480,282	3,400,615	272,049
Equity Exposures	6,220,982	6,220,982	6,220,982	497,678
Defaulted Exposures	916,817	916,415	1,189,260	95,141
	<b>324,410,883</b>	<b>322,014,478</b>	<b>181,485,450</b>	<b>14,518,836</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	17,564,626	16,942,391	13,972,145	1,117,771
Derivative Financial Instruments	1,055,728	1,055,728	402,536	32,203
Other Treasury-related Exposures	323,665	323,665	64,733	5,179
Defaulted Exposures	4,260	4,260	5,722	458
	<b>18,948,279</b>	<b>18,326,044</b>	<b>14,445,136</b>	<b>1,155,611</b>
<b>Total Credit Exposures</b>	<b>343,359,162</b>	<b>340,340,522</b>	<b>195,930,586</b>	<b>15,674,447</b>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.1 Distribution of Credit Exposures**

Tables (a)-(c) present the analysis of credit exposures of financial assets before the effect of credit risk mitigation of the Group as follows:

- (a) Industrial analysis
- (b) Geographical analysis based on the geographical location where the credit risk resides
- (c) Maturity analysis based on the residual contractual maturity

For on-balance sheet exposures, the maximum exposure to credit risk equals their carrying amounts. For financial guarantees, the maximum exposure to credit risk is the full amount that the Group would have to pay if the obligations for which the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit granted to customers.

**(a) Industry Analysis**

Group	Government and Central Banks RM'000	Financial Services RM'000	Transport & Business Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction & Real Estate RM'000	Residential Mortgages RM'000	Motor Vehicle Financing RM'000	Other Consumer Loans RM'000	Total RM'000
<b>30 June 2019</b>									
<b>On-Balance Sheet Exposures</b>									
Cash and balances with banks	2,401,559	12,881,907	-	-	-	-	-	-	15,283,466
Reverse repurchase agreements	1,093,680	-	-	-	-	-	-	-	1,093,680
Financial assets at fair value through profit or loss*	2,043,359	298,786	-	-	-	-	-	-	2,342,145
Derivative financial assets	-	130,380	-	-	-	-	-	-	130,380
Financial investments at fair value through other comprehensive income*	31,189,138	4,535,859	293,231	702,189	259,555	-	-	-	36,979,972
Financial investments at amortised cost (Gross)	12,245,148	10,813,254	1,415,794	1,798,381	1,635,121	-	-	-	27,907,698
Gross loans, advances and financing	1,319,609	12,023,613	13,055,930	42,785,720	46,199,814	122,828,152	41,579,980	43,900,062	323,692,880
Statutory deposits with Central Banks	11,133,233	-	-	-	-	-	-	-	11,133,233
	<b>61,425,726</b>	<b>40,683,799</b>	<b>14,764,955</b>	<b>45,286,290</b>	<b>48,094,490</b>	<b>122,828,152</b>	<b>41,579,980</b>	<b>43,900,062</b>	<b>418,563,454</b>
<b>Commitments and Contingencies</b>									
Contingent liabilities	2,287	145,979	408,042	393,562	937,638	-	-	1,353,728	3,241,236
Commitments	1,210,896	1,212,480	3,608,743	11,365,053	10,767,475	15,305,900	66,600	15,310,303	58,847,450
	<b>1,213,183</b>	<b>1,358,459</b>	<b>4,016,785</b>	<b>11,758,615</b>	<b>11,705,113</b>	<b>15,305,900</b>	<b>66,600</b>	<b>16,664,031</b>	<b>62,088,686</b>
<b>Total Credit Exposures</b>	<b>62,638,909</b>	<b>42,042,258</b>	<b>18,781,740</b>	<b>57,044,905</b>	<b>59,799,603</b>	<b>138,134,052</b>	<b>41,646,580</b>	<b>60,564,093</b>	<b>480,652,140</b>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.1 Distribution of Credit Exposures (Cont'd.)**

**(a) Industry Analysis (Cont'd.)**

<b>Group</b>	<b>Government and Central Banks RM'000</b>	<b>Financial Services RM'000</b>	<b>Transport &amp; Business Services RM'000</b>	<b>Agriculture, Manufacturing, Wholesale &amp; Retail Trade RM'000</b>	<b>Construction &amp; Real Estate RM'000</b>	<b>Residential Mortgages RM'000</b>	<b>Motor Vehicle Financing RM'000</b>	<b>Other Consumer Loans RM'000</b>	<b>Total RM'000</b>
<b>31 December 2018</b>									
<b>On-Balance Sheet Exposures</b>									
Cash and balances with banks	5,235,329	9,504,889	-	-	-	-	-	-	14,740,218
Reverse repurchase agreements	200,881	-	-	-	-	-	-	-	200,881
Financial assets at fair value through profit or loss*	1,924,256	-	-	-	31,929	-	-	-	1,956,185
Derivative financial assets	-	185,891	-	-	-	-	-	-	185,891
Financial investments at fair value through other comprehensive income*	34,458,019	6,312,336	289,394	680,435	255,099	-	-	-	41,995,283
Financial investments at amortised cost (Gross)	11,641,144	10,589,151	1,567,698	1,619,513	1,605,054	-	-	-	27,022,560
Gross loans, advances and financing	1,318,357	10,262,582	14,128,779	42,150,665	46,305,196	118,535,265	41,044,922	43,555,813	317,301,579
Statutory deposits with Central Banks	10,279,227	-	-	-	-	-	-	-	10,279,227
	<u>65,057,213</u>	<u>36,854,849</u>	<u>15,985,871</u>	<u>44,450,613</u>	<u>48,197,278</u>	<u>118,535,265</u>	<u>41,044,922</u>	<u>43,555,813</u>	<u>413,681,824</u>
<b>Commitments and Contingencies</b>									
Contingent liabilities	2,456	119,522	569,836	826,396	1,014,359	-	-	666,447	3,199,016
Commitments	518,609	1,633,583	3,748,542	11,715,846	11,107,701	14,136,868	65,580	14,222,292	57,149,021
	<u>521,065</u>	<u>1,753,105</u>	<u>4,318,378</u>	<u>12,542,242</u>	<u>12,122,060</u>	<u>14,136,868</u>	<u>65,580</u>	<u>14,888,739</u>	<u>60,348,037</u>
<b>Total Credit Exposures</b>	<u>65,578,278</u>	<u>38,607,954</u>	<u>20,304,249</u>	<u>56,992,855</u>	<u>60,319,338</u>	<u>132,672,133</u>	<u>41,110,502</u>	<u>58,444,552</u>	<u>474,029,861</u>

\* Excluding equity securities which do not have any credit risk.

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.1 Distribution of Credit Exposures (Cont'd.)

(b) Geographical Analysis

Group	Malaysia RM'000	Hong Kong & China RM'000	Cambodia RM'000	Other Countries RM'000	Total RM'000
<b>30 June 2019</b>					
<b>On-Balance Sheet Exposures</b>					
Cash and balances with banks	5,537,024	3,283,818	3,980,316	2,482,308	15,283,466
Reverse repurchase agreements	1,093,680	-	-	-	1,093,680
Financial assets at fair value through profit or loss*	2,342,145	-	-	-	2,342,145
Derivative financial assets	85,032	24,098	-	21,250	130,380
Financial investments at fair value through other comprehensive income*	36,694,055	-	-	285,917	36,979,972
Financial investments at amortised cost (Gross)	22,584,588	2,309,006	1,737,225	1,276,879	27,907,698
Gross loans, advances and financing	300,220,930	15,561,369	4,452,380	3,458,201	323,692,880
Statutory deposits with Central Banks	9,895,289	-	1,171,216	66,728	11,133,233
	<b>378,452,743</b>	<b>21,178,291</b>	<b>11,341,137</b>	<b>7,591,283</b>	<b>418,563,454</b>
<b>Commitments and Contingencies</b>					
Contingent liabilities	2,501,564	175,231	19,866	544,575	3,241,236
Commitments	55,384,866	1,625,805	1,165,075	671,704	58,847,450
	<b>57,886,430</b>	<b>1,801,036</b>	<b>1,184,941</b>	<b>1,216,279</b>	<b>62,088,686</b>
<b>Total Credit Exposures</b>	<b>436,339,173</b>	<b>22,979,327</b>	<b>12,526,078</b>	<b>8,807,562</b>	<b>480,652,140</b>
<b>31 December 2018</b>					
<b>On-Balance Sheet Exposures</b>					
Cash and balances with banks	9,141,156	2,951,967	1,423,505	1,223,590	14,740,218
Reverse repurchase agreements	200,881	-	-	-	200,881
Financial assets at fair value through profit or loss*	1,956,185	-	-	-	1,956,185
Derivative financial assets	140,861	4,948	-	40,082	185,891
Financial investments at fair value through other comprehensive income*	41,772,878	-	-	222,405	41,995,283
Financial investments at amortised cost (Gross)	22,234,980	2,028,587	1,323,520	1,435,473	27,022,560
Gross loans, advances and financing	293,447,564	15,884,113	4,355,773	3,614,129	317,301,579
Statutory deposits with Central Banks	9,153,911	-	1,032,714	92,602	10,279,227
	<b>378,048,416</b>	<b>20,869,615</b>	<b>8,135,512</b>	<b>6,628,281</b>	<b>413,681,824</b>
<b>Commitments and Contingencies</b>					
Contingent liabilities	2,512,565	111,329	142,933	432,189	3,199,016
Commitments	53,818,214	1,642,247	1,130,555	558,005	57,149,021
	<b>56,330,779</b>	<b>1,753,576</b>	<b>1,273,488</b>	<b>990,194</b>	<b>60,348,037</b>
<b>Total Credit Exposures</b>	<b>434,379,195</b>	<b>22,623,191</b>	<b>9,409,000</b>	<b>7,618,475</b>	<b>474,029,861</b>

\* Excluding equity securities which do not have any credit risk.

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.1 Distribution of Credit Exposures (Cont'd.)**

**(c) Maturity Analysis**

<b>Group</b>	<b>Up to 1 Year RM'000</b>	<b>&gt;1 to 3 Years RM'000</b>	<b>&gt;3 to 5 Years RM'000</b>	<b>&gt;5 Years RM'000</b>	<b>Total RM'000</b>
<b>30 June 2019</b>					
<b>On-Balance Sheet Exposures</b>					
Cash and balances with banks	15,283,466	-	-	-	15,283,466
Reverse repurchase agreements	1,093,680	-	-	-	1,093,680
Financial assets at fair value through profit or loss*	1,750,073	541,144	30,116	20,812	2,342,145
Derivative financial assets	95,877	6,142	28,191	170	130,380
Financial investments at fair value through other comprehensive income*	4,673,086	12,224,338	10,878,796	9,203,752	36,979,972
Financial investments at amortised cost (Gross)	5,341,358	9,692,695	9,808,978	3,064,667	27,907,698
Gross loans, advances and financing	31,237,559	26,823,126	31,863,894	233,768,301	323,692,880
Statutory deposits with Central Banks	-	-	-	11,133,233	11,133,233
<b>Total On-Balance Sheet Exposures</b>	<b>59,475,099</b>	<b>49,287,445</b>	<b>52,609,975</b>	<b>257,190,935</b>	<b>418,563,454</b>
<b>31 December 2018</b>					
<b>On-Balance Sheet Exposures</b>					
Cash and balances with banks	14,740,218	-	-	-	14,740,218
Reverse repurchase agreements	200,881	-	-	-	200,881
Financial assets at fair value through profit or loss*	1,764,617	-	191,568	-	1,956,185
Derivative financial assets	79,033	16,334	79,866	10,658	185,891
Financial investments at fair value through other comprehensive income*	8,003,422	19,185,617	11,864,929	2,941,315	41,995,283
Financial investments at amortised cost (Gross)	4,891,305	5,755,949	11,616,081	4,759,225	27,022,560
Gross loans, advances and financing	33,476,534	25,630,391	30,813,477	227,381,177	317,301,579
Statutory deposits with Central Banks	-	-	-	10,279,227	10,279,227
<b>Total On-Balance Sheet Exposures</b>	<b>63,156,010</b>	<b>50,588,291</b>	<b>54,565,921</b>	<b>245,371,602</b>	<b>413,681,824</b>

\* Excluding equity securities which do not have any credit risk.

Approximately 14% (31 December 2018: 15%) of the Group's exposures to customers and counterparties are short-term, having contractual maturity of one year or less. About 72% (31 December 2018: 72%) of the Group's gross loans, advances and financing has residual maturity of more than 5 years. The longer maturity is from the housing loans/financing and hire purchase which made up 52% (31 December 2018: 51%) of the portfolio and are traditionally longer term in nature and well secured.

The residual contractual maturity for off-balance sheet exposures is not presented as the total off-balance sheet exposures do not represent future cash requirements since the Group expects many of these commitments (such as direct credit substitutes) to expire without being called or drawn upon, whereas many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

3. Credit Risk (Cont'd.)

3.2 Off-Balance Sheet Exposures

Composition of Off-Balance Sheet Exposures

The following tables present the composition of off-balance sheet exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts.

Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<b>30 June 2019</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	973,154		973,154	565,983
Transaction-related contingent items	1,660,550		830,275	462,674
Short-term self-liquidating trade-related contingencies	607,532		121,506	111,016
	<b>3,241,236</b>		<b>1,924,935</b>	<b>1,139,673</b>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	26,891,757		13,445,192	11,137,048
- not exceeding one year	23,465,639		4,693,128	3,907,827
Unutilised credit card lines	7,520,738		1,504,148	1,128,110
Forward asset purchases	969,316		969,316	55,150
	<b>58,847,450</b>		<b>20,611,784</b>	<b>16,228,135</b>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts:				
- up to one year	20,556,429	90,665	324,710	104,988
- more than one year to five years	3,463,624	28,194	336,182	168,129
Interest/profit rate related contracts:				
- up to one year	3,869,337	5,212	10,326	3,111
- more than one year to five years	4,110,388	6,139	80,133	32,896
- more than five years	426,034	170	27,054	13,530
Commodity related contracts:				
- up to one year	4,786	-	48	48
	<b>32,430,598</b>	<b>130,380</b>	<b>778,453</b>	<b>322,702</b>
<b>Total Off-Balance Sheet Exposures</b>	<b>94,519,284</b>	<b>130,380</b>	<b>23,315,172</b>	<b>17,690,510</b>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.2 Off-Balance Sheet Exposures (Cont'd.)**

**Composition of Off-Balance Sheet Exposures (Cont'd.)**

<b>Group</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>31 December 2018</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	974,325		974,325	579,964
Transaction-related contingent items	1,650,611		825,305	449,892
Short-term self-liquidating trade-related contingencies	574,080		114,816	90,843
	<u>3,199,016</u>		<u>1,914,446</u>	<u>1,120,699</u>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	26,224,596		13,111,789	10,851,604
- not exceeding one year	23,502,389		4,700,477	3,969,022
Unutilised credit card lines	7,098,371		1,419,674	1,064,756
Forward asset purchases	323,665		323,665	64,733
	<u>57,149,021</u>		<u>19,555,605</u>	<u>15,950,115</u>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts:				
- up to one year	22,574,272	57,831	300,368	98,401
- more than one year to five years	3,253,717	56,821	370,170	185,190
Interest/profit rate related contracts:				
- up to one year	5,139,280	21,202	30,750	10,205
- more than one year to five years	4,626,640	39,379	144,614	56,974
- more than five years	426,008	10,658	40,563	20,283
Commodity related contracts:				
- up to one year	382	-	4	4
	<u>36,020,299</u>	<u>185,891</u>	<u>886,469</u>	<u>371,057</u>
<b>Total Off-Balance Sheet Exposures</b>	<u>96,368,336</u>	<u>185,891</u>	<u>22,356,520</u>	<u>17,441,871</u>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.2 Off-Balance Sheet Exposures (Cont'd.)**

**Composition of Off-Balance Sheet Exposures (Cont'd.)**

<b>Bank</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>30 June 2019</b>				
<b>Bank (excluding Public Bank (L) Ltd.)</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	939,025		939,025	541,261
Transaction-related contingent items	1,388,922		694,461	359,779
Short-term self-liquidating trade-related contingencies	103,947		20,789	18,884
	<b>2,431,894</b>		<b>1,654,275</b>	<b>919,924</b>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	21,974,165		10,986,648	9,145,782
- not exceeding one year	19,371,359		3,874,273	3,114,770
Unutilised credit card lines	7,206,542		1,441,308	1,080,981
Forward asset purchases	665,764		665,764	41,701
	<b>49,217,830</b>		<b>16,967,993</b>	<b>13,383,234</b>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts:				
- up to one year	20,087,323	86,266	315,006	102,428
- more than one year to five years	3,463,624	28,194	336,182	168,129
Interest rate related contracts:				
- up to one year	4,175,250	6,071	11,836	3,376
- more than one year to five years	4,527,663	8,468	96,635	35,737
- more than five years	2,000,000	68,522	203,522	40,705
Commodity related contracts:				
- up to one year	4,786	-	48	48
	<b>34,258,646</b>	<b>197,521</b>	<b>963,229</b>	<b>350,423</b>
<b>Total</b>	<b>85,908,370</b>	<b>197,521</b>	<b>19,585,497</b>	<b>14,653,581</b>



**PUBLIC BANK BERHAD (6463-H)****3. Credit Risk (Cont'd.)****3.2 Off-Balance Sheet Exposures (Cont'd.)****Composition of Off-Balance Sheet Exposures (Cont'd.)**

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<b>Bank</b>				
<b>30 June 2019</b>				
<b>Public Bank (L) Ltd.</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	4,136		4,136	4,136
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of: - not exceeding one year	40,091		8,018	7,814
<b>Derivative Financial Instruments</b>				
Interest rate related contracts:				
- up to one year	124,087	-	124	62
- more than one year to five years	82,725	707	1,534	767
- more than five years	426,034	170	27,054	13,526
	632,846	877	28,712	14,355
<b>Total</b>	<b>677,073</b>	<b>877</b>	<b>40,866</b>	<b>26,305</b>
<b>Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.</b>	<b>86,585,443</b>	<b>198,398</b>	<b>19,626,363</b>	<b>14,679,886</b>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.2 Off-Balance Sheet Exposures (Cont'd.)**

**Composition of Off-Balance Sheet Exposures (Cont'd.)**

<b>Bank</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>31 December 2018</b>				
<b>Bank (excluding Public Bank (L) Ltd.)</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	937,413		937,413	552,896
Transaction-related contingent items	1,382,478		691,239	350,919
Short-term self-liquidating trade-related contingencies	121,726		24,345	22,676
	<u>2,441,617</u>		<u>1,652,997</u>	<u>926,491</u>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	21,269,141		10,634,120	8,824,868
- not exceeding one year	19,505,430		3,901,086	3,186,027
Unutilised credit card lines	6,799,934		1,359,987	1,019,990
Forward asset purchases	323,665		323,665	64,733
	<u>47,898,170</u>		<u>16,218,858</u>	<u>13,095,618</u>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts:				
- up to one year	22,040,029	55,107	294,685	94,892
- more than one year to five years	3,253,717	56,821	370,170	185,190
Interest rate related contracts:				
- up to one year	5,315,200	21,345	31,333	10,230
- more than one year to five years	5,173,920	37,452	157,334	58,332
- more than five years	2,000,000	22,376	157,376	31,475
Commodity related contracts:				
- up to one year	382	-	4	4
	<u>37,783,248</u>	<u>193,101</u>	<u>1,010,902</u>	<u>380,123</u>
<b>Total</b>	<u>88,123,035</u>	<u>193,101</u>	<u>18,882,757</u>	<u>14,402,232</u>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.2 Off-Balance Sheet Exposures (Cont'd.)**

**Composition of Off-Balance Sheet Exposures (Cont'd.)**

<b>Bank</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>31 December 2018</b>				
<b>Public Bank (L) Ltd.</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	4,136		4,136	4,136
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	82,798		16,560	16,355
<b>Derivative Financial Instruments</b>				
Interest rate related contracts:				
- up to one year	124,080	-	310	155
- more than one year to five years	82,720	2,300	3,953	1,976
- more than five years	426,008	10,658	40,563	20,282
	632,808	12,958	44,826	22,413
<b>Total</b>	719,742	12,958	65,522	42,904
<b>Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.</b>	88,842,777	206,059	18,948,279	14,445,136

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.3 Credit Risk Mitigation**

**Credit Risk Mitigation Analysis**

The following tables present the credit risk mitigation analysis of the Group i.e. credit exposures covered by eligible financial collateral and financial guarantees as defined under the Standardised Approach. Eligible financial collateral consists primarily of cash, securities from listed exchange, unit trust or marketable securities. The Group does not have any credit exposure which is reduced through the application of other eligible collateral.

<b>Group Exposure Class</b>	<b>Total Exposures before Credit Risk Mitigation RM'000</b>	<b>Total Exposures Covered by Guarantees RM'000</b>	<b>Total Exposures Covered by Eligible Financial Collateral RM'000</b>	<b>Total Exposures Covered by Other Eligible Collateral RM'000</b>
<b>30 June 2019</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	56,126,708	-	300,290	-
Public Sector Entities	2,054,049	1,855,132	-	-
Banks, DFIs and MDBs	18,112,670	374,779	794,707	-
Insurance Companies, Securities Firms and Fund Managers	537,559	-	51	-
Corporates	92,293,031	6,870,445	2,357,018	-
Regulatory Retail	130,391,510	-	1,057,267	-
Residential Mortgages	113,271,478	-	191,648	-
Higher Risk Assets	79,908	-	1	-
Other Assets	6,771,166	-	-	-
Equity Exposures	762,904	-	-	-
Defaulted Exposures	1,312,641	-	437	-
	<b>421,713,624</b>	<b>9,100,356</b>	<b>4,701,419</b>	<b>-</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	21,558,687	79,954	655,725	-
Derivative Financial Instruments	778,453	-	-	-
Other Treasury-related Exposures	969,316	-	-	-
Defaulted Exposures	8,716	-	-	-
	<b>23,315,172</b>	<b>79,954</b>	<b>655,725</b>	<b>-</b>
<b>Total Credit Exposures</b>	<b>445,028,796</b>	<b>9,180,310</b>	<b>5,357,144</b>	<b>-</b>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.3 Credit Risk Mitigation (Cont'd.)**

**Credit Risk Mitigation Analysis (Cont'd.)**

<b>Group Exposure Class</b>	<b>Total Exposures before Credit Risk Mitigation RM'000</b>	<b>Total Exposures Covered by Guarantees RM'000</b>	<b>Total Exposures Covered by Eligible Financial Collateral RM'000</b>	<b>Total Exposures Covered by Other Eligible Collateral RM'000</b>
<b>31 December 2018</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	61,117,206	-	200,881	-
Public Sector Entities	2,072,039	1,823,874	-	-
Banks, DFIs and MDBs	15,060,728	435,548	-	-
Insurance Companies, Securities Firms and Fund Managers	444,896	-	18	-
Corporates	91,583,089	7,163,846	2,277,854	-
Regulatory Retail	128,526,289	2	972,429	-
Residential Mortgages	109,103,738	-	175,191	-
Higher Risk Assets	72,106	-	1	-
Other Assets	6,174,885	-	-	-
Equity Exposures	742,415	-	-	-
Defaulted Exposures	1,205,769	-	500	-
	<b>416,103,160</b>	<b>9,423,270</b>	<b>3,626,874</b>	<b>-</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	21,139,417	60,794	676,523	-
Derivative Financial Instruments	886,469	-	-	-
Other Treasury-related Exposures	323,665	-	-	-
Defaulted Exposures	6,969	-	-	-
	<b>22,356,520</b>	<b>60,794</b>	<b>676,523</b>	<b>-</b>
<b>Total Credit Exposures</b>	<b>438,459,680</b>	<b>9,484,064</b>	<b>4,303,397</b>	<b>-</b>

## PUBLIC BANK BERHAD (6463-H)

### 3. Credit Risk (Cont'd.)

#### 3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach

Under the Standardised Approach, the Group makes use of credit ratings assigned by credit rating agencies in its calculation of credit risk-weighted assets. The following is a summary of the rules governing the assignment of risk weights under the Standardised Approach. Each rated exposure must be assigned to one of the six credit quality rating categories defined in the table below:

Rating Category	Standard & Poor's	Moody's Investors Service	Fitch Ratings	RAM Rating Services Berhad	Malaysian Rating Corporation Berhad
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB1 to BB3	BB+ to BB-
5	B+ to B-	B1 to B3	B+ to B-	B1 to B3	B+ to B-
6	CCC+ and below	Caa1 and below	CCC+ and below	C1 and below	C+ and below

The Group uses a system to automatically execute the selection of ratings and allocation of risk weights. The following table is a summarised risk weight mapping matrix for each credit quality rating category:

Rating Category	Risk Weights Based on Credit Rating of the Counterparty Exposure Class			
	Sovereigns and Central Banks	Corporates	Banking Institutions	
			For Exposure Greater Than Six Months Original Maturity	For Exposure Less Than Six Months Original Maturity
1	0%	20%	20%	20%
2	20%	50%	50%	20%
3	50%	100%	50%	20%
4	100%	100%	100%	50%
5	100%	150%	100%	50%
6	150%	150%	150%	150%

In addition to the above, credit exposures under the counterparty exposure class of Banking Institutions, with an original maturity of three months or less which are denominated and funded in Ringgit Malaysia, are all risk-weighted at 20% regardless of credit rating.

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)**

**Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories**

The following tables present the credit exposures of the Group before the effect of credit risk mitigation by credit quality rating categories.

Group Exposure Class	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
<b>30 June 2019</b>								
<b>On-Balance Sheet Exposures</b>								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	15,972,041	651,061	138,540	-	-	-		16,761,642
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks <sup>#</sup>								
- Sovereigns and Central Banks	1,287,382	50,941,200	-	264,628	3,497,784	-		55,990,994
- Public Sector Entities	135,742	1,855,132	-	-	-	-		1,990,874
- Banks, DFIs and MDBs	-	1,174,643	-	-	-	-		1,174,643
- Corporates	-	6,646,542	-	-	-	-		6,646,542
	1,423,124	60,617,517	-	264,628	3,497,784	-		65,803,053
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	5,946,146	4,635,950	3,057,774	996,237	279,147	-		14,915,254
- Corporates	401,130	121,531	22,846	-	-	-		545,507
	6,347,276	4,757,481	3,080,620	996,237	279,147	-		15,460,761
(iv) Exposures risk-weighted using ratings of Public Sector Entities								
- Public Sector Entities	45,222	-	-	-	-	-		45,222
Total Rated Exposures	23,787,663	66,026,059	3,219,160	1,260,865	3,776,931	-		98,070,678
(b) Total Unrated Exposures							323,642,946	323,642,946
	23,787,663	66,026,059	3,219,160	1,260,865	3,776,931	-	323,642,946	421,713,624

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories (Cont'd.)

Group Exposure Class	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
<b>30 June 2019</b>								
<b>Off-Balance Sheet Exposures</b>								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	145,987	-	-	-	-	-		145,987
- Regulatory Retail	320	-	-	-	-	-		320
	<b>146,307</b>	-	-	-	-	-		<b>146,307</b>
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks <sup>#</sup>								
- Sovereigns and Central Banks	-	693,577	-	-	-	-		693,577
(ii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	195,901	127,528	62,473	727	47	-		386,676
- Corporates	9,811	3,033	425	-	-	-		13,269
- Regulatory Retail	-	36	-	-	-	-		36
	<b>205,712</b>	<b>130,597</b>	<b>62,898</b>	<b>727</b>	<b>47</b>	-		<b>399,981</b>
Total Rated Exposures	<b>352,019</b>	<b>824,174</b>	<b>62,898</b>	<b>727</b>	<b>47</b>	-		<b>1,239,865</b>
(b) Total Unrated Exposures							22,075,307	22,075,307
	<b>352,019</b>	<b>824,174</b>	<b>62,898</b>	<b>727</b>	<b>47</b>	-	<b>22,075,307</b>	<b>23,315,172</b>
<b>Total Credit Exposures before Credit Risk Mitigation</b>	<b>24,139,682</b>	<b>66,850,233</b>	<b>3,282,058</b>	<b>1,261,592</b>	<b>3,776,978</b>	-	<b>345,718,253</b>	<b>445,028,796</b>



PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories (Cont'd.)

Group Exposure Class	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
<b>31 December 2018</b>								
<b>On-Balance Sheet Exposures</b>								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	15,641,830	410,850	126,789	-	-	-		16,179,469
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks <sup>#</sup>								
- Sovereigns and Central Banks	1,062,511	56,910,876	-	274,650	2,831,226	-		61,079,263
- Public Sector Entities	186,099	1,823,874	-	-	-	-		2,009,973
- Banks, DFIs and MDBs	-	435,586	-	-	-	-		435,586
- Corporates	-	6,680,353	-	-	-	-		6,680,353
	1,248,610	65,850,689	-	274,650	2,831,226	-		70,205,175
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	7,318,155	3,890,876	1,539,390	269,980	138,032	-		13,156,433
- Corporates	423,246	186,754	-	-	-	-		610,000
- Regulatory Retail	-	2	-	-	-	-		2
	7,741,401	4,077,632	1,539,390	269,980	138,032	-		13,766,435
(iv) Exposures risk-weighted using ratings of Public Sector Entities								
- Public Sector Entities	45,164	-	-	-	-	-		45,164
Total Rated Exposures	24,677,005	70,339,171	1,666,179	544,630	2,969,258	-		100,196,243
(b) Total Unrated Exposures							315,906,917	315,906,917
	24,677,005	70,339,171	1,666,179	544,630	2,969,258	-	315,906,917	416,103,160

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures before the Effect of Credit Risk Mitigation by Credit Quality Rating Categories (Cont'd.)

Group Exposure Class	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
<b>31 December 2018</b>								
<b>Off-Balance Sheet Exposures</b>								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	94,543	-	-	-	-	-		94,543
- Regulatory Retail	320	-	-	-	-	-		320
	<u>94,863</u>	-	-	-	-	-		<u>94,863</u>
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks <sup>#</sup>								
- Sovereigns and Central Banks	-	18,640	-	-	-	-		18,640
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	209,026	295,112	109,108	1,761	1,204	-		616,211
- Corporates	9,885	2,955	409	-	-	-		13,249
- Regulatory Retail	-	36	-	-	-	-		36
	<u>218,911</u>	<u>298,103</u>	<u>109,517</u>	<u>1,761</u>	<u>1,204</u>	-		<u>629,496</u>
Total Rated Exposures	313,774	316,743	109,517	1,761	1,204	-		742,999
(b) Total Unrated Exposures							21,613,521	21,613,521
	<u>313,774</u>	<u>316,743</u>	<u>109,517</u>	<u>1,761</u>	<u>1,204</u>	-	<u>21,613,521</u>	<u>22,356,520</u>
<b>Total Credit Exposures before Credit Risk Mitigation</b>	<u>24,990,779</u>	<u>70,655,914</u>	<u>1,775,696</u>	<u>546,391</u>	<u>2,970,462</u>	-	<u>337,520,438</u>	<u>438,459,680</u>

<sup>#</sup> Under the RWCAF, exposures denominated and funded in Ringgit Malaysia and guaranteed by the Federal Government of Malaysia or BNM are accorded a preferential sovereign risk weight of 0%.

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)**

**Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights**

The following tables present the credit exposures of the Group and of the Bank after the effect of credit risk mitigation by risk weights.

Group Risk Weights	Credit Exposures after the Effect of Credit Risk Mitigation										Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000		
<b>30 June 2019</b>												
0%	54,118,221	1,855,132	379,936	-	6,543,987	-	-	-	2,427,432	-	65,324,708	-
20%	499,615	202,608	12,361,506	-	16,528,969	320	-	-	1,709	-	29,594,727	5,918,945
35%	-	-	-	-	-	-	80,318,149	-	-	-	80,318,149	28,111,352
50%	2	-	4,965,254	-	809,537	7,460	25,742,367	-	-	-	31,524,620	15,762,310
75%	-	-	-	-	-	128,551,378	583,633	-	-	-	129,135,011	96,851,258
100%	2,002,166	-	778,831	558,385	72,828,004	12,871,238	8,721,507	-	4,342,025	762,904	102,865,060	102,865,060
150%	-	-	-	-	251,490	543,895	23,525	90,467	-	-	909,377	1,364,066
<b>Total</b>	<b>56,620,004</b>	<b>2,057,740</b>	<b>18,485,527</b>	<b>558,385</b>	<b>96,961,987</b>	<b>141,974,291</b>	<b>115,389,181</b>	<b>90,467</b>	<b>6,771,166</b>	<b>762,904</b>	<b>439,671,652</b>	<b>250,872,991</b>
Risk-Weighted Assets by Exposures	<b>2,102,090</b>	<b>40,522</b>	<b>5,733,759</b>	<b>558,385</b>	<b>76,915,800</b>	<b>110,104,408</b>	<b>50,177,055</b>	<b>135,701</b>	<b>4,342,367</b>	<b>762,904</b>	<b>250,872,991</b>	
Average Risk Weights	<b>3.7%</b>	<b>2.0%</b>	<b>31.0%</b>	<b>100.0%</b>	<b>79.3%</b>	<b>77.6%</b>	<b>43.5%</b>	<b>150.0%</b>	<b>64.1%</b>	<b>100.0%</b>	<b>57.1%</b>	
Deduction from Total Capital												

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights (Cont'd.)

Group Risk Weights	Credit Exposures after the Effect of Credit Risk Mitigation										Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000		
<b>31 December 2018</b>												
0%	58,975,267	1,823,874	435,548	-	6,679,670	-	-	-	2,549,756	-	70,464,115	-
20%	490,728	251,837	11,402,002	-	16,169,503	320	-	-	46,960	-	28,361,350	5,672,270
35%	-	-	-	-	-	-	79,057,063	-	-	-	79,057,063	27,669,972
50%	2	-	4,259,674	-	611,319	68,778	23,505,432	-	-	-	28,445,205	14,222,602
75%	-	-	-	-	-	127,504,517	561,892	-	-	-	128,066,409	96,049,807
100%	1,568,978	-	275,320	464,929	72,852,158	11,686,351	7,829,985	-	3,578,169	742,415	98,998,305	98,998,305
150%	-	-	-	-	178,467	462,161	40,573	82,635	-	-	763,836	1,145,754
<b>Total</b>	<b>61,034,975</b>	<b>2,075,711</b>	<b>16,372,544</b>	<b>464,929</b>	<b>96,491,117</b>	<b>139,722,127</b>	<b>110,994,945</b>	<b>82,635</b>	<b>6,174,885</b>	<b>742,415</b>	<b>434,156,283</b>	<b>243,758,710</b>
Risk-Weighted Assets by Exposures	1,667,125	50,367	4,685,557	464,929	76,659,419	108,042,433	47,734,951	123,953	3,587,561	742,415	243,758,710	
Average Risk Weights	2.7%	2.4%	28.6%	100.0%	79.4%	77.3%	43.0%	150.0%	58.1%	100.0%	56.1%	
Deduction from Total Capital			-							-	-	

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)

Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights (Cont'd.)

Bank Risk Weights	Credit Exposures after the Effect of Credit Risk Mitigation											Total Exposures after Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000			
<b>30 June 2019</b>													
0%	34,989,364	441,782	288,705	-	5,479,935	-	-	-	2,016,490	-	43,216,276	-	
20%	102,537	15,150	10,471,657	-	14,423,102	320	-	-	-	-	25,012,766	5,002,553	
35%	-	-	-	-	-	-	64,689,309	-	-	-	64,689,309	22,641,258	
50%	2	-	1,399,307	-	591,780	2,105	19,721,870	-	-	-	21,715,064	10,857,532	
75%	-	-	-	-	-	104,014,157	394,919	-	-	-	104,409,076	78,306,807	
100%	39,640	-	783,237	30,077	60,331,480	4,969,499	6,187,611	-	3,417,147	6,343,882	82,102,573	82,102,573	
150%	-	-	-	-	218,802	422,581	13,006	77,649	-	-	732,038	1,098,057	
1250%	-	-	-	-	-	-	-	-	89,996	-	89,996	1,124,950	
<b>Total</b>	<b>35,131,543</b>	<b>456,932</b>	<b>12,942,906</b>	<b>30,077</b>	<b>81,045,099</b>	<b>109,408,662</b>	<b>91,006,715</b>	<b>77,649</b>	<b>5,523,633</b>	<b>6,343,882</b>	<b>341,967,098</b>	<b>201,133,730</b>	
Risk-Weighted Assets by Exposures	<b>60,148</b>	<b>3,030</b>	<b>3,577,222</b>	<b>30,077</b>	<b>63,840,193</b>	<b>83,615,105</b>	<b>39,005,502</b>	<b>116,474</b>	<b>4,542,097</b>	<b>6,343,882</b>	<b>201,133,730</b>		
Average Risk Weights	<b>0.2%</b>	<b>0.7%</b>	<b>27.6%</b>	<b>100.0%</b>	<b>78.8%</b>	<b>76.4%</b>	<b>42.9%</b>	<b>150.0%</b>	<b>82.2%</b>	<b>100.0%</b>	<b>58.8%</b>		
Deduction from Total Capital													

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**3. Credit Risk (Cont'd.)**

**3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach (Cont'd.)**

**Credit Exposures after the Effect of Credit Risk Mitigation by Risk Weights (Cont'd.)**

Bank Risk Weights	Credit Exposures after the Effect of Credit Risk Mitigation											Total Exposures after Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000			
<b>31 December 2018</b>													
0%	40,311,200	436,290	329,225	-	5,771,126	-	-	-	2,114,619	-	-	48,962,460	-
20%	114,896	13,705	9,837,462	-	14,441,868	320	-	-	-	-	-	24,408,251	4,881,650
35%	-	-	-	-	-	-	63,998,986	-	-	-	-	63,998,986	22,399,645
50%	2	-	1,321,484	-	611,225	3,182	18,121,572	-	-	-	-	20,057,465	10,028,733
75%	-	-	-	-	-	102,192,391	386,832	-	-	-	-	102,579,223	76,934,417
100%	34,977	-	489,728	29,010	60,402,960	4,602,236	5,554,481	-	2,275,667	6,220,982	79,610,041	79,610,041	
150%	-	-	-	-	172,798	381,005	9,580	70,717	-	-	-	634,100	951,150
1250%	-	-	-	-	-	-	-	-	89,996	-	-	89,996	1,124,950
<b>Total</b>	<b>40,461,075</b>	<b>449,995</b>	<b>11,977,899</b>	<b>29,010</b>	<b>81,399,977</b>	<b>107,179,134</b>	<b>88,071,451</b>	<b>70,717</b>	<b>4,480,282</b>	<b>6,220,982</b>	<b>340,340,522</b>	<b>195,930,586</b>	
Risk-Weighted Assets by Exposures	57,957	2,741	3,117,962	29,010	63,856,144	81,819,692	37,319,406	106,075	3,400,617	6,220,982	195,930,586		
Average Risk Weights	0.1%	0.6%	26.0%	100.0%	78.4%	76.3%	42.4%	150.0%	75.9%	100.0%	57.6%		
Deduction from Total Capital			-							-	-		

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.5 Credit Quality of Gross Loans, Advances and Financing**

**(a) Past Due But Not Credit-impaired**

Tables (i)-(ii) present the analyses of past due but not credit-impaired loans, advances and financing of the Group by the following:

- (i) Economic purpose
- (ii) Geographical

**(i) Economic Purpose**

<b>Group</b>	<b>30 June 2019</b> <b>RM'000</b>	<b>31 December 2018</b> <b>RM'000</b>
Purchase of securities	3,674	686
Purchase of transport vehicles	9,430,228	9,747,156
Purchase of landed properties	14,769,326	14,454,844
(Of which: - residential	10,066,847	10,182,267
- non-residential)	4,702,479	4,272,577
Purchase of fixed assets (excluding landed properties)	10,988	2,286
Personal use	740,348	797,950
Credit card	263,339	291,753
Purchase of consumer durables	212	319
Construction	329,115	49,848
Working capital	1,925,277	1,259,146
Other purpose	28,168	69,844
	<b>27,500,675</b>	<b>26,673,832</b>

**(ii) Geographical**

<b>Group</b>	<b>30 June 2019</b> <b>RM'000</b>	<b>31 December 2018</b> <b>RM'000</b>
Malaysia	26,582,028	25,886,412
Hong Kong & China	354,986	237,238
Cambodia	305,855	226,702
Other countries	257,806	323,480
	<b>27,500,675</b>	<b>26,673,832</b>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)**

**(b) Credit-impaired Loans, Advances and Financing**

Tables (i)-(iii) present the analyses of credit-impaired loans, advances and financing of the Group and the impairment allowances of the Group by the following:

- (i) Economic purpose
- (ii) Geographical
- (iii) Reconciliation of loss allowance for loans, advances and financing

**(i) Economic Purpose**

	<b>Credit-impaired Loans, Advances and Financing RM'000</b>	<b>Individual Assessment Allowance at 1 January 2019 RM'000</b>	<b>Net Charge for the Period RM'000</b>	<b>Amounts Written Off/Other Movements RM'000</b>	<b>Individual Assessment Allowance at 30 June 2019 RM'000</b>	<b>Collective Assessment Allowance at 30 June 2019 RM'000</b>	<b>Total Impairment Allowances for Loans, Advances and Financing RM'000</b>
<b>Group</b>							
<b>30 June 2019</b>							
Purchase of securities	724	-	-	-	-	5,068	5,068
Purchase of transport vehicles	273,327	2,592	124	(20)	2,696	479,763	482,459
Purchase of landed properties	917,651	16,903	5,765	(5,230)	17,438	678,082	695,520
(Of which: - residential	620,799	3,242	(272)	(2,196)	774	354,804	355,578
- non-residential)	296,852	13,661	6,037	(3,034)	16,664	323,278	339,942
Purchase of fixed assets (excluding landed properties)	8,031	2,264	809	(26)	3,047	7,463	10,510
Personal use	146,202	30,839	67,407	(67,371)	30,875	126,105	156,980
Credit card	18,173	-	-	-	-	44,044	44,044
Purchase of consumer durables	-	-	-	-	-	1	1
Construction	56,073	6,013	2,775	(548)	8,240	42,675	50,915
Mergers and acquisitions	-	-	-	-	-	17	17
Working capital	284,242	46,876	(4,304)	(5,992)	36,580	169,982	206,562
Other purpose	13,589	2,758	957	(885)	2,830	338,529	341,359
	<b>1,718,012</b>	<b>108,245</b>	<b>73,533</b>	<b>(80,072)</b>	<b>101,706</b>	<b>1,891,729</b>	<b>1,993,435</b>



**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)**

**(b) Credit-impaired Loans, Advances and Financing (Cont'd.)**

**(i) Economic Purpose (Cont'd.)**

<b>Group</b>	<b>Credit-impaired Loans, Advances and Financing RM'000</b>	<b>Individual Assessment Allowance at 1 January 2018 RM'000</b>	<b>Net Charge for the Year RM'000</b>	<b>Amounts Written Off/Other Movements RM'000</b>	<b>Individual Assessment Allowance at 31 December 2018 RM'000</b>	<b>Collective Assessment Allowance at 31 December 2018 RM'000</b>	<b>Total Impairment Allowances for Loans, Advances and Financing RM'000</b>
<b>31 December 2018</b>							
Purchase of securities	722	-	-	-	-	20,095	20,095
Purchase of transport vehicles	304,027	836	1,877	(121)	2,592	493,988	496,580
Purchase of landed properties	803,830	8,063	15,270	(6,430)	16,903	723,267	740,170
(Of which: - residential	569,671	1,967	1,944	(669)	3,242	358,535	361,777
- non-residential)	234,159	6,096	13,326	(5,761)	13,661	364,732	378,393
Purchase of fixed assets (excluding landed properties)	7,500	2,080	172	12	2,264	3,652	5,916
Personal use	141,699	29,450	142,816	(141,427)	30,839	125,475	156,314
Credit card	19,572	-	-	-	-	47,217	47,217
Purchase of consumer durables	-	-	-	-	-	4	4
Construction	69,316	6,418	1,919	(2,324)	6,013	70,128	76,141
Mergers and acquisitions	-	-	-	-	-	179	179
Working capital	263,975	34,024	47,710	(34,858)	46,876	307,669	354,545
Other purpose	10,092	1,769	1,813	(824)	2,758	142,494	145,252
	<u>1,620,733</u>	<u>82,640</u>	<u>211,577</u>	<u>(185,972)</u>	<u>108,245</u>	<u>1,934,168</u>	<u>2,042,413</u>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)**

**(b) Credit-impaired Loans, Advances and Financing (Cont'd.)**

**(ii) Geographical**

	<b>Credit-impaired Loans, Advances and Financing RM'000</b>	<b>Individual Assessment Allowance at 1 January 2019 RM'000</b>	<b>Net Charge for the Period RM'000</b>	<b>Amounts Written Off/Other Movements RM'000</b>	<b>Individual Assessment Allowance at 30 June 2019 RM'000</b>	<b>Collective Assessment Allowance at 30 June 2019 RM'000</b>	<b>Total Impairment Allowances for Loans, Advances and Financing RM'000</b>
<b>Group</b>							
<b>30 June 2019</b>							
Malaysia	1,410,727	29,294	9,871	(8,250)	30,915	1,689,252	1,720,167
Hong Kong & China	100,673	29,635	67,118	(67,245)	29,508	127,049	156,557
Cambodia	45,677	40,640	(10,008)	(36)	30,596	44,022	74,618
Other countries	160,935	8,676	6,552	(4,541)	10,687	31,406	42,093
	<b>1,718,012</b>	<b>108,245</b>	<b>73,533</b>	<b>(80,072)</b>	<b>101,706</b>	<b>1,891,729</b>	<b>1,993,435</b>
<b>Group</b>							
<b>31 December 2018</b>							
Malaysia	1,300,431	13,437	24,399	(8,542)	29,294	1,738,131	1,767,425
Hong Kong & China	104,861	30,025	141,205	(141,595)	29,635	123,819	153,454
Cambodia	65,858	14,273	25,889	478	40,640	42,762	83,402
Other countries	149,583	24,905	20,084	(36,313)	8,676	29,456	38,132
	<b>1,620,733</b>	<b>82,640</b>	<b>211,577</b>	<b>(185,972)</b>	<b>108,245</b>	<b>1,934,168</b>	<b>2,042,413</b>

**PUBLIC BANK BERHAD (6463-H)**

**3. Credit Risk (Cont'd.)**

**3.5 Credit Quality of Gross Loans, Advances and Financing (Cont'd.)**

**(b) Credit-impaired Loans, Advances and Financing (Cont'd.)**

**(iii) Reconciliation of Loss Allowance for Loans, Advances and Financing**

Movements in loss allowances for loans/financing which reflect the expected credit losses ("ECL") model on impairment are as follows:

	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL Not Credit- impaired (Stage 2) RM'000</b>	<b>Credit- impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
At 1 January 2019	1,086,325	546,221	409,867	2,042,413
Changes due to loans, advances and financing recognised as at 1 January 2019:	129,397	(89,088)	(40,309)	-
- Transfer to Stage 1: 12-Month ECL	151,970	(134,574)	(17,396)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(20,019)	72,144	(52,125)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(2,554)	(26,658)	29,212	-
Loans, advances and financing derecognised (other than write-off)	(42,492)	(35,206)	(19,879)	(97,577)
New loans, advances and financing originated	97,688	40,391	6,248	144,327
Net remeasurement due to changes in credit risk	(174,541)	31,111	273,396	129,966
Modifications to contractual cash flows of loans, advances and financing	(2,255)	(412)	3,303	636
Amount written off	-	-	(226,146)	(226,146)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(980)	(980)
Exchange differences	118	168	510	796
<b>At 30 June 2019</b>	<b>1,094,240</b>	<b>493,185</b>	<b>406,010</b>	<b>1,993,435</b>
<b>Group</b>				
At 1 January 2018	1,186,643	534,269	376,450	2,097,362
Changes due to loans, advances and financing recognised as at 1 January 2018:	127,009	(84,657)	(42,352)	-
- Transfer to Stage 1: 12-Month ECL	161,772	(131,135)	(30,637)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(31,210)	70,045	(38,835)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(3,553)	(23,567)	27,120	-
Loans, advances and financing derecognised (other than write-off)	(87,098)	(52,331)	(35,349)	(174,778)
New loans, advances and financing originated	165,795	82,600	55,833	304,228
Net remeasurement due to changes in credit risk	(304,918)	67,155	522,615	284,852
Modifications to contractual cash flows of loans, advances and financing	(3,040)	(1,397)	10,084	5,647
Amount written off	-	-	(482,440)	(482,440)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(36)	(36)
Exchange differences	1,934	582	5,062	7,578
<b>At 31 December 2018</b>	<b>1,086,325</b>	<b>546,221</b>	<b>409,867</b>	<b>2,042,413</b>

**PUBLIC BANK BERHAD (6463-H)**

**4. Market Risk**

**Minimum Regulatory Capital Requirements for Market Risk**

The following tables present the minimum regulatory capital requirements for market risk of the Group and of the Bank.

<b>Group</b>	<b>Long Position RM'000</b>	<b>Short Position RM'000</b>	<b>Risk- Weighted Assets RM'000</b>	<b>Minimum Capital Requirement at 8% RM'000</b>
<b>30 June 2019</b>				
Interest rate/rate of return risk	24,765,250	(22,716,692)	1,990,445	159,235
Foreign exchange risk	2,312,421	(1,554,735)	2,312,421	184,994
<b>Total</b>	<b>27,077,671</b>	<b>(24,271,427)</b>	<b>4,302,866</b>	<b>344,229</b>
<b>31 December 2018</b>				
Interest rate/rate of return risk	25,730,145	(24,054,399)	1,986,236	158,899
Foreign exchange risk	2,326,897	(1,324,812)	2,327,040	186,163
<b>Total</b>	<b>28,057,042</b>	<b>(25,379,211)</b>	<b>4,313,276</b>	<b>345,062</b>
<b>Bank</b>				
<b>30 June 2019</b>				
Interest rate risk	23,778,581	(22,039,318)	1,968,225	157,458
Foreign exchange risk	1,983,942	(3,681,863)	3,681,863	294,549
<b>Total</b>	<b>25,762,523</b>	<b>(25,721,181)</b>	<b>5,650,088</b>	<b>452,007</b>
<b>31 December 2018</b>				
Interest rate risk	25,227,697	(23,614,190)	1,974,659	157,973
Foreign exchange risk	1,266,958	(3,020,243)	3,020,242	241,619
<b>Total</b>	<b>26,494,655</b>	<b>(26,634,433)</b>	<b>4,994,901</b>	<b>399,592</b>

## PUBLIC BANK BERHAD (6463-H)

### 4. Market Risk (Cont'd.)

#### 4.1 Interest Rate/Rate of Return Risk in the Banking Book

The following table presents the projected Group's sensitivity to a 100 basis point parallel rate movement across all maturities applied on the Group's interest rate/rate of return sensitivity gap as at the reporting date, taking into consideration the behavioural pattern of certain indeterminate maturity of deposits such as demand and savings deposits to reflect the actual sensitivity behavioural of these deposits. Where the current interest rate/rate of return is lower than 1%, the downward rate shock applied is restricted to the prevailing interest rate/rate of return.

#### Interest Rate/Rate of Return Risk Sensitivity Analysis

Group	30 June 2019		31 December 2018	
	-100 bps	+100 bps	-100 bps	+100 bps
	Increase/(Decrease)			
	RM'000	RM'000	RM'000	RM'000
<b>Impact on Net Interest/ Profit Income ("NII/NPI")</b>				
Ringgit Malaysia	(584,443)	556,204	(615,398)	587,510
United States Dollars	(46,504)	33,658	(43,231)	32,635
Hong Kong Dollars	(38,865)	30,461	(48,529)	40,381
Other Currencies	(20,758)	19,237	(16,621)	14,996
<b>Total</b>	<b>(690,570)</b>	<b>639,560</b>	<b>(723,779)</b>	<b>675,522</b>

#### Impact on Economic Value of Equity ("EVE")

Ringgit Malaysia	2,158,565	(1,247,625)	1,890,691	(1,021,354)
United States Dollars	39,348	45,988	22,998	43,384
Hong Kong Dollars	(57,105)	97,499	(62,051)	100,998
Other Currencies	12,940	(5,164)	2,792	4,549
<b>Total</b>	<b>2,153,748</b>	<b>(1,109,302)</b>	<b>1,854,430</b>	<b>(872,423)</b>

The reported amounts do not capture the impact of business growth or of management actions and are based on the balance sheet as at reporting date. In reality, the Assets & Liabilities Management Committee ("ALCO") seeks to proactively change the interest rate/rate of return risk profile to minimise losses and maximise net revenue. The projection assumes a constant statements of financial position and that all positions run to maturity.

The repricing profile of loans/financing that does not have maturity is based on the earliest possible repricing dates. Actual dates may differ from contractual dates owing to prepayments. Where possible and material, loans/financing prepayments are generally estimated based on past statistics and trends. The impact on the NII/NPI and EVE are measured on a monthly basis for the Bank and quarterly basis for the Group, both of which are reported to the ALCO and the Risk Management Committee.

**PUBLIC BANK BERHAD (6463-H)**

**5. Equity Exposures in the Banking Book**

The following tables present the equity exposures in the banking book and the gains and losses on equity exposures in the banking book of the Group.

**(a) Equity Exposures in the Banking Book**

Group	30 June 2019		31 December 2018	
	Gross Credit Exposure RM'000	Risk-Weighted Assets RM'000	Gross Credit Exposure RM'000	Risk-Weighted Assets RM'000
<u>Publicly traded</u>				
Investments in unit trust funds	12,646	12,646	12,956	12,956
Holdings of equity investments	1,907	1,907	2,204	2,204
	<b>14,553</b>	<b>14,553</b>	15,160	15,160
<u>Privately held</u>				
For socio-economic purposes	748,351	748,351	727,255	727,255
Not for socio-economic purposes	42,111	63,167	41,690	62,535
	<b>790,462</b>	<b>811,518</b>	768,945	789,790
<b>Total</b>	<b>805,015</b>	<b>826,071</b>	784,105	804,950

**(b) Gains and Losses on Equity Exposures in the Banking Book**

Group	30 June 2019 RM'000	31 December 2018 RM'000
Realised loss recognised in profit or loss		
- Investments in unit trust funds	(8)	-
Realised gain recognised in other comprehensive income		
- Privately held equity investments	5	-
Unrealised revaluation gain recognised in profit or loss		
- Privately held equity investments	21,479	8,049
Unrealised revaluation (loss)/gain recognised in other comprehensive income		
- Investments in unit trust funds	-	(6)
- Publicly traded equity investments	(296)	(1,236)
- Privately held equity investments	251	28,165
	<b>(45)</b>	26,923

## **6. Operational Risk**

### **Minimum Regulatory Capital Requirements for Operational Risk**

The following table presents the minimum regulatory capital requirements for operational risk of the Group and of the Bank, computed using the Basic Indicator Approach.

	<b>30 June 2019</b>		<b>31 December 2018</b>	
	<b>Risk- Weighted Assets RM'000</b>	<b>Minimum Capital Requirement at 8% RM'000</b>	<b>Risk- Weighted Assets RM'000</b>	<b>Minimum Capital Requirement at 8% RM'000</b>
Group	<b>19,786,115</b>	<b>1,582,889</b>	19,472,018	1,557,761
Bank	<b>13,510,652</b>	<b>1,080,852</b>	13,517,986	1,081,439

## **7. Shariah Non-Compliance Risk**

There is no Shariah non-compliant income arising from the Islamic banking operations during the financial period under review.

Under the Shariah-based funds managed by Public Mutual Berhad, a tainted income of RM167,171 (31 December 2018: RM5,506,908) arising from the disposal of Shariah non-compliant securities has been channeled to charitable bodies and distributed to investors as advised by the Shariah Adviser. The Compliance Division conducts onsite visit to the approved charitable bodies on a yearly basis and tabled the onsite visit report to the Risk and Compliance Committee for noting.