

# PUBLIC BANK BERHAD

Company Registration No.: 196501000672 (6463-H)

## PILLAR 3 DISCLOSURE

As at 30 June 2020

### 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:

	30 June 2020		31 December 2019	
	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
<b>Group</b>				
Credit Risk	258,562,397	20,684,992	252,112,870	20,169,030
Market Risk	5,044,389	403,551	5,040,545	403,244
Operational Risk	19,898,557	1,591,884	20,139,900	1,611,192
Large Exposure Risk	648,033	51,843	612,893	49,031
<b>Total</b>	<b>284,153,376</b>	<b>22,732,270</b>	<b>277,906,208</b>	<b>22,232,497</b>
<b>Bank</b>				
Credit Risk	205,597,267	16,447,781	201,778,618	16,142,289
Market Risk	5,323,480	425,878	5,473,692	437,895
Operational Risk	13,544,246	1,083,540	14,036,638	1,122,931
Large Exposure Risk	620,637	49,651	587,405	46,992
<b>Total</b>	<b>225,085,630</b>	<b>18,006,850</b>	<b>221,876,353</b>	<b>17,750,107</b>

## 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 2020	31 December 2019	30 June 2020	31 December 2019
<b>Before deducting interim dividends*:</b>				
Common equity tier I ("CET I") capital ratio	<b>13.972%</b>	14.019%	<b>12.776%</b>	12.808%
Tier I capital ratio	<b>14.029%</b>	14.076%	<b>12.820%</b>	12.853%
Total capital ratio	<b>17.228%</b>	17.317%	<b>16.183%</b>	16.243%
<b>After deducting interim dividends*:</b>				
CET I capital ratio	<b>13.972%</b>	13.460%	<b>12.776%</b>	12.108%
Tier I capital ratio	<b>14.029%</b>	13.517%	<b>12.820%</b>	12.153%
Total capital ratio	<b>17.228%</b>	16.758%	<b>16.183%</b>	15.543%

\* 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 ("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.

Banking institutions are also required to maintain a CCB 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.

Effective from 25 March 2020, the Group and the Bank are allowed to drawdown the CCB of 2.5% to manage the impact of the Covid-19 outbreak. However, BNM expects the Group and the Bank to rebuild this buffer after 31 December 2020 and to meet the minimum regulatory requirements by 30 September 2021. As at reporting date, the Group and the Bank continued to maintain CCB of 2.5%.

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**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 2020</b>							
<b>Before deducting interim dividends*:</b>							
CET I capital ratio	12.481%	44.162%	19.077%	18.845%	23.381%	N/A	N/A
Tier I capital ratio	12.481%	44.162%	19.077%	18.845%	23.381%	N/A	N/A
Total capital ratio	16.220%	44.540%	19.084%	19.650%	24.426%	20.801%	38.191%
<b>After deducting interim dividends*:</b>							
CET I capital ratio	12.481%	44.162%	19.077%	18.761%	22.512%	N/A	N/A
Tier I capital ratio	12.481%	44.162%	19.077%	18.761%	22.512%	N/A	N/A
Total capital ratio	16.220%	44.540%	19.084%	19.566%	23.558%	20.801%	38.191%
<b>31 December 2019</b>							
<b>Before deducting interim dividends*:</b>							
CET I capital ratio	12.362%	53.270%	18.741%	18.335%	22.348%	N/A	N/A
Tier I capital ratio	12.362%	53.270%	18.741%	18.335%	22.348%	N/A	N/A
Total capital ratio	16.192%	53.794%	18.748%	19.596%	23.411%	18.441%	43.588%
<b>After deducting interim dividends*:</b>							
CET I capital ratio	12.362%	49.503%	18.741%	18.295%	20.930%	N/A	N/A
Tier I capital ratio	12.362%	49.503%	18.741%	18.295%	20.930%	N/A	N/A
Total capital ratio	16.192%	50.027%	18.748%	19.556%	21.993%	18.441%	43.588%

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

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**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 CCB 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 CCB 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 CCB 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 CCB 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 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. 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 Ordinance relating to Basel III capital standards and the Banking (Capital) Rules. These two subsidiaries are required to maintain a CCB of 2.5% and a CCyB of 1.0% (2019: 2.0%) as imposed by Hong Kong Monetary Authority to their private sector exposures in Hong Kong.
- <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 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 ("PBN"), which is the nearest equivalent regulatory compliance ratio. Effective from 1 January 2020, this ratio is computed in accordance with State Bank of Vietnam ("SBV") Circular No.41/2016/TT-NHNN. This ratio is derived as PBN's capital divided by its credit risk-weighted assets and capital charge for market risk and operational risk. The minimum regulatory capital adequacy ratio requirement is 8.0%. Prior to 1 January 2020, the ratio was 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, which was derived as PBN's capital divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory capital adequacy ratio requirement was 9.0%.

**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 2020</b>	<b>31 December 2019</b>	<b>30 June 2020</b>	<b>31 December 2019</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	1,576,301	1,273,513	696,946	671,090
Retained profits	30,671,062	30,245,351	25,521,001	25,267,007
Qualifying non-controlling interests	730,913	696,901	-	-
Less: Goodwill and other intangible assets	(2,514,955)	(2,443,039)	(695,393)	(695,393)
Less: Deferred tax assets, net	(73,203)	(83,484)	-	(11,307)
Less: Defined benefit pension fund assets	-	(48,430)	-	(47,736)
Less: Investment in banking/insurance subsidiary companies and associated companies deducted from CET I capital	(105,695)	(99,419)	(6,183,241)	(6,183,241)
<b>Total CET I capital</b>	<b>39,702,076</b>	<b>38,959,046</b>	<b>28,756,966</b>	<b>28,418,073</b>
Additional Tier 1 capital securities	99,642	99,582	99,642	99,582
Qualifying CET I and additional Tier I capital instruments held by third parties	61,662	58,619	-	-
<b>Total Tier I capital</b>	<b>39,863,380</b>	<b>39,117,247</b>	<b>28,856,608</b>	<b>28,517,655</b>
<b>Tier II capital</b>				
Stage 1 and Stage 2 expected credit loss allowances	1,850,133	1,685,918	1,339,590	1,256,999
Qualifying regulatory reserves	1,381,897	1,465,493	1,230,376	1,265,234
Subordinated notes	4,999,989	4,999,986	4,999,989	4,999,986
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	718,377	716,141	-	-
Others	139,117	139,117	-	-
<b>Total Tier II capital</b>	<b>9,089,513</b>	<b>9,006,655</b>	<b>7,569,955</b>	<b>7,522,219</b>
<b>Total capital</b>	<b>48,952,893</b>	<b>48,123,902</b>	<b>36,426,563</b>	<b>36,039,874</b>

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**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 2020</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	61,417,075	61,417,075	1,179,910	94,393
Public Sector Entities	1,774,133	1,774,133	42,867	3,429
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	16,680,520	16,204,850	5,447,036	435,763
Insurance Companies, Securities Firms and Fund Managers	542,091	542,039	542,039	43,363
Corporates	94,001,574	90,975,371	69,566,995	5,565,359
Regulatory Retail	132,127,245	131,096,816	101,179,298	8,094,344
Residential Mortgages	122,175,429	121,959,502	54,158,451	4,332,676
Higher Risk Assets	81,752	81,713	122,570	9,806
Other Assets	7,142,046	7,142,046	4,314,160	345,133
Equity Exposures	802,496	802,496	802,496	64,200
Defaulted Exposures	1,047,233	1,045,825	1,336,981	106,958
	<b>437,791,594</b>	<b>433,041,866</b>	<b>238,692,803</b>	<b>19,095,424</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	24,124,658	23,480,739	19,362,689	1,549,015
Derivative Financial Instruments	868,403	868,403	339,746	27,180
Other Treasury-related Exposures	965,329	965,329	155,531	12,443
Defaulted Exposures	8,765	8,765	11,628	930
	<b>25,967,155</b>	<b>25,323,236</b>	<b>19,869,594</b>	<b>1,589,568</b>
<b>Total Credit Exposures</b>	<b>463,758,749</b>	<b>458,365,102</b>	<b>258,562,397</b>	<b>20,684,992</b>

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**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 2019</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	59,836,515	59,836,515	1,313,914	105,113
Public Sector Entities	1,709,913	1,709,913	30,712	2,457
Banks, DFIs and MDBs	12,404,531	12,404,531	4,385,345	350,827
Insurance Companies, Securities Firms and Fund Managers	567,296	567,236	567,236	45,379
Corporates	92,379,595	89,194,029	68,496,322	5,479,706
Regulatory Retail	132,937,578	131,841,201	101,664,887	8,133,191
Residential Mortgages	118,060,283	117,855,231	51,026,701	4,082,136
Higher Risk Assets	76,056	76,055	114,083	9,127
Other Assets	7,648,536	7,648,536	4,341,738	347,339
Equity Exposures	774,913	774,913	774,913	61,993
Defaulted Exposures	1,295,287	1,294,748	1,670,835	133,667
	<b>427,690,503</b>	<b>423,202,908</b>	<b>234,386,686</b>	<b>18,750,935</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	21,895,056	21,241,224	17,399,315	1,391,945
Derivative Financial Instruments	787,361	787,361	311,299	24,904
Other Treasury-related Exposures	65,652	65,652	4,669	374
Defaulted Exposures	8,080	8,080	10,901	872
	<b>22,756,149</b>	<b>22,102,317</b>	<b>17,726,184</b>	<b>1,418,095</b>
<b>Total Credit Exposures</b>	<b>450,446,652</b>	<b>445,305,225</b>	<b>252,112,870</b>	<b>20,169,030</b>

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**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 2020</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	40,533,406	40,533,406	80,000	6,400
Public Sector Entities	466,054	466,054	3,822	306
Banks, DFIs and MDBs	10,024,997	9,549,327	2,671,836	213,747
Insurance Companies, Securities Firms and Fund Managers	16,609	16,609	16,609	1,329
Corporates	77,372,399	74,813,011	56,602,660	4,528,213
Regulatory Retail	101,231,119	100,410,699	76,215,368	6,097,229
Residential Mortgages	95,394,657	95,216,002	41,735,534	3,338,843
Higher Risk Assets	69,345	69,327	103,991	8,319
Other Assets	5,858,901	5,858,901	4,393,562	351,485
Equity Exposures	6,598,518	6,598,518	6,598,518	527,881
Defaulted Exposures	772,917	771,616	1,010,110	80,809
	<b>338,338,922</b>	<b>334,303,470</b>	<b>189,432,010</b>	<b>15,154,561</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	19,750,664	19,144,077	15,650,498	1,252,040
Derivative Financial Instruments	1,179,699	1,179,699	401,498	32,120
Other Treasury-related Exposures	694,606	694,606	105,622	8,449
Defaulted Exposures	5,995	5,995	7,639	611
	<b>21,630,964</b>	<b>21,024,377</b>	<b>16,165,257</b>	<b>1,293,220</b>
<b>Total Credit Exposures</b>	<b>359,969,886</b>	<b>355,327,847</b>	<b>205,597,267</b>	<b>16,447,781</b>



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**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 2019</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	37,503,871	37,503,871	69,742	5,579
Public Sector Entities	457,980	457,980	2,865	229
Banks, DFIs and MDBs	7,522,814	7,522,814	2,365,922	189,274
Insurance Companies, Securities Firms and Fund Managers	11,872	11,863	11,863	949
Corporates	75,598,466	73,229,552	55,702,916	4,456,233
Regulatory Retail	102,449,301	101,555,104	77,039,676	6,163,174
Residential Mortgages	92,811,722	92,641,007	39,629,837	3,170,387
Higher Risk Assets	64,954	64,954	97,430	7,794
Other Assets	6,456,494	6,456,494	4,671,390	373,711
Equity Exposures	6,458,693	6,458,693	6,458,693	516,696
Defaulted Exposures	982,596	982,213	1,295,747	103,660
	<b>330,318,763</b>	<b>326,884,545</b>	<b>187,346,081</b>	<b>14,987,686</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	17,957,421	17,344,628	14,073,826	1,125,906
Derivative Financial Instruments	982,285	982,285	348,043	27,843
Other Treasury-related Exposures	44,405	44,405	4,669	374
Defaulted Exposures	4,481	4,481	5,999	480
	<b>18,988,592</b>	<b>18,375,799</b>	<b>14,432,537</b>	<b>1,154,603</b>
<b>Total Credit Exposures</b>	<b>349,307,355</b>	<b>345,260,344</b>	<b>201,778,618</b>	<b>16,142,289</b>

**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) Industry 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 2020</b>									
<b>On-Balance Sheet Exposures</b>									
Cash and balances with banks	9,386,792	11,479,547	-	-	-	-	-	-	20,866,339
Reverse repurchase agreements	479,462	-	-	-	-	-	-	-	479,462
Financial assets at fair value through profit or loss*	1,499,724	34,894	-	-	49,898	-	-	-	1,584,516
Derivative financial assets	-	192,511	-	-	-	-	-	-	192,511
Financial investments at fair value through other comprehensive income*	38,571,070	4,782,414	311,315	744,985	314,147	-	-	-	44,723,931
Financial investments at amortised cost (Gross)	12,518,961	11,741,293	1,383,358	1,753,407	1,635,117	-	-	-	29,032,136
Gross loans, advances and financing	1,023,913	14,559,911	12,109,938	43,299,763	45,136,293	132,904,237	41,627,424	43,961,057	334,622,536
Statutory deposits with Central Banks	1,292,630	-	-	-	-	-	-	-	1,292,630
	<b>64,772,552</b>	<b>42,790,570</b>	<b>13,804,611</b>	<b>45,798,155</b>	<b>47,135,455</b>	<b>132,904,237</b>	<b>41,627,424</b>	<b>43,961,057</b>	<b>432,794,061</b>
<b>Commitments and Contingencies</b>									
Contingent liabilities	1,907	103,934	389,821	391,394	815,571	348,604	-	978,193	3,029,424
Commitments	699,099	3,455,544	4,663,471	13,482,400	10,562,706	17,666,209	4,981	15,649,580	66,183,990
	<b>701,006</b>	<b>3,559,478</b>	<b>5,053,292</b>	<b>13,873,794</b>	<b>11,378,277</b>	<b>18,014,813</b>	<b>4,981</b>	<b>16,627,773</b>	<b>69,213,414</b>
<b>Total Credit Exposures</b>	<b>65,473,558</b>	<b>46,350,048</b>	<b>18,857,903</b>	<b>59,671,949</b>	<b>58,513,732</b>	<b>150,919,050</b>	<b>41,632,405</b>	<b>60,588,830</b>	<b>502,007,475</b>

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**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 2019</b>									
<b>On-Balance Sheet Exposures</b>									
Cash and balances with banks	5,096,678	8,979,021	-	-	-	-	-	-	14,075,699
Reverse repurchase agreements	8,208	-	-	-	-	-	-	-	8,208
Financial assets at fair value through profit or loss*	3,480,322	284,515	-	-	-	-	-	-	3,764,837
Derivative financial assets	-	152,330	-	-	-	-	-	-	152,330
Financial investments at fair value through other comprehensive income*	34,377,662	4,224,811	324,591	660,344	212,991	-	-	-	39,800,399
Financial investments at amortised cost (Gross)	11,753,724	11,071,528	1,383,470	1,798,699	1,635,293	-	-	-	27,642,714
Gross loans, advances and financing	1,020,101	13,519,318	12,136,869	43,843,317	45,086,053	128,542,790	42,165,530	44,154,463	330,468,441
Statutory deposits with Central Banks	10,044,185	-	-	-	-	-	-	-	10,044,185
	<u>65,780,880</u>	<u>38,231,523</u>	<u>13,844,930</u>	<u>46,302,360</u>	<u>46,934,337</u>	<u>128,542,790</u>	<u>42,165,530</u>	<u>44,154,463</u>	<u>425,956,813</u>
<b>Commitments and Contingencies</b>									
Contingent liabilities	2,016	138,823	434,156	698,826	881,334	-	-	1,108,293	3,263,448
Commitments	557,059	1,703,589	3,779,416	11,784,677	10,457,652	16,197,137	17,532	14,954,165	59,451,227
	<u>559,075</u>	<u>1,842,412</u>	<u>4,213,572</u>	<u>12,483,503</u>	<u>11,338,986</u>	<u>16,197,137</u>	<u>17,532</u>	<u>16,062,458</u>	<u>62,714,675</u>
<b>Total Credit Exposures</b>	<u>66,339,955</u>	<u>40,073,935</u>	<u>18,058,502</u>	<u>58,785,863</u>	<u>58,273,323</u>	<u>144,739,927</u>	<u>42,183,062</u>	<u>60,216,921</u>	<u>488,671,488</u>

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

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

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

**(b) Geographical Analysis**

<b>Group</b>	<b>Malaysia RM'000</b>	<b>Hong Kong &amp; China RM'000</b>	<b>Cambodia RM'000</b>	<b>Other Countries RM'000</b>	<b>Total RM'000</b>
<b>30 June 2020</b>					
<b>On-Balance Sheet Exposures</b>					
Cash and balances with banks	9,695,478	3,599,936	4,839,961	2,730,964	20,866,339
Reverse repurchase agreements	475,092	-	-	4,370	479,462
Financial assets at fair value through profit or loss*	1,584,516	-	-	-	1,584,516
Derivative financial assets	135,805	20,509	-	36,197	192,511
Financial investments at fair value through other comprehensive income*	44,322,080	-	-	401,851	44,723,931
Financial investments at amortised cost (Gross)	24,508,641	2,299,240	820,978	1,403,277	29,032,136
Gross loans, advances and financing	310,798,963	15,111,511	4,691,453	4,020,609	334,622,536
Statutory deposits with Central Banks	456,673	36,678	629,749	169,530	1,292,630
	<b>391,977,248</b>	<b>21,067,874</b>	<b>10,982,141</b>	<b>8,766,798</b>	<b>432,794,061</b>
<b>Commitments and Contingencies</b>					
Contingent liabilities	2,419,715	171,945	33,062	404,702	3,029,424
Commitments	61,297,311	2,259,410	1,580,692	1,046,577	66,183,990
	<b>63,717,026</b>	<b>2,431,355</b>	<b>1,613,754</b>	<b>1,451,279</b>	<b>69,213,414</b>
<b>Total Credit Exposures</b>	<b>455,694,274</b>	<b>23,499,229</b>	<b>12,595,895</b>	<b>10,218,077</b>	<b>502,007,475</b>
<b>31 December 2019</b>					
<b>On-Balance Sheet Exposures</b>					
Cash and balances with banks	7,043,362	3,311,934	2,142,464	1,577,939	14,075,699
Reverse repurchase agreements	-	-	-	8,208	8,208
Financial assets at fair value through profit or loss*	3,764,837	-	-	-	3,764,837
Derivative financial assets	69,920	32,807	-	49,603	152,330
Financial investments at fair value through other comprehensive income*	39,497,323	-	-	303,076	39,800,399
Financial investments at amortised cost (Gross)	23,448,580	2,049,263	941,505	1,203,366	27,642,714
Gross loans, advances and financing	306,810,560	15,164,688	4,720,804	3,772,389	330,468,441
Statutory deposits with Central Banks	8,763,996	59,455	1,132,483	88,251	10,044,185
	<b>389,398,578</b>	<b>20,618,147</b>	<b>8,937,256</b>	<b>7,002,832</b>	<b>425,956,813</b>
<b>Commitments and Contingencies</b>					
Contingent liabilities	2,547,900	184,779	20,000	510,769	3,263,448
Commitments	55,897,829	1,699,854	1,264,933	588,611	59,451,227
	<b>58,445,729</b>	<b>1,884,633</b>	<b>1,284,933</b>	<b>1,099,380</b>	<b>62,714,675</b>
<b>Total Credit Exposures</b>	<b>447,844,307</b>	<b>22,502,780</b>	<b>10,222,189</b>	<b>8,102,212</b>	<b>488,671,488</b>

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

**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 2020</b>					
<b>On-Balance Sheet Exposures</b>					
Cash and balances with banks	20,866,339	-	-	-	20,866,339
Reverse repurchase agreements	479,462	-	-	-	479,462
Financial assets at fair value through profit or loss*	1,313,833	217,334	10,536	42,813	1,584,516
Derivative financial assets	190,805	-	432	1,274	192,511
Financial investments at fair value through other comprehensive income*	3,245,217	15,197,690	17,491,457	8,789,567	44,723,931
Financial investments at amortised cost (Gross)	7,120,738	12,994,739	7,392,939	1,523,720	29,032,136
Gross loans, advances and financing	29,417,713	28,558,673	31,676,907	244,969,243	334,622,536
Statutory deposits with Central Banks	-	-	-	1,292,630	1,292,630
<b>Total On-Balance Sheet Exposures</b>	<b>62,634,107</b>	<b>56,968,436</b>	<b>56,572,271</b>	<b>256,619,247</b>	<b>432,794,061</b>
<b>31 December 2019</b>					
<b>On-Balance Sheet Exposures</b>					
Cash and balances with banks	14,075,699	-	-	-	14,075,699
Reverse repurchase agreements	8,208	-	-	-	8,208
Financial assets at fair value through profit or loss*	2,605,819	968,792	148,203	42,023	3,764,837
Derivative financial assets	98,932	46,394	6,306	698	152,330
Financial investments at fair value through other comprehensive income*	2,845,271	14,085,052	12,983,365	9,886,711	39,800,399
Financial investments at amortised cost (Gross)	6,568,307	11,323,033	7,639,746	2,111,628	27,642,714
Gross loans, advances and financing	30,074,737	28,380,117	33,530,946	238,482,641	330,468,441
Statutory deposits with Central Banks	-	-	-	10,044,185	10,044,185
<b>Total On-Balance Sheet Exposures</b>	<b>56,276,973</b>	<b>54,803,388</b>	<b>54,308,566</b>	<b>260,567,886</b>	<b>425,956,813</b>

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

Approximately 14% (31 December 2019: 13%) of the Group's exposures to customers and counterparties are short-term, having contractual maturity of one year or less. About 73% (31 December 2019: 72%) of the Group's gross loans, advances and financing has residual maturity of more than five years. The longer maturity is from the housing loans/financing and hire purchase which made up 53% (31 December 2019: 52%) 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.

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**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 2020</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	910,623		910,623	511,236
Transaction-related contingent items	1,680,358		840,179	468,820
Short-term self-liquidating trade-related contingencies	438,443		87,689	77,825
	<b>3,029,424</b>		<b>1,838,491</b>	<b>1,057,881</b>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	30,838,442		15,418,890	12,766,936
- not exceeding one year	26,302,732		5,260,545	4,337,877
Unutilised credit card lines	8,077,487		1,615,497	1,211,623
Forward asset purchases	965,329		965,329	155,531
	<b>66,183,990</b>		<b>23,260,261</b>	<b>18,471,967</b>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts:				
- up to one year	22,724,917	190,805	473,270	168,474
- more than one year to five years	3,170,594	-	251,891	125,945
Interest/profit rate related contracts:				
- up to one year	1,388,780	-	3,472	1,436
- more than one year to five years	4,283,782	432	83,001	28,486
- more than five years	892,668	1,274	56,762	15,398
Commodity related contracts:				
- up to one year	654	-	7	7
	<b>32,461,395</b>	<b>192,511</b>	<b>868,403</b>	<b>339,746</b>
<b>Total Off-Balance Sheet Exposures</b>	<b>101,674,809</b>	<b>192,511</b>	<b>25,967,155</b>	<b>19,869,594</b>

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**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 2019</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	949,669		949,669	526,348
Transaction-related contingent items	1,745,471		872,736	496,559
Short-term self-liquidating trade-related contingencies	568,308		113,662	99,777
	<u>3,263,448</u>		<u>1,936,067</u>	<u>1,122,684</u>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	26,968,879		13,483,731	11,075,340
- not exceeding one year	24,753,060		4,950,611	4,062,646
Unutilised credit card lines	7,663,636		1,532,727	1,149,546
Forward asset purchases	65,652		65,652	4,669
	<u>59,451,227</u>		<u>20,032,721</u>	<u>16,292,201</u>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts:				
- up to one year	22,157,757	98,932	344,652	97,933
- more than one year to five years	3,446,350	45,596	324,949	162,871
Interest/profit rate related contracts:				
- up to one year	930,000	-	600	119
- more than one year to five years	4,494,515	7,104	82,081	35,745
- more than five years	571,631	698	35,078	14,630
Commodity related contracts:				
- up to one year	120	-	1	1
	<u>31,600,373</u>	<u>152,330</u>	<u>787,361</u>	<u>311,299</u>
<b>Total Off-Balance Sheet Exposures</b>	<u>94,315,048</u>	<u>152,330</u>	<u>22,756,149</u>	<u>17,726,184</u>

**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 2020</b>				
<b>Bank (excluding Public Bank (L) Ltd.)</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	868,343		868,343	479,884
Transaction-related contingent items	1,388,886		694,443	355,148
Short-term self-liquidating trade-related contingencies	78,139		15,628	13,638
	<b>2,335,368</b>		<b>1,578,414</b>	<b>848,670</b>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	24,865,103		12,432,338	10,325,128
- not exceeding one year	20,914,163		4,182,832	3,308,889
Unutilised credit card lines	7,752,436		1,550,487	1,162,865
Forward asset purchases	694,606		694,606	105,622
	<b>54,226,308</b>		<b>18,860,263</b>	<b>14,902,504</b>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts:				
- up to one year	21,714,976	187,408	466,925	166,698
- more than one year to five years	3,170,594	-	251,891	125,945
Interest rate related contracts:				
- up to one year	1,303,150	-	3,258	1,329
- more than one year to five years	5,035,455	63,544	171,180	43,142
- more than five years	2,200,000	135,804	262,804	52,561
Commodity related contracts:				
- up to one year	654	-	7	7
	<b>33,424,829</b>	<b>386,756</b>	<b>1,156,065</b>	<b>389,682</b>
<b>Total</b>	<b>89,986,505</b>	<b>386,756</b>	<b>21,594,742</b>	<b>16,140,856</b>



**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 2020</b>				
<b>Public Bank (L) Ltd.</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	2,141		2,141	2,141
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of: - not exceeding one year	52,237		10,447	10,444
<b>Derivative Financial Instruments</b>				
Interest rate related contracts:				
- up to one year	85,630	-	214	107
- more than one year to five years	248,327	-	9,933	4,966
- more than five years	192,668	-	13,487	6,743
	526,625	-	23,634	11,816
<b>Total</b>	<b>581,003</b>	<b>-</b>	<b>36,222</b>	<b>24,401</b>
<b>Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.</b>	<b>90,567,508</b>	<b>386,756</b>	<b>21,630,964</b>	<b>16,165,257</b>

**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 2019</b>				
<b>Bank (excluding Public Bank (L) Ltd.)</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	912,117		912,117	499,754
Transaction-related contingent items	1,435,577		717,789	378,051
Short-term self-liquidating trade-related contingencies	117,703		23,541	19,466
	<u>2,465,397</u>		<u>1,653,447</u>	<u>897,271</u>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	21,583,171		10,791,108	8,880,729
- not exceeding one year	20,165,155		4,033,031	3,185,035
Unutilised credit card lines	7,346,453		1,469,291	1,101,968
Forward asset purchases	44,405		44,405	4,669
	<u>49,139,184</u>		<u>16,337,835</u>	<u>13,172,401</u>
<b>Derivative Financial Instruments</b>				
Foreign exchange related contracts:				
- up to one year	21,117,858	89,119	324,446	91,651
- more than one year to five years	3,446,350	45,596	324,949	162,871
Interest rate related contracts:				
- up to one year	1,060,000	19	619	123
- more than one year to five years	4,912,645	10,975	95,135	37,993
- more than five years	2,150,000	86,545	210,545	42,109
Commodity related contracts:				
- up to one year	120	-	1	1
	<u>32,686,973</u>	<u>232,254</u>	<u>955,695</u>	<u>334,748</u>
<b>Total</b>	<u>84,291,554</u>	<u>232,254</u>	<u>18,946,977</u>	<u>14,404,420</u>

**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 2019</b>				
<b>Public Bank (L) Ltd.</b>				
<b>Contingent Liabilities</b>				
Direct credit substitutes	2,047		2,047	2,047
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	64,889		12,978	12,775
<b>Derivative Financial Instruments</b>				
Interest rate related contracts:				
- more than one year to five years	81,870	393	1,210	605
- more than five years	421,631	-	25,380	12,690
	503,501	393	26,590	13,295
<b>Total</b>	570,437	393	41,615	28,117
<b>Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.</b>	84,861,991	232,647	18,988,592	14,432,537

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**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 2020</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	61,417,075	-	-	-
Public Sector Entities	1,774,133	1,559,798	-	-
Banks, DFIs and MDBs	16,680,520	380,166	475,670	-
Insurance Companies, Securities Firms and Fund Managers	542,091	-	52	-
Corporates	94,001,574	12,194,449	3,026,203	-
Regulatory Retail	132,127,245	47,676	1,030,429	-
Residential Mortgages	122,175,429	-	215,927	-
Higher Risk Assets	81,752	-	39	-
Other Assets	7,142,046	-	-	-
Equity Exposures	802,496	-	-	-
Defaulted Exposures	1,047,233	-	1,408	-
	<b>437,791,594</b>	<b>14,182,089</b>	<b>4,749,728</b>	<b>-</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	24,124,658	69,235	643,919	-
Derivative Financial Instruments	868,403	-	-	-
Other Treasury-related Exposures	965,329	-	-	-
Defaulted Exposures	8,765	-	-	-
	<b>25,967,155</b>	<b>69,235</b>	<b>643,919</b>	<b>-</b>
<b>Total Credit Exposures</b>	<b>463,758,749</b>	<b>14,251,324</b>	<b>5,393,647</b>	<b>-</b>

**PUBLIC BANK BERHAD**  
**Company Registration No.: 196501000672 (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 2019</b>				
<b>On-Balance Sheet Exposures</b>				
Sovereigns/Central Banks	59,836,515	-	-	-
Public Sector Entities	1,709,913	1,556,354	-	-
Banks, DFIs and MDBs	12,404,531	374,832	-	-
Insurance Companies, Securities Firms and Fund Managers	567,296	-	60	-
Corporates	92,379,595	11,217,476	3,185,566	-
Regulatory Retail	132,937,578	-	1,096,377	-
Residential Mortgages	118,060,283	-	205,052	-
Higher Risk Assets	76,056	-	1	-
Other Assets	7,648,536	-	-	-
Equity Exposures	774,913	-	-	-
Defaulted Exposures	1,295,287	-	539	-
	<b>427,690,503</b>	<b>13,148,662</b>	<b>4,487,595</b>	<b>-</b>
<b>Off-Balance Sheet Exposures</b>				
Credit-related Exposures	21,895,056	112,704	653,832	-
Derivative Financial Instruments	787,361	-	-	-
Other Treasury-related Exposures	65,652	-	-	-
Defaulted Exposures	8,080	-	-	-
	<b>22,756,149</b>	<b>112,704</b>	<b>653,832</b>	<b>-</b>
<b>Total Credit Exposures</b>	<b>450,446,652</b>	<b>13,261,366</b>	<b>5,141,427</b>	<b>-</b>

**PUBLIC BANK BERHAD**

Company Registration No.: 196501000672 (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:

<b>Rating Category</b>	<b>Standard &amp; Poor's</b>	<b>Moody's Investors Service</b>	<b>Fitch Ratings</b>	<b>RAM Rating Services Berhad</b>	<b>Malaysian Rating Corporation Berhad</b>
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:

<b>Rating Category</b>	<b>Risk Weights Based on Credit Rating of the Counterparty Exposure Class</b>			
	<b>Sovereigns and Central Banks</b>	<b>Corporates</b>	<b>Banking Institutions</b>	
			<b>For Exposure Greater Than Six Months Original Maturity</b>	<b>For Exposure Less Than Six Months Original Maturity</b>
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.

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 2020</b>								
<b>On-Balance Sheet Exposures</b>								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	17,353,379	596,374	151,801	-	-	-		18,101,554
- Regulatory Retail	47,676	-	-	-	-	-		47,676
	<b>17,401,055</b>	<b>596,374</b>	<b>151,801</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>18,149,230</b>
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks <sup>#</sup>								
- Sovereigns and Central Banks	1,132,190	57,670,693	-	379,255	2,234,936	-		61,417,074
- Public Sector Entities	-	1,751,171	-	-	-	-		1,751,171
- Banks, DFIs and MDBs	-	855,837	-	-	-	-		855,837
- Corporates	-	6,612,146	-	-	-	-		6,612,146
	<b>1,132,190</b>	<b>66,889,847</b>	<b>-</b>	<b>379,255</b>	<b>2,234,936</b>	<b>-</b>		<b>70,636,228</b>
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	7,351,358	3,810,575	1,259,415	484,095	168,573	-		13,074,016
- Corporates	635,433	210,449	-	-	-	-		845,882
	<b>7,986,791</b>	<b>4,021,024</b>	<b>1,259,415</b>	<b>484,095</b>	<b>168,573</b>	<b>-</b>		<b>13,919,898</b>
Total Rated Exposures	<b>26,520,036</b>	<b>71,507,245</b>	<b>1,411,216</b>	<b>863,350</b>	<b>2,403,509</b>	<b>-</b>		<b>102,705,356</b>
(b) Total Unrated Exposures							<b>335,086,238</b>	<b>335,086,238</b>
	<b>26,520,036</b>	<b>71,507,245</b>	<b>1,411,216</b>	<b>863,350</b>	<b>2,403,509</b>	<b>-</b>	<b>335,086,238</b>	<b>437,791,594</b>

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 2020</b>								
<b>Off-Balance Sheet Exposures</b>								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	107,398	-	9,899	-	-	-		117,297
- Regulatory Retail	20	-	-	-	-	-		20
	<u>107,418</u>	<u>-</u>	<u>9,899</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>117,317</u>
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks <sup>#</sup>								
- Sovereigns and Central Banks	-	220,189	-	-	-	-		220,189
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	255,194	607,013	116,044	292	119	-		978,662
- Corporates	4,827	472	-	-	-	-		5,299
	<u>260,021</u>	<u>607,485</u>	<u>116,044</u>	<u>292</u>	<u>119</u>	<u>-</u>		<u>983,961</u>
Total Rated Exposures	<u>367,439</u>	<u>827,674</u>	<u>125,943</u>	<u>292</u>	<u>119</u>	<u>-</u>		<u>1,321,467</u>
(b) Total Unrated Exposures							24,645,688	24,645,688
	<u>367,439</u>	<u>827,674</u>	<u>125,943</u>	<u>292</u>	<u>119</u>	<u>-</u>	<u>24,645,688</u>	<u>25,967,155</u>
<b>Total Credit Exposures before Credit Risk Mitigation</b>	<u>26,887,475</u>	<u>72,334,919</u>	<u>1,537,159</u>	<u>863,642</u>	<u>2,403,628</u>	<u>-</u>	<u>359,731,926</u>	<u>463,758,749</u>



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 2019</b>								
<b>On-Balance Sheet Exposures</b>								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	16,786,938	525,746	138,557	-	-	-		17,451,241
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks <sup>#</sup>								
- Sovereigns and Central Banks	1,088,702	55,866,470	-	288,626	2,558,892	-		59,802,690
- Public Sector Entities	-	1,690,662	-	-	-	-		1,690,662
- Banks, DFIs and MDBs	-	664,048	-	-	-	-		664,048
- Corporates	-	6,260,934	-	-	-	-		6,260,934
	1,088,702	64,482,114	-	288,626	2,558,892	-		68,418,334
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	6,043,240	3,063,420	22,718	262,419	286,185	-		9,677,982
- Corporates	454,568	160,048	33,345	-	-	-		647,961
	6,497,808	3,223,468	56,063	262,419	286,185	-		10,325,943
Total Rated Exposures	24,373,448	68,231,328	194,620	551,045	2,845,077	-		96,195,518
(b) Total Unrated Exposures							331,494,985	331,494,985
	24,373,448	68,231,328	194,620	551,045	2,845,077	-	331,494,985	427,690,503

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 2019</b>								
<b>Off-Balance Sheet Exposures</b>								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	151,613	-	-	-	-	-		151,613
- Regulatory Retail	20	-	-	-	-	-		20
	<u>151,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>151,633</u>
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks <sup>#</sup>								
- Sovereigns and Central Banks	-	89,588	-	-	-	-		89,588
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	212,834	106,622	53,510	5,875	1,596	-		380,437
- Corporates	4,189	5,778	429	-	-	-		10,396
	<u>217,023</u>	<u>112,400</u>	<u>53,939</u>	<u>5,875</u>	<u>1,596</u>	<u>-</u>		<u>390,833</u>
Total Rated Exposures	368,656	201,988	53,939	5,875	1,596	-		632,054
(b) Total Unrated Exposures							22,124,095	22,124,095
	<u>368,656</u>	<u>201,988</u>	<u>53,939</u>	<u>5,875</u>	<u>1,596</u>	<u>-</u>	<u>22,124,095</u>	<u>22,756,149</u>
<b>Total Credit Exposures before Credit Risk Mitigation</b>	<u>24,742,104</u>	<u>68,433,316</u>	<u>248,559</u>	<u>556,920</u>	<u>2,846,673</u>	<u>-</u>	<u>353,619,080</u>	<u>450,446,652</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%.

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 2020</b>												
0%	60,268,570	1,559,798	380,167	-	6,612,146	-	-	-	2,825,190	-	71,645,871	-
20%	352,864	217,302	11,799,433	-	18,101,036	47,696	-	-	3,370	-	30,521,701	6,104,340
35%	-	-	-	-	-	-	83,611,354	-	-	-	83,611,354	29,263,974
50%	2	-	4,293,524	-	811,368	11,893	28,393,934	-	-	-	33,510,721	16,755,361
75%	-	-	-	-	-	131,333,629	627,561	-	-	-	131,961,190	98,970,892
100%	1,115,841	-	1,445,759	564,791	72,376,524	13,976,284	11,811,954	-	4,313,486	802,496	106,407,135	106,407,135
150%	-	-	-	-	145,348	446,309	20,164	95,309	-	-	707,130	1,060,695
<b>Total</b>	<b>61,737,277</b>	<b>1,777,100</b>	<b>17,918,883</b>	<b>564,791</b>	<b>98,046,422</b>	<b>145,815,811</b>	<b>124,464,967</b>	<b>95,309</b>	<b>7,142,046</b>	<b>802,496</b>	<b>458,365,102</b>	<b>258,562,397</b>
Risk-Weighted Assets by Exposures	<b>1,186,415</b>	<b>43,460</b>	<b>5,952,408</b>	<b>564,791</b>	<b>76,620,437</b>	<b>113,161,455</b>	<b>55,773,811</b>	<b>142,964</b>	<b>4,314,160</b>	<b>802,496</b>	<b>258,562,397</b>	
Average Risk Weights	<b>1.9%</b>	<b>2.4%</b>	<b>33.2%</b>	<b>100.0%</b>	<b>78.1%</b>	<b>77.6%</b>	<b>44.8%</b>	<b>150.0%</b>	<b>60.4%</b>	<b>100.0%</b>	<b>56.4%</b>	
Deduction from Total Capital												

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 2019</b>												
0%	58,288,631	1,556,354	380,049	-	6,544,933	-	-	-	3,293,187	-	70,063,154	-
20%	517,643	157,517	8,162,015	-	17,397,308	20	-	-	17,014	-	26,251,517	5,250,303
35%	-	-	-	-	-	-	82,921,285	-	-	-	82,921,285	29,022,450
50%	2	-	3,299,577	-	735,694	8,316	27,257,130	-	-	-	31,300,719	15,650,360
75%	-	-	-	-	-	131,461,488	593,626	-	-	-	132,055,114	99,041,335
100%	1,219,841	-	1,433,382	587,516	70,587,939	13,474,519	9,427,019	-	4,338,335	774,913	101,843,464	101,843,464
150%	-	-	-	-	182,728	565,039	35,674	86,531	-	-	869,972	1,304,958
<b>Total</b>	<b>60,026,117</b>	<b>1,713,871</b>	<b>13,275,023</b>	<b>587,516</b>	<b>95,448,602</b>	<b>145,509,382</b>	<b>120,234,734</b>	<b>86,531</b>	<b>7,648,536</b>	<b>774,913</b>	<b>445,305,225</b>	<b>252,112,870</b>
Risk-Weighted Assets by Exposures	1,323,371	31,503	4,715,573	587,516	74,709,340	112,922,355	52,576,764	129,797	4,341,738	774,913	252,112,870	
Average Risk Weights	2.2%	1.8%	35.5%	100.0%	78.3%	77.6%	43.7%	150.0%	56.8%	100.0%	56.6%	
Deduction from Total Capital												

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 2020</b>												
0%	40,630,418	446,943	288,705	-	5,479,187	-	-	-	2,500,293	-	49,345,546	-
20%	144,387	22,078	8,885,960	-	15,669,348	47,696	-	-	-	-	24,769,469	4,953,894
35%	-	-	-	-	-	-	66,430,931	-	-	-	66,430,931	23,250,826
50%	2	-	1,619,132	-	571,937	7,412	21,675,489	-	-	-	23,873,972	11,936,986
75%	-	-	-	-	-	106,707,102	392,045	-	-	-	107,099,147	80,324,360
100%	57,627	-	674,376	43,883	58,356,233	5,706,379	8,438,227	-	3,268,612	6,598,518	83,143,855	83,143,855
150%	-	-	-	-	127,637	358,276	9,334	79,684	-	-	574,931	862,396
1250%	-	-	-	-	-	-	-	-	89,996	-	89,996	1,124,950
<b>Total</b>	<b>40,832,434</b>	<b>469,021</b>	<b>11,468,173</b>	<b>43,883</b>	<b>80,204,342</b>	<b>112,826,865</b>	<b>96,946,026</b>	<b>79,684</b>	<b>5,858,901</b>	<b>6,598,518</b>	<b>355,327,847</b>	<b>205,597,267</b>
Risk-Weighted Assets by Exposures	86,505	4,416	3,261,134	43,883	61,967,527	86,287,365	42,834,832	119,525	4,393,562	6,598,518	205,597,267	
Average Risk Weights	0.2%	0.9%	28.4%	100.0%	77.3%	76.5%	44.2%	150.0%	75.0%	100.0%	57.9%	
Deduction from Total Capital			-							-	-	

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 2019</b>												
0%	37,473,348	443,655	288,746	-	5,476,640	-	-	-	2,820,058	-	46,502,447	-
20%	149,597	18,283	6,135,942	-	14,906,985	20	-	-	-	-	21,210,827	4,242,165
35%	-	-	-	-	-	-	66,381,159	-	-	-	66,381,159	23,233,406
50%	2	-	1,447,296	-	514,656	4,038	20,760,666	-	-	-	22,726,658	11,363,329
75%	-	-	-	-	-	107,183,852	398,868	-	-	-	107,582,720	80,687,040
100%	49,279	-	849,634	31,162	56,952,756	5,387,145	6,769,046	-	3,546,440	6,458,693	80,044,155	80,044,155
150%	-	-	-	-	152,082	475,047	21,704	73,549	-	-	722,382	1,083,573
1250%	-	-	-	-	-	-	-	-	89,996	-	89,996	1,124,950
<b>Total</b>	<b>37,672,226</b>	<b>461,938</b>	<b>8,721,618</b>	<b>31,162</b>	<b>78,003,119</b>	<b>113,050,102</b>	<b>94,331,443</b>	<b>73,549</b>	<b>6,456,494</b>	<b>6,458,693</b>	<b>345,260,344</b>	<b>201,778,618</b>
Risk-Weighted Assets by Exposures	79,199	3,657	2,800,470	31,162	60,419,604	86,489,628	40,714,492	110,323	4,671,390	6,458,693	201,778,618	
Average Risk Weights	0.2%	0.8%	32.1%	100.0%	77.5%	76.5%	43.2%	150.0%	72.4%	100.0%	58.4%	
Deduction from Total Capital												

**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 2020</b> <b>RM'000</b>	<b>31 December 2019</b> <b>RM'000</b>
Purchase of securities	12,722	36,773
Purchase of transport vehicles	5,659,425	9,086,702
Purchase of landed properties	7,883,897	13,727,663
(Of which: - residential	5,755,824	10,209,427
- non-residential)	2,128,073	3,518,236
Purchase of fixed assets (excluding landed properties)	14,579	12,408
Personal use	552,039	780,839
Credit card	210,156	240,513
Purchase of consumer durables	-	209
Construction	16,969	33,150
Working capital	1,015,963	799,651
Other purpose	23,084	41,859
	<b>15,388,834</b>	<b>24,759,767</b>

**(ii) Geographical**

<b>Group</b>	<b>30 June 2020</b> <b>RM'000</b>	<b>31 December 2019</b> <b>RM'000</b>
Malaysia	14,511,500	23,996,874
Hong Kong & China	337,742	285,166
Cambodia	404,229	224,717
Other countries	135,363	253,010
	<b>15,388,834</b>	<b>24,759,767</b>

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**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 2020 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 2020 RM'000</b>	<b>Collective Assessment Allowance at 30 June 2020 RM'000</b>	<b>Total Impairment Allowances for Loans, Advances and Financing RM'000</b>
<b>Group</b>							
<b>30 June 2020</b>							
Purchase of securities	-	-	-	-	-	3,861	3,861
Purchase of transport vehicles	159,592	4,304	1,577	231	6,112	498,178	504,290
Purchase of landed properties	734,220	10,220	2,654	(4,083)	8,791	697,497	706,288
(Of which: - residential	524,383	284	425	(240)	469	293,830	294,299
- non-residential)	209,837	9,936	2,229	(3,843)	8,322	403,667	411,989
Purchase of fixed assets (excluding landed properties)	10,162	1,091	537	(196)	1,432	3,245	4,677
Personal use	134,320	32,948	86,033	(82,817)	36,164	111,499	147,663
Credit card	14,530	-	-	-	-	38,263	38,263
Purchase of consumer durables	1	-	-	-	-	1	1
Construction	17,952	8,884	(434)	(291)	8,159	45,824	53,983
Mergers and acquisitions	-	-	-	-	-	2	2
Working capital	247,295	8,670	5,164	(1,763)	12,071	209,232	221,303
Other purpose	8,930	3,072	733	(415)	3,390	422,739	426,129
	<b>1,327,002</b>	<b>69,189</b>	<b>96,264</b>	<b>(89,334)</b>	<b>76,119</b>	<b>2,030,341</b>	<b>2,106,460</b>



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**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 2019 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 2019 RM'000</b>	<b>Collective Assessment Allowance at 31 December 2019 RM'000</b>	<b>Total Impairment Allowances for Loans, Advances and Financing RM'000</b>
<b>31 December 2019</b>							
Purchase of securities	724	-	-	-	-	4,548	4,548
Purchase of transport vehicles	241,765	2,592	4,448	(2,736)	4,304	409,607	413,911
Purchase of landed properties	856,891	16,903	11,306	(17,989)	10,220	738,523	748,743
(Of which: - residential	629,565	3,242	2,729	(5,687)	284	333,661	333,945
- non-residential)	227,326	13,661	8,577	(12,302)	9,936	404,862	414,798
Purchase of fixed assets (excluding landed properties)	8,523	2,264	1,505	(2,678)	1,091	3,105	4,196
Personal use	153,351	30,839	158,311	(156,202)	32,948	130,842	163,790
Credit card	17,983	-	-	-	-	39,598	39,598
Purchase of consumer durables	1	-	-	-	-	2	2
Construction	57,119	6,013	3,235	(364)	8,884	56,485	65,369
Mergers and acquisitions	-	-	-	-	-	62	62
Working capital	256,412	46,876	11,301	(49,507)	8,670	201,431	210,101
Other purpose	12,150	2,758	4,091	(3,777)	3,072	338,555	341,627
	<u>1,604,919</u>	<u>108,245</u>	<u>194,197</u>	<u>(233,253)</u>	<u>69,189</u>	<u>1,922,758</u>	<u>1,991,947</u>

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**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>Group</b>	<b>Credit-impaired Loans, Advances and Financing RM'000</b>	<b>Individual Assessment Allowance at 1 January 2020 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 2020 RM'000</b>	<b>Collective Assessment Allowance at 30 June 2020 RM'000</b>	<b>Total Impairment Allowances for Loans, Advances and Financing RM'000</b>
<b>30 June 2020</b>							
Malaysia	1,056,171	24,625	6,013	(4,086)	26,552	1,797,835	1,824,387
Hong Kong & China	116,833	36,313	87,114	(82,622)	40,805	122,613	163,418
Cambodia	46,450	-	-	-	-	76,668	76,668
Other countries	107,548	8,251	3,137	(2,626)	8,762	33,225	41,987
	<b>1,327,002</b>	<b>69,189</b>	<b>96,264</b>	<b>(89,334)</b>	<b>76,119</b>	<b>2,030,341</b>	<b>2,106,460</b>
<b>Group</b>							
<b>31 December 2019</b>							
Malaysia	1,310,329	29,294	16,113	(20,782)	24,625	1,706,006	1,730,631
Hong Kong & China	103,643	29,635	161,137	(154,459)	36,313	129,223	165,536
Cambodia	45,233	40,640	-	(40,640)	-	55,140	55,140
Other countries	145,714	8,676	16,947	(17,372)	8,251	32,389	40,640
	<b>1,604,919</b>	<b>108,245</b>	<b>194,197</b>	<b>(233,253)</b>	<b>69,189</b>	<b>1,922,758</b>	<b>1,991,947</b>

**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:

Group	12-Month	Lifetime ECL		Total
	ECL (Stage 1) RM'000	Not Credit- impaired (Stage 2) RM'000	Credit- impaired (Stage 3) RM'000	
At 1 January 2020	970,934	649,912	371,101	1,991,947
Changes due to loans, advances and financing recognised as at				
1 January 2020:	154,756	(118,818)	(35,938)	-
- Transfer to Stage 1: 12-Month ECL	169,429	(151,748)	(17,681)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(11,983)	54,280	(42,297)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(2,690)	(21,350)	24,040	-
New loans, advances and financing originated	46,112	9,961	6,930	63,003
Net remeasurement due to changes in credit risk	(15,320)	131,374	212,779	328,833
Loans, advances and financing derecognised (other than write-off)	(23,937)	(30,656)	(13,362)	(67,955)
Modifications to contractual cash flows of loans, advances and financing	(1,713)	(1,881)	2,280	(1,314)
Amount written off	-	-	(217,994)	(217,994)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(179)	(179)
Exchange differences	4,918	1,364	3,837	10,119
<b>At 30 June 2020</b>	<b>1,135,750</b>	<b>641,256</b>	<b>329,454</b>	<b>2,106,460</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:	155,794	(75,640)	(80,154)	-
- Transfer to Stage 1: 12-Month ECL	190,971	(127,762)	(63,209)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(31,188)	78,567	(47,379)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(3,989)	(26,445)	30,434	-
New loans, advances and financing originated	114,040	123,702	63,838	301,580
Net remeasurement due to changes in credit risk	(199,150)	18,885	482,958	302,693
Loans, advances and financing derecognised (other than write-off)	(69,694)	(54,715)	(40,954)	(165,363)
Modifications to contractual cash flows of loans, advances and financing	(4,376)	5,162	7,942	8,728
Changes in models / risk parameters	(111,457)	86,480	2,068	(22,909)
Amount written off	-	-	(470,169)	(470,169)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(2,319)	(2,319)
Exchange differences	(548)	(183)	(1,976)	(2,707)
<b>At 31 December 2019</b>	<b>970,934</b>	<b>649,912</b>	<b>371,101</b>	<b>1,991,947</b>

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**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 2020</b>				
Interest rate/rate of return risk	25,539,092	(24,265,035)	1,580,055	126,404
Foreign exchange risk	3,464,334	(1,567,839)	3,464,334	277,147
<b>Total</b>	<b>29,003,426</b>	<b>(25,832,874)</b>	<b>5,044,389</b>	<b>403,551</b>
<b>31 December 2019</b>				
Interest rate/rate of return risk	28,248,902	(24,764,830)	1,927,554	154,204
Foreign exchange risk	3,112,991	(1,550,146)	3,112,991	249,040
<b>Total</b>	<b>31,361,893</b>	<b>(26,314,976)</b>	<b>5,040,545</b>	<b>403,244</b>
<b>Bank</b>				
<b>30 June 2020</b>				
Interest rate risk	24,542,092	(23,335,237)	1,562,942	125,035
Foreign exchange risk	2,116,112	(3,760,538)	3,760,538	300,843
<b>Total</b>	<b>26,658,204</b>	<b>(27,095,775)</b>	<b>5,323,480</b>	<b>425,878</b>
<b>31 December 2019</b>				
Interest rate risk	26,849,458	(23,681,759)	1,905,491	152,439
Foreign exchange risk	1,963,324	(3,568,201)	3,568,201	285,456
<b>Total</b>	<b>28,812,782</b>	<b>(27,249,960)</b>	<b>5,473,692</b>	<b>437,895</b>

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**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 2020		31 December 2019	
	-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	(720,393)	678,207	(566,405)	542,702
United States Dollars	(33,066)	16,968	(36,462)	20,741
Hong Kong Dollars	(44,665)	36,100	(39,686)	32,038
Other Currencies	(21,540)	19,341	(20,635)	17,740
<b>Total</b>	<b>(819,664)</b>	<b>750,616</b>	<b>(663,188)</b>	<b>613,221</b>

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

Ringgit Malaysia	2,352,083	(1,300,193)	2,289,391	(1,347,289)
United States Dollars	113,488	(31,348)	63,390	6,532
Hong Kong Dollars	(57,859)	101,511	(50,893)	88,442
Other Currencies	18,500	(4,835)	12,974	(3,872)
<b>Total</b>	<b>2,426,212</b>	<b>(1,234,865)</b>	<b>2,314,862</b>	<b>(1,256,187)</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.

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**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 2020		31 December 2019	
	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	-	-	12,853	12,853
Holdings of equity investments	1,464	1,464	1,556	1,556
	<b>1,464</b>	<b>1,464</b>	14,409	14,409
<u>Privately held</u>				
For socio-economic purposes	801,032	801,032	760,504	760,504
Not for socio-economic purposes	38,116	57,174	36,462	54,693
	<b>839,148</b>	<b>858,206</b>	796,966	815,197
<b>Total</b>	<b>840,612</b>	<b>859,670</b>	811,375	829,606

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

Group	30 June 2020 RM'000	31 December 2019 RM'000
Realised loss recognised in profit or loss		
- Investments in unit trust funds	(17)	(11)
Realised gain recognised in other comprehensive income		
- Privately held equity investments	-	5
Unrealised revaluation gain recognised in profit or loss		
- Privately held equity investments	33,344	21,479
Unrealised revaluation gain/(loss) recognised in other comprehensive income		
- Privately held equity investments	7,181	6,993
- Publicly traded equity investments	(91)	(652)
- Investments in unit trust funds	-	(3)
	<b>7,090</b>	6,338

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**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 2020</b>		<b>31 December 2019</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>19,898,557</b>	<b>1,591,884</b>	20,139,900	1,611,192
Bank	<b>13,544,246</b>	<b>1,083,540</b>	14,036,638	1,122,931

**7. Shariah Non-Compliance Risk**

There is Shariah non-compliant income of RM2,000 (31 December 2019: RM1,901,000) 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 RM82,000 (31 December 2019: RM1,284,000) 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.