

PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Group		Bank	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
ASSETS					
Cash and balances with banks		19,698,132	14,075,699	12,970,667	8,485,285
Reverse repurchase agreements		202,833	8,208	202,833	8,208
Financial assets at fair value through profit or loss	A8	1,583,506	4,210,265	1,556,110	3,868,383
Derivative financial assets	A28	287,010	152,330	469,253	232,254
Financial investments at fair value through other comprehensive income	A9	48,547,403	40,153,493	33,053,569	25,996,097
Financial investments at amortised cost	A10	27,604,020	27,638,168	18,845,261	20,620,456
Loans, advances and financing	A11	342,802,781	328,476,494	267,438,974	256,270,074
Other assets	A12	3,408,304	2,147,400	3,167,792	2,200,892
Statutory deposits with Central Banks		1,134,924	10,044,185	298,089	6,953,274
Deferred tax assets		81,637	83,484	-	11,307
Collective investments		-	-	5,923,401	5,723,435
Investment in subsidiary companies		-	-	6,494,294	6,494,294
Investment in associated companies		78,421	75,080	45,000	45,000
Investment properties		712,885	753,095	-	-
Right-of-use assets		1,379,534	1,427,160	1,289,661	1,322,521
Property and equipment		1,317,750	1,142,575	770,206	618,579
Intangible assets		2,417,727	2,443,039	695,393	695,393
TOTAL ASSETS		451,256,867	432,830,675	353,220,503	339,545,452
LIABILITIES					
Deposits from customers	A13	365,870,751	353,340,475	278,078,713	268,259,690
Deposits from banks	A14	10,742,228	8,494,073	13,176,335	11,795,402
Obligations on securities sold under repurchase agreements		914,108	970,654	590,285	639,154
Bills and acceptances payable		209,347	234,786	208,866	234,409
Recourse obligations on loans sold to Cagamas		4,500,003	5,500,004	4,500,003	5,500,004
Derivative financial liabilities	A28	626,056	345,724	580,371	322,935
Debt securities issued and other borrowed funds	B9	12,272,354	12,317,450	10,184,448	10,223,214
Lease liabilities		1,072,120	1,087,808	1,342,940	1,344,637
Other liabilities	A15	5,628,779	5,196,397	3,898,526	3,734,769
Provision for tax expense and zakat		210,142	540,107	109,527	412,868
Deferred tax liabilities		784,349	56,993	610,701	-
TOTAL LIABILITIES		402,830,237	388,084,471	313,280,715	302,467,082

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the year ended 31 December 2019.

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AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
EQUITY				
Share capital	9,417,653	9,417,653	9,417,653	9,417,653
Regulatory reserves	1,219,881	2,017,353	1,031,389	1,619,452
Other reserves	2,030,742	1,606,357	1,162,643	873,228
Retained profits	34,579,995	30,552,967	28,328,103	25,168,037
Equity attributable to equity holders of the Bank	47,248,271	43,594,330	39,939,788	37,078,370
Non-controlling interests	1,178,359	1,151,874	-	-
TOTAL EQUITY	48,426,630	44,746,204	39,939,788	37,078,370
TOTAL LIABILITIES AND EQUITY	451,256,867	432,830,675	353,220,503	339,545,452
COMMITMENTS AND CONTINGENCIES	A27	94,315,048	95,936,229	84,291,554
CAPITAL ADEQUACY	A30			
<u>Before deducting interim dividends</u> *				
Common Equity Tier I Capital Ratio	14.815%	14.019%	13.702%	12.808%
Tier I Capital Ratio	14.869%	14.076%	13.745%	12.853%
Total Capital Ratio	18.011%	17.317%	17.053%	16.243%
<u>After deducting interim dividends</u> *				
Common Equity Tier I Capital Ratio	13.951%	13.460%	12.611%	12.108%
Tier I Capital Ratio	14.005%	13.517%	12.654%	12.153%
Total Capital Ratio	17.147%	16.758%	15.962%	15.543%
Net assets per share attributable to ordinary equity holders of the Bank (RM)	2.43	2.25 #	2.06	1.91 #

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

For comparative purpose, the net assets per share as at 31 December 2019 had been adjusted to reflect the bonus issue of 4 bonus shares for every 1 existing ordinary share which was completed on 29 January 2021.

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the year ended 31 December 2019.

PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

<u>Group</u>	Note	4th Quarter Ended		Financial Year Ended	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Operating revenue		4,916,764	5,674,124	20,303,934	22,454,734
Interest income	A16	3,356,340	4,096,401	14,184,238	16,291,206
Interest expense	A17	(1,420,446)	(2,187,259)	(7,004,462)	(8,857,086)
Net interest income		1,935,894	1,909,142	7,179,776	7,434,120
Net income from Islamic banking business	A32 (b)	371,428	322,650	1,311,393	1,267,227
		2,307,322	2,231,792	8,491,169	8,701,347
Fee and commission income	A18 (a)	751,642	628,160	2,712,956	2,533,716
Fee and commission expense	A18 (b)	(213,740)	(211,894)	(783,593)	(793,253)
Net fee and commission income	A18	537,902	416,266	1,929,363	1,740,463
Net gains and losses on financial instruments	A19	35,279	33,864	447,653	167,726
Other operating income	A20	148,691	168,134	444,195	492,715
Net income		3,029,194	2,850,056	11,312,380	11,102,251
Other operating expenses	A21	(991,589)	(985,105)	(3,909,465)	(3,819,192)
Operating profit		2,037,605	1,864,951	7,402,915	7,283,059
Allowance for impairment on loans, advances and financing	A22	(556,555)	(43,241)	(1,106,296)	(154,466)
(Allowance) / Writeback of allowance for impairment on other assets	A23	(4,768)	(77)	(13,668)	2,175
		1,476,282	1,821,633	6,282,951	7,130,768
Share of (loss) / profit after tax of equity accounted associated companies		(1,562)	860	2,112	3,376
Profit before tax expense and zakat		1,474,720	1,822,493	6,285,063	7,134,144
Tax expense and zakat	B5	(309,345)	(402,269)	(1,352,803)	(1,554,701)
Profit for the period / year		1,165,375	1,420,224	4,932,260	5,579,443
Profit for the period / year attributable to:					
- Equity holders of the Bank		1,147,959	1,405,867	4,871,702	5,511,558
- Non-controlling interests		17,416	14,357	60,558	67,885
		1,165,375	1,420,224	4,932,260	5,579,443
Earnings per share:					
- basic / diluted (sen)	B12	5.9	7.2 #	25.1	28.4 #

For comparative purpose, the earnings per share for the quarter and year ended 31 December 2019 had been adjusted to reflect the bonus issue of 4 bonus shares for every 1 existing ordinary share which was completed on 29 January 2021.

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the year ended 31 December 2019.

PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Profit for the period / year	1,165,375	1,420,224	4,932,260	5,579,443
Other comprehensive income / (loss):				
<u>Items that will not be reclassified to profit or loss:</u>				
Gain / (Loss) on remeasurements of defined benefit plans	166,760	(228,874)	28,002	(228,874)
Net change in revaluation of				
- Equity instruments	20,766	(7)	27,976	6,993
- Property and equipment	-	(36)	-	2,093
Gain on disposal of equity instruments	-	-	-	5
	187,526	(228,917)	55,978	(219,783)
<u>Items that may be reclassified to profit or loss:</u>				
Currency translation differences in respect of:				
- Foreign operations	(290,493)	(164,538)	(141,329)	(104,305)
- Net investment hedge	137,587	86,122	58,762	32,426
Net change in revaluation of financial investments at fair value through other comprehensive income	(38,856)	31,813	547,856	473,827
Net change in cash flow hedges	27,942	19,762	(95,749)	(86,885)
	(163,820)	(26,841)	369,540	315,063
Income tax effect	(41,574)	42,441	(102,880)	(19,107)
Share of changes in associated companies' reserves	(471)	(472)	1,228	1,290
Other comprehensive (loss) / income for the period / year, net of tax	(18,339)	(213,789)	323,866	77,463
Total comprehensive income for the period / year	1,147,036	1,206,435	5,256,126	5,656,906
Total comprehensive income / (loss) for the period / year attributable to:				
- Equity holders of the Bank	1,166,730	1,208,398	5,206,796	5,596,487
- Non-controlling interests	(19,694)	(1,963)	49,330	60,419
	1,147,036	1,206,435	5,256,126	5,656,906

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CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

<u>Bank</u>	Note	4th Quarter Ended		Financial Year Ended	
		31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Operating revenue		3,608,405	4,212,137	14,600,219	16,337,793
Interest income	A16	2,973,548	3,648,026	12,558,519	14,545,402
Interest expense	A17	(1,356,670)	(2,095,268)	(6,688,860)	(8,519,282)
Net interest income		1,616,878	1,552,758	5,869,659	6,026,120
Fee and commission income	A18 (a)	265,243	269,436	980,662	1,055,196
Fee and commission expense	A18 (b)	(72,356)	(104,136)	(292,029)	(369,392)
Net fee and commission income	A18	192,887	165,300	688,633	685,804
Net gains and losses on financial instruments	A19	30,531	28,021	428,755	156,549
Other operating income	A20	736,596	806,491	1,360,180	1,509,930
Net income		2,576,892	2,552,570	8,347,227	8,378,403
Other operating expenses	A21	(627,260)	(620,692)	(2,463,630)	(2,421,329)
Operating profit		1,949,632	1,931,878	5,883,597	5,957,074
Allowance for impairment on loans, advances and financing (Allowance) / Writeback of allowance for impairment on other assets	A22	(404,138)	(31,667)	(718,507)	(50,355)
	A23	(3,000)	2,164	(9,589)	4,353
Profit before tax expense and zakat		1,542,494	1,902,375	5,155,501	5,911,072
Tax expense and zakat	B5	(266,217)	(321,380)	(1,030,391)	(1,166,249)
Profit for the period / year		1,276,277	1,580,995	4,125,110	4,744,823

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AUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Profit for the period / year	<u>1,276,277</u>	<u>1,580,995</u>	<u>4,125,110</u>	<u>4,744,823</u>
Other comprehensive income / (loss):				
<u>Items that will not be reclassified to profit or loss:</u>				
Gain / (Loss) on remeasurements of defined benefit plans	164,577	(225,263)	27,373	(225,263)
Net change in revaluation of - Equity instruments	20,863	(7)	27,971	7,048
Gain on disposal of equity instruments	-	-	-	5
	<u>185,440</u>	<u>(225,270)</u>	<u>55,344</u>	<u>(218,210)</u>
<u>Items that may be reclassified to profit or loss:</u>				
Currency translation differences in respect of foreign operations	(13,217)	(8,813)	(16,555)	(18,090)
Net change in revaluation of financial investments at fair value through other comprehensive income	9,613	25,278	329,633	286,673
Net change in cash flow hedges	13,364	13,801	8,450	(15,221)
	<u>9,760</u>	<u>30,266</u>	<u>321,528</u>	<u>253,362</u>
Income tax effect	(45,012)	44,684	(87,709)	(11,086)
Other comprehensive income / (loss) for the period / year, net of tax	<u>150,188</u>	<u>(150,320)</u>	<u>289,163</u>	<u>24,066</u>
Total comprehensive income for the period / year	<u>1,426,465</u>	<u>1,430,675</u>	<u>4,414,273</u>	<u>4,768,889</u>

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PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

<----- Attributable to Equity Holders of the Bank ----->

<u>Group</u>	<u>Non-distributable</u>			<u>Distributable</u>	<u>Total Shareholders' Equity</u> RM'000	<u>Non-controlling Interests</u> RM'000	<u>Total Equity</u> RM'000
	<u>Share Capital</u> RM'000	<u>Regulatory Reserves</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Profits</u> RM'000			
At 1 January 2020	9,417,653	2,017,353	1,606,357	30,552,967	43,594,330	1,151,874	44,746,204
Profit for the year	-	-	-	4,871,702	4,871,702	60,558	4,932,260
Other comprehensive income / (loss) for the year	-	-	335,094	-	335,094	(11,228) *	323,866
Total comprehensive income for the year	-	-	335,094	4,871,702	5,206,796	49,330	5,256,126
Transactions with owners / other equity movements:							
Transfer to statutory reserves	-	-	8,931	(8,931)	-	-	-
Transfer from regulatory reserves	-	(797,472)	-	797,472	-	-	-
Transfer to general reserves	-	-	80,360	(80,360)	-	-	-
Dividends paid	-	-	-	(1,552,855)	(1,552,855)	(22,845)	(1,575,700)
	-	(797,472)	89,291	(844,674)	(1,552,855)	(22,845)	(1,575,700)
At 31 December 2020	9,417,653	1,219,881	2,030,742	34,579,995	47,248,271	1,178,359	48,426,630

* This represents non-controlling interests' share of currency translation differences in respect of foreign operations.

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(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

<----- Attributable to Equity Holders of the Bank ----->

Group	<u>Non-distributable</u>			<u>Distributable</u>		Non-controlling Interests	Total Equity
	Share Capital	Regulatory Reserves	Other Reserves	Retained Profits	Shareholders' Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	9,417,653	1,806,123	1,431,367	28,060,197	40,715,340	1,122,353	41,837,693
Profit for the year	-	-	-	5,511,558	5,511,558	67,885	5,579,443
Other comprehensive income / (loss) for the year	-	-	84,924	5	84,929	(7,466) *	77,463
Total comprehensive income for the year	-	-	84,924	5,511,563	5,596,487	60,419	5,656,906
Transactions with owners / other equity movements:							
Transfer to statutory reserves	-	-	8,196	(8,196)	-	-	-
Transfer to regulatory reserves	-	211,230	-	(211,230)	-	-	-
Transfer to general reserves	-	-	81,870	(81,870)	-	-	-
Dividends paid	-	-	-	(2,717,497)	(2,717,497)	(30,898)	(2,748,395)
	-	211,230	90,066	(3,018,793)	(2,717,497)	(30,898)	(2,748,395)
At 31 December 2019	9,417,653	2,017,353	1,606,357	30,552,967	43,594,330	1,151,874	44,746,204

* This represents non-controlling interests' share of currency translation differences in respect of foreign operations.

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AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

<----- Attributable to Equity Holders of the Bank ----->

<u>Bank</u>	Share Capital RM'000	<u>Non-distributable</u> Regulatory Reserves RM'000	Other Reserves RM'000	<u>Distributable</u> Retained Profits RM'000	Total Equity RM'000
	At 1 January 2020	9,417,653	1,619,452	873,228	25,168,037
Profit for the year	-	-	-	4,125,110	4,125,110
Other comprehensive income for the year	-	-	289,163	-	289,163
Total comprehensive income for the year	-	-	289,163	4,125,110	4,414,273
Transactions with owners / other equity movements:					
Transfer to statutory reserves	-	-	252	(252)	-
Transfer from regulatory reserves	-	(588,063)	-	588,063	-
Dividends paid	-	-	-	(1,552,855)	(1,552,855)
	-	(588,063)	252	(965,044)	(1,552,855)
At 31 December 2020	9,417,653	1,031,389	1,162,643	28,328,103	39,939,788

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CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

<----- Attributable to Equity Holders of the Bank ----->

<u>Bank</u>	<u>Non-distributable</u>			<u>Distributable</u>	<u>Total</u> <u>Equity</u> <u>RM'000</u>
	<u>Share</u> <u>Capital</u> <u>RM'000</u>	<u>Regulatory</u> <u>Reserves</u> <u>RM'000</u>	<u>Other</u> <u>Reserves</u> <u>RM'000</u>	<u>Retained</u> <u>Profits</u> <u>RM'000</u>	
At 1 January 2019	9,417,653	1,461,892	849,167	23,298,266	35,026,978
Profit for the year	-	-	-	4,744,823	4,744,823
Other comprehensive income for the year	-	-	24,061	5	24,066
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>24,061</u>	<u>4,744,828</u>	<u>4,768,889</u>
Transactions with owners / other equity movements:					
Transfer to regulatory reserves	-	157,560	-	(157,560)	-
Dividends paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,717,497)</u>	<u>(2,717,497)</u>
	<u>-</u>	<u>157,560</u>	<u>-</u>	<u>(2,875,057)</u>	<u>(2,717,497)</u>
At 31 December 2019	<u>9,417,653</u>	<u>1,619,452</u>	<u>873,228</u>	<u>25,168,037</u>	<u>37,078,370</u>

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PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Cash Flows from Operating Activities				
Profit before tax expense and zakat	6,285,063	7,134,144	5,155,501	5,911,072
Adjustments for non-cash items:				
Share of profit after tax of equity				
accounted associated companies	(2,112)	(3,376)	-	-
Allowance for impairment on loans and financing	1,328,284	415,205	832,978	183,589
Depreciation of right-of-use assets and				
property and equipment	364,419	352,172	277,092	272,792
Net gain on financial instruments	(414,835)	(141,581)	(396,538)	(131,573)
Dividend income	(2,287)	(4,962)	(872,970)	(1,094,986)
Allowance / (Writeback of allowance)				
for impairment on other assets	13,668	(2,175)	9,589	(4,353)
Other non-cash items	19,042	(45,698)	(6,345)	(2,219)
Operating profit before working capital changes	<u>7,591,242</u>	<u>7,703,729</u>	<u>4,999,307</u>	<u>5,134,322</u>
Changes in working capital:				
Increase in operating assets	(5,971,601)	(15,495,428)	(4,173,013)	(10,491,915)
Increase in operating liabilities	14,147,077	10,047,461	10,243,451	5,285,859
Cash generated from / (used in) operations	<u>15,766,718</u>	<u>2,255,762</u>	<u>11,069,745</u>	<u>(71,734)</u>
Tax expense and zakat paid	(1,097,185)	(1,379,464)	(799,615)	(1,027,209)
Net cash generated from / (used in)				
operating activities	<u>14,669,533</u>	<u>876,298</u>	<u>10,270,130</u>	<u>(1,098,943)</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	(373,063)	(205,119)	(304,749)	(132,802)
Addition to investment properties	(99)	-	-	-
Proceeds from disposal of properties	21,102	32,865	20,071	28,787
Net (purchase) / sale of financial investments	(7,374,002)	2,196,021	(4,553,522)	3,433,366
Investment in collective investments	-	-	(199,966)	(206,326)
Additional investment in a subsidiary company	-	-	-	(538,800)
Dividends received	2,287	4,962	803,060	925,512
Net cash (used in) / generated from				
investing activities	<u>(7,723,775)</u>	<u>2,028,729</u>	<u>(4,235,106)</u>	<u>3,509,737</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the year ended 31 December 2019.

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CONDENSED INTERIM FINANCIAL STATEMENTS
AUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Cash Flows from Financing Activities				
Dividends paid	(1,575,700)	(2,748,395)	(1,552,855)	(2,717,497)
Net proceeds from issuance of debt securities	-	2,500,000	-	2,000,000
Repayment of lease liabilities	(113,747)	(131,159)	(84,591)	(99,395)
Redemption of debt securities	-	(3,588,000)	-	(3,088,000)
Net cash used in financing activities	<u>(1,689,447)</u>	<u>(3,967,554)</u>	<u>(1,637,446)</u>	<u>(3,904,892)</u>
Net change in cash and cash equivalents	5,256,311	(1,062,527)	4,397,578	(1,494,098)
Cash and cash equivalents at beginning of the year	12,191,838	13,320,248	7,922,755	9,416,853
Exchange differences on translation of opening balances	<u>(119,868)</u>	<u>(65,883)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the year	<u>17,328,281</u>	<u>12,191,838</u>	<u>12,320,333</u>	<u>7,922,755</u>
Note:				
Cash and balances with banks	19,698,132	14,075,699	12,970,667	8,485,285
Less: Balances with banks with original maturity more than three months	<u>(2,369,851)</u>	<u>(1,883,861)</u>	<u>(650,334)</u>	<u>(562,530)</u>
Cash and cash equivalents at end of the year	<u>17,328,281</u>	<u>12,191,838</u>	<u>12,320,333</u>	<u>7,922,755</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the year ended 31 December 2019.

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Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting Issued by Bank Negara Malaysia

A1. Basis of Preparation

The audited condensed interim financial statements for the 4th quarter and financial year ended 31 December 2020 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss ("FVTPL"), financial investments at fair value through other comprehensive income ("FVOCI"), derivative financial instruments and investment properties.

The audited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The audited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2019. The explanatory notes attached to the audited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2019.

The audited condensed interim financial statements incorporated those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

The significant accounting policies and methods of computation applied in the audited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2019, except for the adoption or early adoption of the following during the current financial year:

Effective for annual periods commencing on or after 1 January 2020

- Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)
- Definition of a Business (Amendments to MFRS 3 Business Combinations)
- Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)

Effective for annual periods commencing on or after 1 June 2020

- COVID-19-Related Rent Concessions (Amendment to MFRS 16 Leases)

Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7) - These phase 1 amendments provide relief on existing hedge accounting requirements from potential effects of the uncertainty caused by inter-bank offer rates. Companies would continue to apply those hedge accounting requirements assuming that the interest rate benchmark associated with the hedged item, hedged risk and/or hedging instruments are based is not altered as a result of the interest rate benchmark reform. In addition, companies are not required to apply the retrospective assessment under MFRS 139, but continue to apply hedge accounting to a hedging relationship for which effectiveness is outside of the 80% - 125% range during the period of uncertainty arising from the reform. The adoption of these amendments did not have any financial impact to the Group and the Bank.

Definition of a Business (Amendments to MFRS 3 Business Combinations) - The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

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

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A1. Basis of Preparation (continued)

Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors) - The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

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

COVID-19-Related Rent Concessions (Amendment to MFRS 16 Leases) - The Group and the Bank have early adopted the amendment which allows lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions. It applies to rent concessions that reduce the lease payments due on or before 30 June 2021.

This amendment is to be applied retrospectively. As the amendment does not apply to rent concessions due on or before 1 January 2020, no adjustments were made to the opening balance of retained profits.

The Group and the Bank account for allocated portion of a contractually forgiven payment as a negative variable lease payment in the period in which the event or condition that triggers the reduced payment occurs. Total negative variable lease payments recognised in the profit or loss by the Group and the Bank in the current financial year were RM849,000 and RM794,000 respectively.

Capital Adequacy Frameworks and Capital Adequacy Frameworks for Islamic Banks (Capital Components)

The Capital Adequacy Frameworks and Capital Adequacy Frameworks for Islamic Banks (Capital Components) ("Frameworks") were reissued by Bank Negara Malaysia ("BNM") on 5 February 2020 and 9 December 2020 respectively with the following updates:

Higher Loss Absorbency ("HLA") Requirement

The Frameworks incorporated HLA requirement that is applicable to financial institutions designated as domestic systemically important banks ("D-SIBs"). To meet the HLA requirement which is effective on 31 January 2021, financial institutions designated as D-SIBs by BNM are required to hold and maintain a capital buffer of between 0.5% to 1.0% of risk-weighted assets at the consolidated level.

Arising from this, an additional capital buffer of 0.5% of risk-weighted assets (i.e. under Bucket 1) are required to be maintained by the Group above the minimum regulatory requirement with effect from 31 January 2021.

Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions

The transitional arrangements for regulatory capital treatment of accounting provisions were introduced as part of the BNM's additional measures to further support efforts to help affected individuals and businesses to recover from the impact of the COVID-19 pandemic while continue to preserve the safety and soundness of the banks.

Under these requirements, financial institutions that elect to apply the said transitional arrangements are allowed to add back a portion of Stage 1 and Stage 2 provisions for expected credit losses to Common Equity Tier I capital over a four-year period from financial year beginning 2020, or a three-year period from financial year beginning 2021, based on the add-back factor prescribed in the frameworks.

The Group and the Bank have not applied the said transitional arrangements provided in the frameworks as at the reporting date.

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A1. Basis of Preparation (continued)

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

As indicated in BNM's letters dated 24 March 2020 and 24 July 2020, additional measures were introduced to assist borrowers/customers experiencing temporary financial constraints due to the COVID-19 pandemic. The key measures affecting regulatory and accounting treatment and classifications are as follows:

- i) Moratorium on repayment/payment of loans/financing
 - a) Banking institutions are to grant an automatic moratorium on all loan/financing repayments/payments, principal and interest (except for credit card balances) by individuals and small-medium enterprise ("SME") borrowers/customers for a period of 6 months from 1 April 2020. The automatic moratorium is applicable to loans/financing that are:
 - i) not in arrears exceeding 90 days as at 1 April 2020; and
 - ii) denominated in Malaysian Ringgit.
 - b) For credit card balances, banking institutions shall offer borrowers/customers the option to convert their credit card balances into a term loan/financing.
 - c) For corporate borrowers/customers, banking institutions are strongly encouraged to facilitate requests for a moratorium on loan/financing repayment/payment, additional financing to support immediate cash flows and the rescheduling and restructuring ("R&R") of existing facilities in a way that will enable viable corporations to preserve jobs and swiftly resume economic activities when conditions stabilise and improve.
- ii) Definition of defaulted exposures under the policy documents on Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks

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

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

Regulatory Capital Treatment

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

- a) The principal or interest/profit, or both, is not in arrears exceeding 90 days as at the date of application for repayment assistance; and
- b) The application for repayment assistance by a borrower/customer is received on or before 30 June 2021.

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

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A1. Basis of Preparation (continued)

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

For rescheduled and restructured individual, SME and corporate loans/financing with arrears not exceeding 90 days as at the date of application for repayment assistance and where application for repayment assistance is received on or before 30 June 2021, including a loan/financing that is restructured and rescheduled more than once, the following classification treatment in CCRIS shall apply:

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

iv) Drawdown of prudential buffers

Banking institutions are allowed with immediate effect to:

- a) Drawdown the capital conservation buffer of 2.5%;
- b) Operate below the minimum Liquidity Coverage Ratio ("LCR") of 100%;
- c) Reduce the regulatory reserves held against expected losses to 0%; and
- d) Minimum Net Stable Funding Ratio ("NSFR") which was effective on 1 July 2020 is lowered to 80% from 100%.

However, banking institutions are required to rebuild the said buffers after 31 December 2020 and restore them to the minimum regulatory requirements by 30 September 2021. BNM will review this timeline if current expectations change materially.

As at the reporting date, the Group and the Bank have not drawn down any of the prudential buffers.

MFRS 9 Financial Instruments and financial reporting requirements

Whilst MFRS 9 requires the consideration of all reasonable and supportable information, including forward looking information, in the measurement of expected credit losses, given the unprecedented circumstances and sudden onset of the COVID-19 pandemic, there is limited supportable information available at this juncture to forecast the full impact of the COVID-19 pandemic. While the credit model and assumptions applied in the base expected credit losses ("ECL") calculations remain unchanged from prior years, the Group and the Bank have incorporated the following estimates and judgments specific to the impact of the COVID-19 pandemic and the associated relief measures in the measurement of ECL:

i) Forward looking macro-economic information and assumptions

The global and domestic economy have experienced significant shock in 2020, weighed by unprecedented containment measures taken, such as Movement Control Order, business closures and social distancing, to contain the COVID-19 pandemic. In Particular, the domestic economic impact was mitigated by the government's stimulus packages such as the Economic Stimulus Package, PRIHATIN package and National Economic Recovery Plan. Hence, the economic growth and economic activities are expected to improve, in tandem with expectations of global recovery ahead, although the outlook is still subjected to some downside risks.

The economic outlook from BNM and various research houses, forward looking information and assumptions relating to COVID-19 pandemic have been considered in the Group's and the Bank's forward looking models.

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A1. Basis of Preparation (continued)

The following are values of the key domestic macro-economic variables and forward looking macro-economic variables for year 2020 and 2021 respectively which are used in the models:

	2020	2021
	%	%
Gross domestic product	-4.5	5.0 - 6.0
Consumer price index	-0.5	1.0 - 1.5
Housing price index	199	186 - 223
Unemployment rate	5.3	2.9 - 3.5

The Group and the Bank will continue to review and monitor closely the abovementioned assumptions if current expectations change materially.

ii) **Assessment of significant increase in credit risk for stage transfer purposes**

The economic shock from the pandemic is expected to be temporary in nature and the positive impact of the significant government stimulus shall mitigate the effects of the COVID-19 pandemic. The Group and the Bank take cognisance that relief assistance available, i.e. automatic moratorium as well as rescheduling and restructuring for eligible borrowers/customers, during this period are granted as part of an unprecedented government effort to support the economy amid the COVID-19 pandemic, rather than in response to the financial circumstances of individual borrowers/customers. This is because eligibility criteria is broad and borrowers need not have exhibited any changes in ability to meet its debt obligations in order to access the relief. Hence, in the absence of other factors relevant to the assessment of whether there has been a significant increase in credit risk, the relief assistance provided do not automatically result in migration from Stage 1 (12-month ECL) to Stage 2 (lifetime ECL).

The Group and the Bank assess other factors such as historical repayment and delinquency trends prior to the COVID-19 pandemic in considering whether the borrower/customer has experienced a significant increase in credit risk.

Management overlay for loans/financing under relief assistance

Due to the significant uncertainty as a consequence of the COVID-19 pandemic, management overlay is provided in anticipation of potential deterioration of credit risk for loans/financing where relief assistance is provided. The Group and the Bank exercised judgment, adapted and estimated based on the information on-hand in the provision of management overlay.

i) **Large corporate borrowers/customers**

Management overlay is provided for certain large corporate borrowers/customers who are affected by the current economic environment and have applied for rescheduling and restructuring arrangements.

ii) **Retail and SME borrowers/customers**

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

Financial impact of the moratorium on repayment/payment of loans/financing

The financial impact of the moratorium to interest income and profit income of the Group and the Bank is further disclosed in Note A16 and Note A32(b) respectively.

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

Effective for annual periods commencing on or after 1 January 2021

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

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A1. Basis of Preparation (continued)

Effective for annual periods commencing on or after 1 January 2022

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

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)
- Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)

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

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

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

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

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

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

MFRS 17 Insurance Contracts - MFRS 17 introduces consistent accounting for all insurance contracts based on a current measurement model. Under MFRS 17, the general model requires entities to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts.

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A1. Basis of Preparation (continued)

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

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

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

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

In response to COVID-19 pandemic, the effective date for MFRS 101 amendments is now deferred by one year to annual reporting periods beginning on or after 1 January 2023.

The adoption of MFRS 17 Insurance Contracts is not expected to have any material financial impact on the financial statements of the Group as the Group's insurance business is immaterial.

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

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2019 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the current financial year.

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

Other than as disclosed in Notes A1, A14, A16 and A32(b), there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the current financial year.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial year.

A6. Debt and Equity Securities

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

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A7. Dividends Paid and Distributed

A second interim dividend of 40.0 sen per share for the financial year ended 31 December 2019, amounting to RM1,552,855,339 was paid on 20 March 2020.

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

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	109,517	-	109,517	-
Malaysian Government Securities	464,553	2,166,786	464,553	2,166,786
Malaysian Government Investment Issues	330,325	1,313,536	330,325	1,281,657
	<u>904,395</u>	<u>3,480,322</u>	<u>904,395</u>	<u>3,448,443</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	-	249,541	-	-
Non-money market instruments:				
Equity securities:				
- Unquoted shares in Malaysia	478,772	445,428	451,376	419,940
Debt securities:				
- Cagamas bonds	200,339	-	200,339	-
- Unquoted corporate bonds / sukuk	-	34,974	-	-
	<u>679,111</u>	<u>480,402</u>	<u>651,715</u>	<u>419,940</u>
Total financial assets at FVTPL	<u>1,583,506</u>	<u>4,210,265</u>	<u>1,556,110</u>	<u>3,868,383</u>

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

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	700,094	-	700,094	-
Malaysian Government Securities	17,302,295	11,982,825	16,966,318	11,819,642
Malaysian Government Investment Issues	23,398,381	21,806,968	12,865,030	11,477,222
Other foreign government securities	156,877	160,557	-	-
	<u>41,557,647</u>	<u>33,950,350</u>	<u>30,531,442</u>	<u>23,296,864</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>938,442</u>	426,813	<u>938,442</u>	426,813
Non-money market instruments:				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	1,382	1,556	-	-
- Unquoted shares	379,025	351,538	372,474	345,113
Debt securities:				
- Cagamas bonds	503,931	610,409	400,484	507,554
- Unquoted corporate bonds / sukuk	5,166,976	4,799,974	810,727	1,419,753
Unit trust funds	-	12,853	-	-
	<u>6,051,314</u>	<u>5,776,330</u>	<u>1,583,685</u>	<u>2,272,420</u>
Total financial investments at FVOCI	<u><u>48,547,403</u></u>	<u><u>40,153,493</u></u>	<u><u>33,053,569</u></u>	<u><u>25,996,097</u></u>

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

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

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Group				
At 1 January 2020	7,616	796	-	8,412
New financial investments purchased	7,962	1,183	-	9,145
Net allowance made	2,692	-	-	2,692
Amount derecognised	(7,219)	-	-	(7,219)
Change in models / risk parameters	63	-	-	63
Exchange differences	(3)	(60)	-	(63)
At 31 December 2020	<u>11,111</u>	<u>1,919</u>	<u>-</u>	<u>13,030</u>
At 1 January 2019	7,371	1,225	-	8,596
New financial investments purchased	6,796	135	-	6,931
Net allowance made	210	-	-	210
Amount derecognised	(6,734)	(541)	-	(7,275)
Change in models / risk parameters	(23)	-	-	(23)
Exchange differences	(4)	(23)	-	(27)
At 31 December 2019	<u>7,616</u>	<u>796</u>	<u>-</u>	<u>8,412</u>
Bank				
At 1 January 2020	4,352	-	-	4,352
New financial investments purchased	6,770	-	-	6,770
Net allowance made	255	-	-	255
Amount derecognised	(5,859)	-	-	(5,859)
Change in models / risk parameters	(34)	-	-	(34)
At 31 December 2020	<u>5,484</u>	<u>-</u>	<u>-</u>	<u>5,484</u>
At 1 January 2019	4,860	-	-	4,860
New financial investments purchased	4,984	-	-	4,984
Net allowance written back	(493)	-	-	(493)
Amount derecognised	(4,998)	-	-	(4,998)
Change in models / risk parameters	(1)	-	-	(1)
At 31 December 2019	<u>4,352</u>	<u>-</u>	<u>-</u>	<u>4,352</u>

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A10. Financial Investments at Amortised Cost

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
At amortised cost				
Government securities and treasury bills:				
Malaysian Government Securities	1,071,562	1,016,394	1,071,562	1,016,394
Malaysian Government Investment Issues	7,750,118	7,098,076	3,870,625	4,030,824
Foreign Government Treasury Bills	1,039,673	1,118,597	60,911	34,236
Other foreign government securities	1,528,131	1,232,825	5,762	6,835
	<u>11,389,484</u>	<u>10,465,892</u>	<u>5,008,860</u>	<u>5,088,289</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,832,725</u>	<u>1,163,001</u>	<u>1,060,142</u>	<u>1,310,142</u>
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	4,780,804	5,605,977	4,780,804	5,605,977
- Unquoted corporate bonds / sukuk	9,606,182	10,407,844	7,999,629	8,619,793
	<u>14,386,986</u>	<u>16,013,821</u>	<u>12,780,433</u>	<u>14,225,770</u>
Allowance for impairment	(5,175)	(4,546)	(4,174)	(3,745)
Total financial investments at amortised cost	<u>27,604,020</u>	<u>27,638,168</u>	<u>18,845,261</u>	<u>20,620,456</u>

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A10. Financial Investments at Amortised Cost (continued)

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

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Group				
At 1 January 2020	4,527	-	19	4,546
New financial investments purchased	622	-	-	622
Net allowance made	278	-	-	278
Amount derecognised	(754)	-	-	(754)
Exchange differences	483	-	-	483
At 31 December 2020	<u>5,156</u>	<u>-</u>	<u>19</u>	<u>5,175</u>
At 1 January 2019	4,097	-	19	4,116
New financial investments purchased	556	-	-	556
Net allowance made	140	-	-	140
Amount derecognised	(341)	-	-	(341)
Change in models / risk parameters	(3)	-	-	(3)
Exchange differences	78	-	-	78
At 31 December 2019	<u>4,527</u>	<u>-</u>	<u>19</u>	<u>4,546</u>
Bank				
At 1 January 2020	3,726	-	19	3,745
New financial investments purchased	65	-	-	65
Net allowance made	236	-	-	236
Amount derecognised	(362)	-	-	(362)
Exchange differences	490	-	-	490
At 31 December 2020	<u>4,155</u>	<u>-</u>	<u>19</u>	<u>4,174</u>
At 1 January 2019	3,481	-	19	3,500
New financial investments purchased	179	-	-	179
Net allowance made	71	-	-	71
Amount derecognised	(80)	-	-	(80)
Change in models / risk parameters	(4)	-	-	(4)
Exchange differences	79	-	-	79
At 31 December 2019	<u>3,726</u>	<u>-</u>	<u>19</u>	<u>3,745</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
At amortised cost				
Overdrafts	9,464,586	11,181,394	6,667,586	7,939,545
Term loans / financing				
- Housing loans / financing	131,511,581	121,626,130	101,898,138	95,310,475
- Syndicated term loans / financing	3,842,179	3,762,298	1,160,411	1,134,368
- Hire purchase receivables	54,760,909	51,552,787	43,331,042	40,583,747
- Other term loans / financing	128,504,129	124,159,645	101,330,530	96,806,613
Credit card receivables	1,996,528	2,161,229	1,954,379	2,113,070
Bills receivables	64,900	108,825	51,758	87,066
Trust receipts	194,102	254,153	103,974	152,614
Claims on customers under acceptance credits	2,691,792	3,551,070	2,517,347	3,254,785
Revolving credits	10,499,096	10,076,109	8,651,661	8,537,705
Staff loans *	2,121,425	2,034,801	1,845,539	1,784,760
Gross loans, advances and financing	<u>345,651,227</u>	<u>330,468,441</u>	<u>269,512,365</u>	<u>257,704,748</u>
Allowance for impairment on loans and financing:				
- Expected credit losses	(2,848,446)	(1,991,947)	(2,073,391)	(1,434,674)
- Stage 1: 12-Month ECL	(1,528,896)	(970,934)	(1,054,961)	(670,917)
- Stage 2: Lifetime ECL not credit-impaired	(1,046,834)	(649,912)	(845,848)	(535,186)
- Stage 3: Lifetime ECL credit-impaired	(272,716)	(371,101)	(172,582)	(228,571)
Net loans, advances and financing	<u><u>342,802,781</u></u>	<u><u>328,476,494</u></u>	<u><u>267,438,974</u></u>	<u><u>256,270,074</u></u>

* Included in staff loans of the Group and of the Bank are loans to Directors of subsidiary companies amounting to RM7,232,000 (2019: RM7,613,000) and RM7,050,000 (2019 - RM7,370,000) respectively.

a) By class

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Retail loans / financing *				
- Housing loans / financing	131,511,594	121,626,147	101,898,138	95,310,475
- Hire purchase	54,512,804	51,347,164	43,331,042	40,583,747
- Credit cards	1,996,528	2,161,229	1,954,379	2,113,070
- Other loans / financing ^	111,116,862	108,217,642	84,296,422	82,218,399
	<u>299,137,788</u>	<u>283,352,182</u>	<u>231,479,981</u>	<u>220,225,691</u>
Corporate loans / financing	46,513,439	47,116,259	38,032,384	37,479,057
	<u><u>345,651,227</u></u>	<u><u>330,468,441</u></u>	<u><u>269,512,365</u></u>	<u><u>257,704,748</u></u>

* Included in retail loans/financing are loans/financing granted to individual borrowers and mid-market commercial enterprises.

^ Included in other loans/financing are term loans, trade financing, overdrafts and revolving credits.

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A11. Loans, Advances and Financing (continued)

b) By type of customer

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Non-bank financial institutions				
- Stock-broking companies	969	1,210	969	1,210
- Others	13,973,772	12,995,158	12,685,217	11,407,279
Business enterprises				
- Small and medium enterprises	70,742,571	68,397,014	57,359,814	55,665,614
- Others	27,969,048	28,904,318	22,017,281	22,770,623
Government and statutory bodies	1,018,079	1,020,098	15,843	14,325
Individuals	228,442,845	215,333,895	175,512,155	166,003,229
Other entities	29,121	31,808	22,698	24,939
Foreign entities	3,474,822	3,784,940	1,898,388	1,817,529
	<u>345,651,227</u>	<u>330,468,441</u>	<u>269,512,365</u>	<u>257,704,748</u>

c) By interest/profit rate sensitivity

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Fixed rate				
- Housing loans / financing	786,457	849,134	23,381	39,532
- Hire purchase receivables	52,260,020	48,956,560	43,163,759	40,412,009
- Other fixed rate loans / financing	22,659,120	21,679,909	11,910,692	10,572,924
Variable rate				
- Base rate / base lending rate plus	219,697,158	209,523,638	181,127,943	175,186,208
- Cost plus	37,001,413	35,281,822	32,966,166	31,130,503
- Other variable rates	13,247,059	14,177,378	320,424	363,572
	<u>345,651,227</u>	<u>330,468,441</u>	<u>269,512,365</u>	<u>257,704,748</u>

d) By residual contractual maturity

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Maturity within one year	29,828,393	30,074,737	21,712,839	20,934,050
More than one year to three years	27,587,328	28,380,117	22,453,205	22,617,780
More than three years to five years	31,575,192	33,530,946	24,315,669	26,812,787
More than five years	256,660,314	238,482,641	201,030,652	187,340,131
	<u>345,651,227</u>	<u>330,468,441</u>	<u>269,512,365</u>	<u>257,704,748</u>

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A11. Loans, Advances and Financing (continued)

e) By geographical distribution

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Malaysia	323,728,119	307,164,075	268,793,402	256,906,982
Hong Kong SAR and the People's Republic of China	13,607,461	15,164,688	-	-
Cambodia	4,606,971	4,720,804	-	-
Other countries	3,708,676	3,418,874	718,963	797,766
	<u>345,651,227</u>	<u>330,468,441</u>	<u>269,512,365</u>	<u>257,704,748</u>

f) Gross loans, advances and financing by economic purpose

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Purchase of securities	4,359,446	4,215,419	3,937,183	3,686,897
Purchase of transport vehicles	54,982,651	51,770,061	43,552,949	40,810,981
Purchase of landed properties	218,890,201	207,792,100	174,208,388	167,126,742
(of which: - residential	135,970,426	125,850,883	105,640,480	98,888,486
- non-residential)	82,919,775	81,941,217	68,567,908	68,238,256
Purchase of fixed assets (excluding landed properties)	443,942	433,035	87,120	83,595
Personal use	13,742,077	13,648,878	7,653,250	7,316,469
Credit card	1,996,528	2,161,229	1,954,379	2,113,070
Purchase of consumer durables	798	801	103	101
Construction	7,396,048	7,401,779	5,718,835	5,808,391
Mergers and acquisitions	-	9,730	-	9,730
Working capital	38,874,027	38,576,599	27,605,664	26,456,630
Other purpose	4,965,509	4,458,810	4,794,494	4,292,142
	<u>345,651,227</u>	<u>330,468,441</u>	<u>269,512,365</u>	<u>257,704,748</u>

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A11. Loans, Advances and Financing (continued)

g) Gross loans, advances and financing by sectors

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Agriculture, hunting, forestry and fishing	3,280,896	3,545,062	2,282,306	2,524,728
Mining and quarrying	314,277	334,813	164,594	165,225
Manufacturing	11,111,565	11,004,846	8,407,467	8,345,617
Electricity, gas and water	129,803	162,295	55,895	47,363
Construction	16,032,004	12,903,477	12,702,933	9,878,302
Wholesale & retail trade and restaurants & hotels	28,914,864	27,306,914	23,847,726	22,475,527
Transport, storage and communication	4,450,488	4,153,801	3,236,937	3,033,476
Finance, insurance and business services	19,724,670	19,332,370	17,314,287	16,036,222
Real estate	28,710,902	32,182,576	22,360,371	25,915,549
Community, social and personal services	3,495,524	3,190,201	2,140,910	1,844,962
Households	228,317,274	214,862,347	176,945,619	167,387,862
Others	1,168,960	1,489,739	53,320	49,915
	<u>345,651,227</u>	<u>330,468,441</u>	<u>269,512,365</u>	<u>257,704,748</u>

h) Loans, advances and financing pledged as collateral are as follows:

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Bankers' acceptances rediscounted	<u>3,000</u>	<u>25,814</u>	<u>3,000</u>	<u>25,814</u>

i) Movements in credit-impaired ("impaired") loans, advances and financing are as follows:

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
At 1 January	1,604,919	1,620,733	1,144,133	1,143,782
Impaired during the year	1,223,521	3,066,488	735,365	2,106,495
Reclassified as non-impaired	(814,904)	(2,172,788)	(571,151)	(1,559,030)
Recoveries	(272,687)	(357,532)	(202,723)	(265,130)
Amount written off	(443,016)	(470,169)	(181,090)	(212,200)
Loans / financing converted to foreclosed properties	(40,569)	(78,196)	(35,885)	(68,007)
Exchange differences	(6,046)	(3,617)	(3,135)	(1,777)
Closing balance	<u>1,251,218</u>	<u>1,604,919</u>	<u>885,514</u>	<u>1,144,133</u>
Gross impaired loans and financing as a percentage of gross loans, advances and financing	<u>0.36%</u>	<u>0.49%</u>	<u>0.33%</u>	<u>0.44%</u>

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A11. Loans, Advances and Financing (continued)

j) Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Malaysia	995,962	1,310,329	824,162	1,031,067
Hong Kong SAR and the People's Republic of China	120,136	103,643	-	-
Cambodia	28,801	45,233	-	-
Other countries	106,319	145,714	61,352	113,066
	<u>1,251,218</u>	<u>1,604,919</u>	<u>885,514</u>	<u>1,144,133</u>

k) Impaired loans, advances and financing by economic purpose

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Purchase of securities	-	724	-	724
Purchase of transport vehicles	175,309	241,765	122,349	161,236
Purchase of landed properties	647,802	856,891	505,315	672,131
(of which: - residential	440,544	629,565	327,157	470,280
- non-residential)	207,258	227,326	178,158	201,851
Purchase of fixed assets (excluding landed properties)	12,779	8,523	660	992
Personal use	106,756	153,351	40,292	57,930
Credit card	13,812	17,983	13,221	17,035
Purchase of consumer durables	1	1	1	1
Construction	15,077	57,119	10,484	52,463
Working capital	274,330	256,412	187,869	169,509
Other purpose	5,352	12,150	5,323	12,112
	<u>1,251,218</u>	<u>1,604,919</u>	<u>885,514</u>	<u>1,144,133</u>

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A11. Loans, Advances and Financing (continued)

1) Impaired loans, advances and financing by sectors

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Agriculture, hunting, forestry and fishing	19,093	22,385	19,038	22,335
Mining and quarrying	11,398	1,579	11,167	1,577
Manufacturing	70,438	55,698	43,123	38,971
Electricity, gas and water	5,041	4,848	-	12
Construction	101,758	107,125	88,572	93,545
Wholesale & retail trade and restaurants & hotels	143,872	162,315	111,171	124,760
Transport, storage and communication	16,723	18,107	12,391	11,513
Finance, insurance and business services	58,637	55,947	38,587	44,343
Real estate	19,658	41,543	15,012	38,914
Community, social and personal services	7,363	9,367	5,808	7,789
Households	777,078	1,099,910	539,288	759,083
Others	20,159	26,095	1,357	1,291
	<u>1,251,218</u>	<u>1,604,919</u>	<u>885,514</u>	<u>1,144,133</u>

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A11. Loans, Advances and Financing (continued)

m) Movements in loss allowance for loans/financing which reflect the ECL model on impairment are as follows:

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Group				
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:	151,935	(112,251)	(39,684)	-
- Transfer to Stage 1: 12-Month ECL	177,300	(156,613)	(20,687)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(21,736)	68,918	(47,182)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(3,629)	(24,556)	28,185	-
New loans, advances and financing originated	110,881	34,662	42,105	187,648
Net remeasurement due to changes in credit risk	204,467	94,965	374,733	674,165
Loans, advances and financing derecognised (other than write-off)	(59,557)	(48,010)	(24,364)	(131,931)
Modifications to contractual cash flows of loans, advances and financing	(24,201)	241,484	(308)	216,975
Changes in models / risk parameters	176,112	187,105	903	364,120
Amount written off	-	-	(443,016)	(443,016)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(241)	(241)
Exchange differences	(1,675)	(1,033)	(8,513)	(11,221)
At 31 December 2020	<u>1,528,896</u>	<u>1,046,834</u>	<u>272,716</u>	<u>2,848,446</u>

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A11. Loans, Advances and Financing (continued)

m) Movements in loss allowance for loans/financing which reflect the ECL model on impairment are as follows (continued):

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Group				
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)
At 31 December 2019	970,934	649,912	371,101	1,991,947

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A11. Loans, Advances and Financing (continued)

m) Movements in loss allowance for loans/financing which reflect the ECL model on impairment are as follows (continued):

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Bank				
At 1 January 2020	670,917	535,186	228,571	1,434,674
Changes due to loans and advances recognised as at 1 January 2020:	120,559	(83,463)	(37,096)	-
- Transfer to Stage 1: 12-Month ECL	137,132	(125,123)	(12,009)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(16,195)	50,121	(33,926)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(378)	(8,461)	8,839	-
New loans and advances originated	66,627	17,714	889	85,230
Net remeasurement due to changes in credit risk	95,730	53,720	178,570	328,020
Loans and advances derecognised (other than write-off)	(26,583)	(38,864)	(16,324)	(81,771)
Modifications to contractual cash flows of loans and advances	(16,802)	201,468	(1,379)	183,287
Changes in models / risk parameters	144,801	160,087	682	305,570
Amount written off	-	-	(181,090)	(181,090)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(241)	(241)
Exchange differences	(288)	-	-	(288)
At 31 December 2020	<u>1,054,961</u>	<u>845,848</u>	<u>172,582</u>	<u>2,073,391</u>

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A11. Loans, Advances and Financing (continued)

m) Movements in loss allowance for loans/financing which reflect the ECL model on impairment are as follows (continued):

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Bank				
At 1 January 2019	775,726	452,091	239,052	1,466,869
Changes due to loans and advances recognised as at 1 January 2019:	90,850	(55,591)	(35,259)	-
- Transfer to Stage 1: 12-Month ECL	115,839	(101,354)	(14,485)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(24,185)	57,220	(33,035)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(804)	(11,457)	12,261	-
New loans and advances originated	63,975	103,929	3,791	171,695
Net remeasurement due to changes in credit risk	(119,939)	4,380	258,965	143,406
Loans and advances derecognised (other than write-off)	(35,988)	(50,624)	(31,937)	(118,549)
Modifications to contractual cash flows of loans and advances	(3,919)	5,199	7,189	8,469
Changes in models / risk parameters	(99,676)	75,802	1,134	(22,740)
Amount written off	-	-	(212,200)	(212,200)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(2,164)	(2,164)
Exchange differences	(112)	-	-	(112)
At 31 December 2019	<u>670,917</u>	<u>535,186</u>	<u>228,571</u>	<u>1,434,674</u>

A12. Other Assets

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Deferred handling fees	230,011	234,967	189,988	196,046
Interest / Income receivable	22,706	42,896	484	6,073
Other receivables, deposits and prepayments	2,003,908	1,005,633	1,518,676	767,704
Collateral pledged for derivative transactions	386,994	192,877	386,994	192,877
Employee benefits	2,748	48,430	2,703	47,633
Amount due from trust funds	259,116	230,324	-	-
Foreclosed properties	191,162	177,617	170,327	161,053
Outstanding contracts on clients' accounts	311,659	214,656	-	-
Amount due from subsidiary companies	-	-	46,967	47,763
Distribution receivable from collective investments	-	-	28,176	31,618
Dividend receivable from subsidiary companies	-	-	823,477	750,125
	<u>3,408,304</u>	<u>2,147,400</u>	<u>3,167,792</u>	<u>2,200,892</u>

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A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
At amortised cost				
Core deposits:				
- Demand deposits	59,355,197	51,106,160	47,669,930	40,067,724
- Savings deposits	46,244,527	37,733,184	31,119,195	25,260,085
- Fixed deposits	204,543,978	205,806,430	149,670,726	149,042,566
	<u>310,143,702</u>	<u>294,645,774</u>	<u>228,459,851</u>	<u>214,370,375</u>
Negotiable instruments of deposit	-	22,979	-	-
Money market deposits	55,669,218	58,610,421	49,576,393	53,845,616
	<u>55,669,218</u>	<u>58,633,400</u>	<u>49,576,393</u>	<u>53,845,616</u>
Other deposits	57,831	61,301	42,469	43,699
	<u>365,870,751</u>	<u>353,340,475</u>	<u>278,078,713</u>	<u>268,259,690</u>

b) By type of customer

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Federal and state governments	8,369,668	7,510,524	4,291,436	5,155,389
Local government and statutory authorities	4,062,758	4,636,517	3,210,402	3,756,788
Business enterprises	100,540,241	93,749,815	80,071,334	74,933,430
Individuals	186,738,461	176,930,222	148,149,825	138,499,660
Foreign customers	9,484,501	9,821,754	4,499,011	4,382,060
Others	56,675,122	60,691,643	37,856,705	41,532,363
	<u>365,870,751</u>	<u>353,340,475</u>	<u>278,078,713</u>	<u>268,259,690</u>

c) The maturity structure of fixed deposits, negotiable instruments of deposit and money market deposits are as follows:

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Due within six months	218,744,626	224,301,309	164,809,471	168,700,151
More than six months to one year	41,230,618	39,961,843	34,317,332	34,046,661
More than one year to three years	232,592	173,570	115,979	139,173
More than three years to five years	5,360	3,108	4,337	2,197
	<u>260,213,196</u>	<u>264,439,830</u>	<u>199,247,119</u>	<u>202,888,182</u>

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A14. Deposits from Banks

	Group		Bank	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Licensed banks	2,948,196	4,714,525	1,948,884	3,464,138
Licensed investment banks	428,612	458,211	416,091	206,023
Bank Negara Malaysia *	1,883,775	349,466	1,809,409	332,098
Other financial institutions	5,481,645	2,971,871	9,001,951	7,793,143
	<u>10,742,228</u>	<u>8,494,073</u>	<u>13,176,335</u>	<u>11,795,402</u>

* As part of the government support measures in response to COVID-19 pandemic, the Group and the Bank received amounts under a Government financing scheme for the purpose of SME lending at a below market and concession rate with a six-year maturity to be repaid in June 2026.

A15. Other Liabilities

	Group		Bank	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest / Income payable	1,784,522	2,085,618	1,357,913	1,599,710
Other payables and accruals	2,977,882	2,471,928	2,292,787	1,932,282
Collateral received for derivative transactions	95,359	47,566	95,359	47,566
Amount due to trust funds	126,832	91,313	-	-
Unprocessed sales and / or redemptions	221,849	144,024	-	-
Accrued restoration costs	70,846	70,752	71,581	71,405
Allowance for impairment on loan / financing commitments and financial guarantees	70,176	52,944	56,372	43,730
Outstanding contracts on clients' accounts	260,299	206,265	-	-
Dividend payable to shareholders	21,014	25,987	2,738	2,814
Amount due to subsidiary companies	-	-	21,776	37,262
	<u>5,628,779</u>	<u>5,196,397</u>	<u>3,898,526</u>	<u>3,734,769</u>

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A15. Other Liabilities (continued)

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

Group	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
At 1 January 2020	42,845	8,475	1,624	52,944
Changes due to loan / financing commitments and financial guarantees recognised as at 1 January 2020:				
1 January 2020:	1,857	(1,315)	(542)	-
- Transfer to Stage 1: 12-Month ECL	2,924	(2,851)	(73)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(1,062)	1,584	(522)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(5)	(48)	53	-
New loan / financing commitments and financial guarantees originated	4,817	1,729	42	6,588
Net remeasurement due to changes in credit risk	15	684	(580)	119
Loan / financing commitments and financial guarantees derecognised	(3,285)	(1,308)	(27)	(4,620)
Modifications to contractual cash flows of loan / financing commitments and financial guarantees	(235)	1,415	(5)	1,175
Changes in models / risk parameters	10,061	3,983	1	14,045
Exchange differences	(75)	-	-	(75)
At 31 December 2020	56,000	13,663	513	70,176
At 1 January 2019	53,063	8,273	1,147	62,483
Changes due to loan / financing commitments and financial guarantees recognised as at 1 January 2019:				
1 January 2019:	1,570	(1,255)	(315)	-
- Transfer to Stage 1: 12-Month ECL	2,233	(2,143)	(90)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(652)	979	(327)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(11)	(91)	102	-
New loan / financing commitments and financial guarantees originated	4,353	2,212	110	6,675
Net remeasurement due to changes in credit risk	(15,434)	809	764	(13,861)
Loan / financing commitments and financial guarantees derecognised	(3,851)	(2,346)	(60)	(6,257)
Modifications to contractual cash flows of loan / financing commitments and financial guarantees	(4)	(14)	(214)	(232)
Changes in models / risk parameters	3,162	797	192	4,151
Exchange differences	(14)	(1)	-	(15)
At 31 December 2019	42,845	8,475	1,624	52,944

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A15. Other Liabilities (continued)

Movements in the allowance for impairment on loan/financing commitments and financial guarantees are as follows (continued):

Bank	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
At 1 January 2020	34,904	7,534	1,292	43,730
Changes due to loan commitments and and financial guarantees recognised as at 1 January 2020:	1,554	(1,208)	(346)	-
- Transfer to Stage 1: 12-Month ECL	2,546	(2,493)	(53)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(987)	1,325	(338)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(5)	(40)	45	-
New loan commitments and financial guarantees originated	3,102	1,348	24	4,474
Net remeasurement due to changes in credit risk	(278)	86	(524)	(716)
Loan commitments and financial guarantees derecognised	(2,914)	(1,222)	(23)	(4,159)
Modifications to contractual cash flows of loan commitments and financial guarantees	(221)	1,016	(1)	794
Changes in models / risk parameters	8,668	3,580	1	12,249
At 31 December 2020	44,815	11,134	423	56,372
At 1 January 2019	34,345	7,065	1,012	42,422
Changes due to loan commitments and and financial guarantees recognised as at 1 January 2019:	1,142	(866)	(276)	-
- Transfer to Stage 1: 12-Month ECL	1,760	(1,698)	(62)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(608)	892	(284)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(10)	(60)	70	-
New loan commitments and financial guarantees originated	3,413	1,968	74	5,455
Net remeasurement due to changes in credit risk	(3,073)	968	602	(1,503)
Loan commitments and financial guarantees derecognised	(3,314)	(2,270)	(55)	(5,639)
Modifications to contractual cash flows of loan commitments and financial guarantees	(4)	(14)	(215)	(233)
Changes in models/risk parameters	2,395	683	150	3,228
At 31 December 2019	34,904	7,534	1,292	43,730

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A16. Interest Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>Group</u>				
Loans and advances *	2,814,756	3,492,416	11,885,707	13,884,080
Balances with banks	51,599	58,370	234,032	268,975
Financial investments at fair value through other comprehensive income	270,710	279,803	1,104,802	1,102,768
Financial investments at amortised cost	204,051	224,520	866,356	885,369
Others	11,155	18,525	54,658	77,380
	<u>3,352,271</u>	<u>4,073,634</u>	<u>14,145,555</u>	<u>16,218,572</u>
Financial assets at fair value through profit or loss	4,069	22,767	38,683	72,634
	<u>3,356,340</u>	<u>4,096,401</u>	<u>14,184,238</u>	<u>16,291,206</u>
	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>Bank</u>				
Loans and advances *	2,479,235	3,110,626	10,477,299	12,423,343
Balances with banks	42,627	45,640	199,817	205,656
Financial investments at fair value through other comprehensive income	221,777	230,792	913,266	904,844
Financial investments at amortised cost	201,708	215,877	839,646	849,296
Others	24,132	22,827	90,788	91,073
	<u>2,969,479</u>	<u>3,625,762</u>	<u>12,520,816</u>	<u>14,474,212</u>
Financial assets at fair value through profit or loss	4,069	22,264	37,703	71,190
	<u>2,973,548</u>	<u>3,648,026</u>	<u>12,558,519</u>	<u>14,545,402</u>

* Included day 1 net modification loss relating to COVID-19 relief measures of the Group and of the Bank of RM323,792,000 in the current financial year.

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A17. Interest Expense

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits from banks	58,952	81,328	263,438	316,732
Deposits from customers	1,186,486	1,918,159	6,013,651	7,767,391
Loans sold to Cagamas	52,658	59,334	229,369	235,400
Debt securities issued and other borrowed funds	107,204	112,669	435,545	486,442
Others	15,146	15,769	62,459	51,121
	<u>1,420,446</u>	<u>2,187,259</u>	<u>7,004,462</u>	<u>8,857,086</u>
	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits from banks	61,316	87,105	283,118	349,951
Deposits from customers	1,123,165	1,826,010	5,692,298	7,406,489
Loans sold to Cagamas	52,658	59,334	229,369	235,400
Debt securities issued and other borrowed funds	104,611	107,628	420,510	467,040
Others	14,920	15,191	63,565	60,402
	<u>1,356,670</u>	<u>2,095,268</u>	<u>6,688,860</u>	<u>8,519,282</u>

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A18. Net Fee and Commission Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>Group</u>				
(a) Fee and commission income:				
Commissions	122,721	166,044	462,692	625,304
Service charges and fees	88,086	59,229	328,907	311,228
Guarantee fees	7,972	8,165	30,866	34,571
Commitment fees	20,584	20,571	70,010	75,588
Unit trust management fees	312,362	273,784	1,141,324	1,068,433
Fee on sale of trust units	108,560	64,408	374,625	257,521
Brokerage and commissions from stockbroking activities	73,619	23,421	246,584	91,205
Other fee and commission income	17,738	12,538	57,948	69,866
	<u>751,642</u>	<u>628,160</u>	<u>2,712,956</u>	<u>2,533,716</u>
(b) Fee and commission expense:				
Unit trust agency fee	(133,423)	(105,254)	(464,549)	(412,645)
Debit / credit card related fee	(65,968)	(99,357)	(267,413)	(348,811)
Loan related fee	(4,761)	(3,504)	(18,192)	(14,337)
Other fee and commission expense	(9,588)	(3,779)	(33,439)	(17,460)
	<u>(213,740)</u>	<u>(211,894)</u>	<u>(783,593)</u>	<u>(793,253)</u>
Net fee and commission income	<u>537,902</u>	<u>416,266</u>	<u>1,929,363</u>	<u>1,740,463</u>
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>Bank</u>				
(a) Fee and commission income:				
Commissions	162,771	178,684	614,243	676,471
Service charges and fees	63,838	56,603	238,044	226,407
Guarantee fees	7,460	7,528	28,694	31,587
Commitment fees	18,557	18,740	61,674	68,497
Other fee and commission income	12,617	7,881	38,007	52,234
	<u>265,243</u>	<u>269,436</u>	<u>980,662</u>	<u>1,055,196</u>
(b) Fee and commission expense:				
Debit / credit card related fee	(65,530)	(98,364)	(264,680)	(345,577)
Loan related fee	(4,004)	(2,803)	(15,817)	(11,878)
Other fee and commission expense	(2,822)	(2,969)	(11,532)	(11,937)
	<u>(72,356)</u>	<u>(104,136)</u>	<u>(292,029)</u>	<u>(369,392)</u>
Net fee and commission income	<u>192,887</u>	<u>165,300</u>	<u>688,633</u>	<u>685,804</u>

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A19. Net Gains and Losses on Financial Instruments

	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Group				
Net gain / (loss) arising on financial assets at fair value through profit or loss:				
- net gain on disposal	2,331	1,223	28,928	19,086
- gross dividend income	-	-	1,603	2,097
- unrealised revaluation (loss) / gain	(2,745)	3,170	29,076	24,399
	<u>(414)</u>	<u>4,393</u>	<u>59,607</u>	<u>45,582</u>
Net gain / (loss) arising on trading derivatives				
- unrealised revaluation gain / (loss)	<u>3</u>	<u>(57)</u>	<u>80</u>	<u>(77)</u>
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	34,714	24,429	384,402	118,853
- gross dividend income	3	3,378	2,287	4,962
	<u>34,717</u>	<u>27,807</u>	<u>386,689</u>	<u>123,815</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	271	547	426	(253)
- cash flow hedge	702	1,174	851	(1,341)
	<u>973</u>	<u>1,721</u>	<u>1,277</u>	<u>(1,594)</u>
Net gains and losses on financial instruments	<u><u>35,279</u></u>	<u><u>33,864</u></u>	<u><u>447,653</u></u>	<u><u>167,726</u></u>

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A19. Net Gains and Losses on Financial Instruments (continued)

	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>Bank</u>				
Net gain / (loss) arising on financial assets at fair value through profit or loss:				
- net gain on disposal	2,331	1,221	29,134	18,818
- gross dividend income	-	-	1,483	1,977
- unrealised revaluation (loss) / gain	<u>(2,745)</u>	<u>3,077</u>	<u>27,261</u>	<u>23,078</u>
	<u>(414)</u>	<u>4,298</u>	<u>57,878</u>	<u>43,873</u>
Net gain / (loss) arising on trading derivatives				
- unrealised revaluation gain / (loss)	<u>3</u>	<u>(57)</u>	<u>80</u>	<u>(77)</u>
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	29,965	19,427	368,368	109,822
- gross dividend income	-	3,194	1,600	4,181
	<u>29,965</u>	<u>22,621</u>	<u>369,968</u>	<u>114,003</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	275	(15)	(22)	91
- cash flow hedge	702	1,174	851	(1,341)
	<u>977</u>	<u>1,159</u>	<u>829</u>	<u>(1,250)</u>
Net gains and losses on financial instruments	<u><u>30,531</u></u>	<u><u>28,021</u></u>	<u><u>428,755</u></u>	<u><u>156,549</u></u>

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A20. Other Operating Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>Group</u>				
Other income:				
Foreign exchange profit	112,106	129,988	302,504	336,084
Rental income from:				
- investment properties	3,691	4,155	14,908	15,981
- other properties	2,605	2,912	11,265	10,720
Net gain on disposal of property and equipment	55	390	680	986
Net gain / (loss) on disposal of foreclosed properties	1,399	(1,387)	1,691	(959)
Net (loss) / gain on revaluation of investment properties	(11,742)	11,165	(18,124)	50,387
Others	40,577	20,911	131,271	79,516
Total other operating income	<u>148,691</u>	<u>168,134</u>	<u>444,195</u>	<u>492,715</u>
	4th Quarter Ended	31 December	Financial Year Ended	31 December
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Bank</u>				
Distribution income from collective investments	43,970	51,443	196,524	206,173
Dividend income from subsidiary companies				
- quoted outside Malaysia	49,997	63,395	63,321	84,695
- unquoted in Malaysia	342,525	467,694	611,525	799,937
	<u>436,492</u>	<u>582,532</u>	<u>871,370</u>	<u>1,090,805</u>
Other income:				
Foreign exchange profit	270,933	204,325	392,723	339,252
Rental income from other properties	3,183	3,496	13,596	13,102
Net gain on disposal of property and equipment	14	347	134	774
Net gain / (loss) on disposal of foreclosed properties	1,399	(1,387)	1,691	(959)
Others	24,575	17,178	80,666	66,956
Total other operating income	<u>300,104</u>	<u>223,959</u>	<u>488,810</u>	<u>419,125</u>
Total other operating income	<u>736,596</u>	<u>806,491</u>	<u>1,360,180</u>	<u>1,509,930</u>

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A21. Other Operating Expenses

Group	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Personnel costs				
- Salaries, allowances and bonuses	629,130	581,469	2,376,371	2,264,670
- Pension costs	91,658	76,986	345,291	299,517
- Others	26,301	47,964	144,861	177,436
	747,089	706,419	2,866,523	2,741,623
Establishment costs				
- Depreciation	97,383	90,110	364,419	352,172
- Insurance	5,858	4,763	23,711	23,534
- Water and electricity	11,870	13,065	47,746	52,146
- General repairs and maintenance	28,751	41,072	130,785	127,667
- Information technology expenses	8,353	13,211	57,374	59,707
- Others	23,510	24,096	91,361	95,674
	175,725	186,317	715,396	710,900
Marketing expenses				
- Advertisement and publicity	4,145	14,673	46,752	58,770
- Others	17,944	22,269	71,951	83,767
	22,089	36,942	118,703	142,537
Administration and general expenses				
- Communication expenses	14,139	8,388	62,118	49,843
- Legal and professional fees	14,110	10,090	41,387	37,326
- Others	18,437	36,949	105,338	136,963
	46,686	55,427	208,843	224,132
Total other operating expenses	991,589	985,105	3,909,465	3,819,192

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A21. Other Operating Expenses (continued)

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Personnel costs				
- Salaries, allowances and bonuses	483,843	443,256	1,797,660	1,712,941
- Pension costs	80,383	67,066	300,112	258,483
- Others	18,500	37,582	112,397	142,053
	<u>582,726</u>	<u>547,904</u>	<u>2,210,169</u>	<u>2,113,477</u>
Establishment costs				
- Depreciation	73,536	69,222	277,092	272,792
- Insurance	4,910	3,491	19,590	19,493
- Water and electricity	7,945	8,851	32,673	35,829
- General repairs and maintenance	24,630	33,954	113,585	108,483
- Information technology expenses	(344)	4,893	21,717	27,847
- Others	11,255	13,274	45,786	52,434
	<u>121,932</u>	<u>133,685</u>	<u>510,443</u>	<u>516,878</u>
Marketing expenses				
- Advertisement and publicity	(1,567)	3,637	15,215	20,757
- Others	6,266	13,540	35,073	52,427
	<u>4,699</u>	<u>17,177</u>	<u>50,288</u>	<u>73,184</u>
Administration and general expenses				
- Communication expenses	13,633	6,630	51,278	37,425
- Legal and professional fees	8,100	6,339	25,070	25,386
- Others	2,696	18,300	40,415	71,732
	<u>24,429</u>	<u>31,269</u>	<u>116,763</u>	<u>134,543</u>
Cost of resource sharing charged to Public Islamic Bank Berhad *	(106,526)	(109,343)	(424,033)	(416,753)
Total other operating expenses	<u>627,260</u>	<u>620,692</u>	<u>2,463,630</u>	<u>2,421,329</u>

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

	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Credit related	(46,475)	(48,744)	(186,265)	(185,966)
Non-credit branch support	(40,530)	(40,895)	(159,017)	(158,140)
Other administration function	(19,521)	(19,704)	(78,751)	(72,647)
	<u>(106,526)</u>	<u>(109,343)</u>	<u>(424,033)</u>	<u>(416,753)</u>

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A22. Allowance for Impairment on Loans, Advances and Financing

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Group				
Expected credit losses	614,200	112,689	1,328,284	415,205
Impaired loans and financing written off	15	10	56	40
Impaired loans and financing recovered	(57,660)	(69,458)	(222,044)	(260,779)
	<u>556,555</u>	<u>43,241</u>	<u>1,106,296</u>	<u>154,466</u>

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Bank				
Expected credit losses	436,637	64,126	832,978	183,589
Impaired loans written off	15	10	56	40
Impaired loans recovered	(32,514)	(32,469)	(114,527)	(133,274)
	<u>404,138</u>	<u>31,667</u>	<u>718,507</u>	<u>50,355</u>

The breakdown of expected credit losses ("ECL") charge for the year ended 31 December 2020 are as follows:

	Forward Looking ECL Due to COVID-19 Pandemic			Total ECL Charged RM'000
	Base ECL RM'000	Macro- economic Variables RM'000	Management Overlay RM'000	
Group	<u>677,084</u>	<u>349,123</u>	<u>302,077</u>	<u>1,328,284</u>
Bank	<u>323,770</u>	<u>290,951</u>	<u>218,257</u>	<u>832,978</u>

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A23. Allowance / (Writeback of Allowance) for Impairment on Other Assets

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Expected credit losses on:				
- Financial investments at fair value through other comprehensive income	1,717	393	4,681	(157)
- Financial investments at amortised cost	(265)	119	146	352
- Deposits and placements with banks and other financial institutions	(151)	1,704	263	1,688
Allowance made / (written back) on:				
- Foreclosed properties	3,475	(2,147)	8,569	(4,013)
- Other receivables	(8)	8	9	(45)
	<u>4,768</u>	<u>77</u>	<u>13,668</u>	<u>(2,175)</u>

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Expected credit losses on:				
- Financial investments at fair value through other comprehensive income	(157)	(1)	1,132	(508)
- Financial investments at amortised cost	(304)	(18)	(61)	166
Allowance made / (written back) on :				
- Foreclosed properties	3,461	(2,145)	8,518	(4,011)
	<u>3,000</u>	<u>(2,164)</u>	<u>9,589</u>	<u>(4,353)</u>

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A24. Segment Information

	<----- Operating Segments ----->							Head		Inter- segment Elimination	Group Total	
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000	Office and Funding Center RM'000	Total Domestic Operations RM'000			Total Overseas Operations RM'000
4th Quarter Ended												
31 December 2020												
External revenue	617,982	2,233,114	394,972	258,034	79,407	421,000	13,771	455,335	4,473,615	443,149	-	4,916,764
Revenue from other segments	788	507,937	6,694	358,948	361	11,503	225	121,234	1,007,690	6,072	(1,013,762)	-
	618,770	2,741,051	401,666	616,982	79,768	432,503	13,996	576,569	5,481,305	449,221	(1,013,762)	4,916,764
Net interest income / (expense) and												
Islamic banking income	144,490	1,399,987	165,703	80,026	9,131	1,212	(3,464)	214,782	2,011,867	295,466	(11)	2,307,322
Other income	548	205,765	10,849	95,559	41,065	269,394	1,801	44,005	668,986	62,571	(9,685)	721,872
Net income / (expense)	145,038	1,605,752	176,552	175,585	50,196	270,606	(1,663)	258,787	2,680,853	358,037	(9,696)	3,029,194
Other operating expenses	(59,629)	(485,136)	(4,780)	(13,278)	(13,201)	(68,755)	(6,462)	(179,300)	(830,541)	(170,744)	9,696	(991,589)
(Allowance) / Writeback of												
allowance for impairment on												
loans, advances and financing	(167,116)	(312,029)	(58,550)	-	(326)	225	-	-	(537,796)	(18,759)	-	(556,555)
Allowance for impairment												
on other assets	-	(3,475)	-	(93)	(8)	-	-	(1,148)	(4,724)	(44)	-	(4,768)
(Loss) / Profit by segments	(81,707)	805,112	113,222	162,214	36,661	202,076	(8,125)	78,339	1,307,792	168,490	-	1,476,282
Reconciliation of segment profits												
to consolidated profits:												
Share of loss after tax												
of equity accounted associated												
companies									(1,562)	-		(1,562)
Profit before tax expense and zakat									1,306,230	168,490		1,474,720

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A24. Segment Information (continued)

4th Quarter Ended 31 December 2019	←----- Operating Segments ----->							Head	Total Domestic Operations	Total Overseas Operations	Inter- segment Elimination	Group Total
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000	Office and Funding Center RM'000				
External revenue	635,793	2,822,265	496,179	338,261	41,365	338,417	13,786	504,024	5,190,090	484,034	-	5,674,124
Revenue from other segments	2,507	401,387	12,569	545,528	454	11,594	666	141,471	1,116,176	22,089	(1,138,265)	-
	<u>638,300</u>	<u>3,223,652</u>	<u>508,748</u>	<u>883,789</u>	<u>41,819</u>	<u>350,011</u>	<u>14,452</u>	<u>645,495</u>	<u>6,306,266</u>	<u>506,123</u>	<u>(1,138,265)</u>	<u>5,674,124</u>
Net interest income / (expense) and												
Islamic banking income	165,145	1,303,650	147,756	4,949	6,594	1,386	(5,658)	284,467	1,908,289	323,503	-	2,231,792
Other income	714	173,652	8,471	83,646	18,243	224,357	13,705	56,897	579,685	47,883	(9,304)	618,264
Net income	<u>165,859</u>	<u>1,477,302</u>	<u>156,227</u>	<u>88,595</u>	<u>24,837</u>	<u>225,743</u>	<u>8,047</u>	<u>341,364</u>	<u>2,487,974</u>	<u>371,386</u>	<u>(9,304)</u>	<u>2,850,056</u>
Other operating expenses	(68,317)	(508,531)	(4,460)	(12,094)	(10,271)	(62,948)	(5,350)	(142,462)	(814,433)	(179,976)	9,304	(985,105)
Writeback of allowance /												
(Allowance) for impairment on loans, advances and financing	51,565	21,909	(90,058)	-	(157)	1	-	-	(16,740)	(26,501)	-	(43,241)
Writeback of allowance / (Allowance) for impairment on other assets	-	2,148	-	147	30	-	-	(951)	1,374	(1,451)	-	(77)
Profit by segments	<u>149,107</u>	<u>992,828</u>	<u>61,709</u>	<u>76,648</u>	<u>14,439</u>	<u>162,796</u>	<u>2,697</u>	<u>197,951</u>	<u>1,658,175</u>	<u>163,458</u>	<u>-</u>	<u>1,821,633</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									860	-		860
Profit before tax expense and zakat									<u>1,659,035</u>	<u>163,458</u>		<u>1,822,493</u>

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A24. Segment Information (continued)

Financial Year Ended	←----- Operating Segments ----->							Head Office and Funding Center	Total Domestic Operations	Total Overseas Operations	Inter-segment Elimination	Group Total
	Hire Purchase	Retail Operations	Corporate Lending	Treasury and Capital Market Operations	Investment Banking	Fund Management	Others					
31 December 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,473,446	9,546,567	1,711,987	1,119,217	278,736	1,517,156	54,818	1,758,397	18,460,324	1,843,610	-	20,303,934
Revenue from other segments	2,411	2,246,445	29,664	1,821,313	889	46,321	963	562,190	4,710,196	51,357	(4,761,553)	-
	2,475,857	11,793,012	1,741,651	2,940,530	279,625	1,563,477	55,781	2,320,587	23,170,520	1,894,967	(4,761,553)	20,303,934
Net interest income / (expense) and												
Islamic banking income	615,719	5,487,169	623,971	209,460	32,830	5,472	(16,775)	340,885	7,298,731	1,192,472	(34)	8,491,169
Other income	2,259	740,248	26,793	407,892	132,953	972,432	7,610	330,869	2,621,056	241,826	(41,671)	2,821,211
Net income / (expense)	617,978	6,227,417	650,764	617,352	165,783	977,904	(9,165)	671,754	9,919,787	1,434,298	(41,705)	11,312,380
Other operating expenses	(254,369)	(1,988,321)	(18,412)	(49,208)	(49,662)	(263,116)	(25,248)	(609,781)	(3,258,117)	(693,053)	41,705	(3,909,465)
(Allowance) / Writeback of												
allowance for impairment on												
loans, advances and financing	(257,131)	(564,071)	(170,650)	-	853	-	-	-	(990,999)	(115,297)	-	(1,106,296)
Allowance for impairment												
on other assets	-	(8,586)	-	(324)	(40)	-	-	(3,245)	(12,195)	(1,473)	-	(13,668)
Profit / (Loss) by segments	106,478	3,666,439	461,702	567,820	116,934	714,788	(34,413)	58,728	5,658,476	624,475	-	6,282,951
Reconciliation of segment profits												
to consolidated profits:												
Share of profit after tax												
of equity accounted associated												
companies									2,112	-		2,112
Profit before tax expense and zakat									5,660,588	624,475		6,285,063
Cost income ratio	41.2%	31.9%	2.8%	8.0%	30.0%	26.9%	n/a	90.8%	32.8%	48.3%		34.6%

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A24. Segment Information (continued)

Financial Year Ended	-----<----- Operating Segments ----->-----								Head Office and Funding Center RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter-segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000						
31 December 2020													
Gross loans, advances and financing	52,362,644	228,073,772	42,799,841	-	374,274	116,158	1,430	-	323,728,119	21,923,108			345,651,227
Loans growth	6.6%	6.0%	1.0%	-	7.1%	11.2%	-7.5%	-	5.4%	-5.9%			4.6%
Impaired loans, advances and financing	159,751	773,016	62,946	-	-	249	-	-	995,962	255,256			1,251,218
Impaired loan and financing ratio	0.3%	0.3%	0.1%	-	-	0.2%	-	-	0.3%	1.2%			0.4%
Deposits from customers	-	275,328,254	217,042	60,888,531	1,023,910	-	-	-	337,457,737	28,413,014			365,870,751
Deposits growth	-	6.1%	9.9%	-6.0%	37.1%	-	-	-	3.8%	1.0%			3.5%
Segment assets	<u>51,993,465</u>	<u>283,652,850</u>	<u>42,127,775</u>	<u>74,184,866</u>	<u>2,143,660</u>	<u>662,829</u>	<u>834,339</u>	<u>52,897,113</u>	<u>508,496,897</u>	<u>39,428,811</u>	<u>(100,877,933)</u>		<u>447,047,775</u>
Reconciliation of segment assets to consolidated assets:													
Investment in associated companies									78,405	16			78,421
Unallocated assets									1,712,944	-			1,712,944
Intangible assets									775,493	1,642,234			2,417,727
Total assets									<u>511,063,739</u>	<u>41,071,061</u>			<u>451,256,867</u>

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A24. Segment Information (continued)

Financial Year Ended	←----- Operating Segments ----->							Head Office and Funding Center	Total Domestic Operations	Total Overseas Operations	Inter-segment Elimination	Group Total
	Hire Purchase	Retail Operations	Corporate Lending	Treasury and Capital Market Operations	Investment Banking	Fund Management	Others					
31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,538,073	11,181,421	2,002,850	1,421,071	149,867	1,327,445	70,752	1,821,056	20,512,535	1,942,199	-	22,454,734
Revenue from other segments	5,705	1,530,090	43,437	2,181,225	1,094	48,522	1,851	635,781	4,447,705	88,244	(4,535,949)	-
	<u>2,543,778</u>	<u>12,711,511</u>	<u>2,046,287</u>	<u>3,602,296</u>	<u>150,961</u>	<u>1,375,967</u>	<u>72,603</u>	<u>2,456,837</u>	<u>24,960,240</u>	<u>2,030,443</u>	<u>(4,535,949)</u>	<u>22,454,734</u>
Net interest income / (expense) and												
Islamic banking income	656,039	4,983,363	558,176	19,004	25,611	8,761	(23,257)	1,197,825	7,425,522	1,275,825	-	8,701,347
Other income	3,029	703,212	49,094	345,404	59,208	879,420	71,165	98,497	2,209,029	231,409	(39,534)	2,400,904
Net income	<u>659,068</u>	<u>5,686,575</u>	<u>607,270</u>	<u>364,408</u>	<u>84,819</u>	<u>888,181</u>	<u>47,908</u>	<u>1,296,322</u>	<u>9,634,551</u>	<u>1,507,234</u>	<u>(39,534)</u>	<u>11,102,251</u>
Other operating expenses	(255,573)	(1,975,528)	(17,697)	(45,721)	(43,258)	(241,380)	(25,344)	(573,225)	(3,177,726)	(681,000)	39,534	(3,819,192)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(4,391)	11,981	(74,098)	-	(2,008)	(13)	-	-	(68,529)	(85,937)	-	(154,466)
Writeback of allowance / (Allowance) for impairment on other assets	-	4,013	-	577	48	-	-	(1,101)	3,537	(1,362)	-	2,175
Profit by segments	<u>399,104</u>	<u>3,727,041</u>	<u>515,475</u>	<u>319,264</u>	<u>39,601</u>	<u>646,788</u>	<u>22,564</u>	<u>721,996</u>	<u>6,391,833</u>	<u>738,935</u>	<u>-</u>	<u>7,130,768</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									3,376	-		3,376
Profit before tax expense and zakat									<u>6,395,209</u>	<u>738,935</u>		<u>7,134,144</u>
Cost income ratio	38.8%	34.7%	2.9%	12.5%	51.0%	27.2%	52.9%	44.2%	33.0%	45.2%		34.4%

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A24. Segment Information (continued)

Financial Year Ended	←----- Operating Segments ----->								Head Office and Funding Center	Total Domestic Operations	Total Overseas Operations	Inter-segment Elimination	Group Total
	Hire Purchase	Retail Operations	Corporate Lending	Treasury and Capital Market Operations	Investment Banking	Fund Management	Others	RM'000					
31 December 2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross loans, advances and financing	49,122,692	215,229,173	42,356,727	-	349,499	104,438	1,546	-	307,164,075	23,304,366			330,468,441
Loans growth	2.3%	5.2%	3.4%	-	-6.8%	5.5%	-7.0%	-	4.5%	0.3%			4.1%
Impaired loans, advances and financing	232,976	1,028,251	47,060	-	1,772	270	-	-	1,310,329	294,590			1,604,919
Impaired loan and financing ratio	0.5%	0.5%	0.1%	-	0.5%	0.3%	-	-	0.4%	1.3%			0.5%
Deposits from customers	-	259,483,622	197,410	64,771,138	746,663	-	-	-	325,198,833	28,141,642			353,340,475
Deposits growth	-	4.7%	-40.1%	5.6%	-26.0%	-	-	-	4.7%	-1.5%			4.2%
Segment assets	<u>48,964,714</u>	<u>267,629,253</u>	<u>41,846,191</u>	<u>76,800,791</u>	<u>1,876,299</u>	<u>531,436</u>	<u>838,599</u>	<u>47,428,899</u>	<u>485,916,182</u>	<u>39,362,862</u>	<u>(96,292,456)</u>		<u>428,986,588</u>
Reconciliation of segment assets to consolidated assets:													
Investment in associated companies									75,064	16			75,080
Unallocated assets									1,325,968	-			1,325,968
Intangible assets									775,493	1,667,546			2,443,039
Total assets									<u>488,092,707</u>	<u>41,030,424</u>			<u>432,830,675</u>

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A24. Segment Information (continued)

The Group's overseas operations includes its operations in Hong Kong SAR, the People's Republic of China, Sri Lanka, the Socialist Republic of Vietnam, Cambodia and the Lao People's Democratic Republic.

A25. Subsequent Events

Other than those as disclosed below, there were no material events subsequent to the reporting date that have not been reflected in the audited interim financial statements.

a) COVID-19 Pandemic and its Impact

Developments surrounding the COVID-19 pandemic continue to be uncertain and fluid. This has increased the estimation uncertainty in the preparation of the financial statements and may result in the application of further judgment in the measurement of assets and liabilities, as disclosed in Note A1; and

b) Bonus Issues

Subsequent to the approvals obtained from BNM and Bursa Malaysia Securities Berhad on 18 December 2020, and shareholders' approval via an Extraordinary General Meeting held on 12 January 2021 in relation to the proposed bonus issue of up to 15,528,553,388 bonus shares on the basis of 4 bonus shares for every 1 existing Public Bank Berhad share held on 27 January 2021 (Entitlement Date), the Bank had on 29 January 2021 announced the listing and quotation of 15,528,553,388 bonus shares, marking the completion of the bonus issue.

A26. Changes in the Composition of the Group

There were no changes in the composition of the Group in the current financial year.

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A27. Commitments and Contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

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

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Contingent liabilities				
Direct credit substitutes	914,667	949,669	870,920	912,117
Transaction-related contingent items	1,668,612	1,745,471	1,390,714	1,435,577
Short term self-liquidating trade-related contingencies	401,318	568,308	208,040	117,703
	2,984,597	3,263,448	2,469,674	2,465,397
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	31,342,568	26,968,879	24,724,600	21,583,171
- not exceeding one year	26,297,443	24,753,060	21,594,955	20,165,155
Unutilised credit card lines	8,161,401	7,663,636	7,910,938	7,346,453
Forward asset purchases	42,424	65,652	42,424	44,405
	65,843,836	59,451,227	54,272,917	49,139,184
Derivative financial instruments				
Foreign exchange related contracts:				
- up to one year	28,020,406	22,157,757	26,902,244	21,117,858
- more than one year to five years	2,978,728	3,446,350	2,978,728	3,446,350
Interest / Profit rate related contracts:				
- up to one year	1,507,160	930,000	1,426,800	1,060,000
- more than one year to five years	4,718,304	4,494,515	6,185,260	4,912,645
- more than five years	880,810	571,631	1,700,000	2,150,000
Commodity related contracts:				
- up to one year	606	120	606	120
	38,106,014	31,600,373	39,193,638	32,686,973
	106,934,447	94,315,048	95,936,229	84,291,554

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A28. Derivative Financial Instruments

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts are as follows:

Group	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
As at 31 December 2020												
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,566,305	4,036	-	1,570,341	7,973	22	-	7,995	9,149	-	-	9,149
- Swaps	26,020,528	-	-	26,020,528	221,548	-	-	221,548	409,212	-	-	409,212
- Options	31,773	-	-	31,773	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	606	-	-	606	3	-	-	3	-	-	-	-
	<u>27,619,212</u>	<u>4,036</u>	<u>-</u>	<u>27,623,248</u>	<u>229,524</u>	<u>22</u>	<u>-</u>	<u>229,546</u>	<u>418,361</u>	<u>-</u>	<u>-</u>	<u>418,361</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	80,360	220,000	413,854	714,214	-	-	-	-	152	5,676	45,460	51,288
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	401,800	1,004,500	-	1,406,300	-	37,784	-	37,784	13,172	-	-	13,172
Interest / Profit rate related contracts												
- Swaps	1,426,800	2,765,260	2,200,000	6,392,060	-	-	2,428	2,428	4,363	62,966	29,667	96,996
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	-	1,767,866	202,326	1,970,192	-	9,610	7,642	17,252	-	46,239	-	46,239
	<u>1,908,960</u>	<u>5,757,626</u>	<u>2,816,180</u>	<u>10,482,766</u>	<u>-</u>	<u>47,394</u>	<u>10,070</u>	<u>57,464</u>	<u>17,687</u>	<u>114,881</u>	<u>75,127</u>	<u>207,695</u>
Total	<u>29,528,172</u>	<u>5,761,662</u>	<u>2,816,180</u>	<u>38,106,014</u>	<u>229,524</u>	<u>47,416</u>	<u>10,070</u>	<u>287,010</u>	<u>436,048</u>	<u>114,881</u>	<u>75,127</u>	<u>626,056</u>

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A28. Derivative Financial Instruments (continued)

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts are as follows (continued):

Group As at 31 December 2019	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,309,748	15,109	-	1,324,857	6,494	37	-	6,531	5,910	-	-	5,910
- Swaps	20,835,248	-	-	20,835,248	92,438	-	-	92,438	205,893	-	-	205,893
- Options	12,761	-	-	12,761	-	-	-	-	-	-	-	-
Interest / Profit rate related contracts												
- Swaps	430,000	-	-	430,000	-	-	-	-	95	-	-	95
Precious metal contracts												
- Forwards	120	-	-	120	-	-	-	-	1	-	-	1
	<u>22,587,877</u>	<u>15,109</u>	<u>-</u>	<u>22,602,986</u>	<u>98,932</u>	<u>37</u>	<u>-</u>	<u>98,969</u>	<u>211,899</u>	<u>-</u>	<u>-</u>	<u>211,899</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	-	301,870	421,631	723,501	-	393	-	393	-	1,801	20,341	22,142
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	1,432,725	-	1,432,725	-	39,253	-	39,253	-	22,309	-	22,309
Interest / Profit rate related contracts												
- Swaps	500,000	4,167,645	175,000	4,842,645	-	6,711	698	7,409	1,057	23,898	473	25,428
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	-	-	1,998,516	1,998,516	-	-	6,306	6,306	-	-	63,946	63,946
	<u>500,000</u>	<u>5,902,240</u>	<u>2,595,147</u>	<u>8,997,387</u>	<u>-</u>	<u>46,357</u>	<u>7,004</u>	<u>53,361</u>	<u>1,057</u>	<u>48,008</u>	<u>84,760</u>	<u>133,825</u>
Total	<u>23,087,877</u>	<u>5,917,349</u>	<u>2,595,147</u>	<u>31,600,373</u>	<u>98,932</u>	<u>46,394</u>	<u>7,004</u>	<u>152,330</u>	<u>212,956</u>	<u>48,008</u>	<u>84,760</u>	<u>345,724</u>

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A28. Derivative Financial Instruments (continued)

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts are as follows (continued):

Bank As at 31 December 2020	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,513,465	4,036	-	1,517,501	7,917	22	-	7,939	9,112	-	-	9,112
- Swaps	24,955,206	-	-	24,955,206	207,812	-	-	207,812	407,859	-	-	407,859
- Options	31,773	-	-	31,773	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	606	-	-	606	3	-	-	3	-	-	-	-
	<u>26,501,050</u>	<u>4,036</u>	<u>-</u>	<u>26,505,086</u>	<u>215,732</u>	<u>22</u>	<u>-</u>	<u>215,754</u>	<u>416,971</u>	<u>-</u>	<u>-</u>	<u>416,971</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	-	220,000	-	220,000	-	-	-	-	-	5,676	-	5,676
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	401,800	1,004,500	-	1,406,300	-	37,784	-	37,784	13,172	-	-	13,172
Interest rate related contracts												
- Swaps	1,426,800	3,265,260	4,400,000	9,092,060	-	13,634	184,829	198,463	4,363	62,966	30,984	98,313
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	-	1,767,866	202,326	1,970,192	-	9,610	7,642	17,252	-	46,239	-	46,239
	<u>1,828,600</u>	<u>6,257,626</u>	<u>4,602,326</u>	<u>12,688,552</u>	<u>-</u>	<u>61,028</u>	<u>192,471</u>	<u>253,499</u>	<u>17,535</u>	<u>114,881</u>	<u>30,984</u>	<u>163,400</u>
Total	<u>28,329,650</u>	<u>6,261,662</u>	<u>4,602,326</u>	<u>39,193,638</u>	<u>215,732</u>	<u>61,050</u>	<u>192,471</u>	<u>469,253</u>	<u>434,506</u>	<u>114,881</u>	<u>30,984</u>	<u>580,371</u>

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A28. Derivative Financial Instruments (continued)

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts are as follows (continued):

Bank As at 31 December 2019	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	997,769	15,109	-	1,012,878	4,170	37	-	4,207	3,637	-	-	3,637
- Swaps	20,107,328	-	-	20,107,328	84,949	-	-	84,949	205,718	-	-	205,718
- Options	12,761	-	-	12,761	-	-	-	-	-	-	-	-
Interest rate related contracts												
- Swaps	560,000	-	-	560,000	19	-	-	19	95	-	-	95
Precious metal contracts												
- Forwards	120	-	-	120	-	-	-	-	1	-	-	1
	<u>21,677,978</u>	<u>15,109</u>	<u>-</u>	<u>21,693,087</u>	<u>89,138</u>	<u>37</u>	<u>-</u>	<u>89,175</u>	<u>209,451</u>	<u>-</u>	<u>-</u>	<u>209,451</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	-	220,000	-	220,000	-	-	-	-	-	1,801	-	1,801
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	1,432,725	-	1,432,725	-	39,253	-	39,253	-	22,309	-	22,309
Interest rate related contracts												
- Swaps	500,000	4,667,645	2,175,000	7,342,645	-	10,975	86,545	97,520	1,057	23,898	473	25,428
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	-	-	1,998,516	1,998,516	-	-	6,306	6,306	-	-	63,946	63,946
	<u>500,000</u>	<u>6,320,370</u>	<u>4,173,516</u>	<u>10,993,886</u>	<u>-</u>	<u>50,228</u>	<u>92,851</u>	<u>143,079</u>	<u>1,057</u>	<u>48,008</u>	<u>64,419</u>	<u>113,484</u>
Total	<u>22,177,978</u>	<u>6,335,479</u>	<u>4,173,516</u>	<u>32,686,973</u>	<u>89,138</u>	<u>50,265</u>	<u>92,851</u>	<u>232,254</u>	<u>210,508</u>	<u>48,008</u>	<u>64,419</u>	<u>322,935</u>

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A28. Derivative Financial Instruments (continued)

- ii) The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risk, as follows:

Market Risk

Market risk on derivatives is the potential loss to the value of these contracts due to changes in price of the underlying items such as equities, interest rates, foreign exchange, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amounts at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions.

Credit Risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group and the Bank have a gain in a contract. As at the reporting date, the amounts of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, were RM287,010,000 (2019: RM152,330,000) and RM469,253,000 (2019: RM232,254,000) respectively. These amounts will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

- iii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at the reporting date, the Group and the Bank had posted cash collateral of RM386,994,000 (2019: RM192,877,000) on their derivative contracts.

- iv) There have been no changes since the end of the previous financial year in respect of the following:
- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
 - b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
 - c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and of the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2019 and Pillar 3 Disclosures section of the 2019 Annual Report.

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A29. a) Fair Value Measurements

Determination of Fair Value and Fair Value Hierarchy

The Group and the Bank classify financial instruments and non-financial assets which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurements:

Level 1 - Quoted market prices: quoted prices (unadjusted) in active markets for identical instruments;

Level 2 - Fair values based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 - Fair values derived using unobservable inputs: inputs used are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments and non-financial assets.

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

Group	Level 1	Level 2	Level 3	Total
31 December 2020	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	904,395	-	904,395
- Non-money market instruments	-	200,339	478,772	679,111
	-	1,104,734	478,772	1,583,506
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	41,557,647	-	41,557,647
- Money market instruments	-	938,442	-	938,442
- Non-money market instruments	1,382	5,670,907	379,025	6,051,314
	1,382	48,166,996	379,025	48,547,403
Derivative financial assets	-	287,010	-	287,010
Total financial assets measured at fair value	1,382	49,558,740	857,797	50,417,919
Non-financial assets				
Investment properties	-	-	712,885	712,885
Financial liabilities				
Derivative financial liabilities	-	626,056	-	626,056
Total financial liabilities measured at fair value	-	626,056	-	626,056

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A29. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

Group	Level 1	Level 2	Level 3	Total
31 December 2019	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	3,480,322	-	3,480,322
- Money market instruments	-	249,541	-	249,541
- Non-money market instruments	-	34,974	445,428	480,402
	-	3,764,837	445,428	4,210,265
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	33,950,350	-	33,950,350
- Money market instruments	-	426,813	-	426,813
- Non-money market instruments	1,556	5,423,236	351,538	5,776,330
	1,556	39,800,399	351,538	40,153,493
Derivative financial assets	-	152,330	-	152,330
Total financial assets measured at fair value	1,556	43,717,566	796,966	44,516,088
Non-financial assets				
Investment properties	-	-	753,095	753,095
Financial liabilities				
Derivative financial liabilities	-	345,724	-	345,724
Total financial liabilities measured at fair value	-	345,724	-	345,724

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A29. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

Bank	Level 1	Level 2	Level 3	Total
31 December 2020	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	904,395	-	904,395
- Non-money market instruments	-	200,339	451,376	651,715
	-	1,104,734	451,376	1,556,110
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	30,531,442	-	30,531,442
- Money market instruments	-	938,442	-	938,442
- Non-money market instruments	-	1,211,211	372,474	1,583,685
	-	32,681,095	372,474	33,053,569
Derivative financial assets	-	469,253	-	469,253
Total financial assets measured at fair value	-	34,255,082	823,850	35,078,932
Financial liabilities				
Derivative financial liabilities	-	580,371	-	580,371
Total financial liabilities measured at fair value	-	580,371	-	580,371

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A29. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

Bank	Level 1	Level 2	Level 3	Total
31 December 2019	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	3,448,443	-	3,448,443
- Non-money market instruments	-	-	419,940	419,940
	-	3,448,443	419,940	3,868,383
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	23,296,864	-	23,296,864
- Money market instruments	-	426,813	-	426,813
- Non-money market instruments	-	1,927,307	345,113	2,272,420
	-	25,650,984	345,113	25,996,097
Derivative financial assets	-	232,254	-	232,254
Total financial assets measured at fair value	-	29,331,681	765,053	30,096,734
Financial liabilities				
Derivative financial liabilities	-	322,935	-	322,935
Total financial liabilities measured at fair value	-	322,935	-	322,935

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year (2019: None).

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A29. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments and non-financial assets:

Group	<- Unquoted Equity Securities ->			
	Financial Assets at Fair Value Through Profit or Loss RM'000	Financial Investments at Fair Value Through Other Comprehensive Income RM'000	Investment Properties RM'000	Total RM'000
At 1 January 2020	445,428	351,538	753,095	1,550,061
Recognised in profit or loss				
- unrealised revaluation gain / (loss)	33,344	-	(18,124)	15,220
Recognised in other comprehensive income				
- unrealised revaluation gain	-	28,150	-	28,150
Addition	-	-	99	99
Transfer to owner occupied property	-	-	(20,000)	(20,000)
Exchange differences	-	(663)	(2,185)	(2,848)
At 31 December 2020	<u>478,772</u>	<u>379,025</u>	<u>712,885</u>	<u>1,570,682</u>
At 1 January 2019	423,949	344,996	719,207	1,488,152
Recognised in profit or loss				
- unrealised revaluation gain	21,479	-	50,387	71,866
Recognised in other comprehensive income				
- unrealised revaluation gain	-	6,993	-	6,993
- realised gain on disposal	-	5	-	5
Disposal	-	(383)	(2,200)	(2,583)
Fair valuation gain recognised in property revaluation reserve	-	-	2,093	2,093
Transfer to owner occupied property	-	-	(11,008)	(11,008)
Reversal of over-provision	-	-	(4,320)	(4,320)
Exchange differences	-	(73)	(1,064)	(1,137)
At 31 December 2019	<u>445,428</u>	<u>351,538</u>	<u>753,095</u>	<u>1,550,061</u>

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A29. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments and non-financial assets (continued):

Bank	<- Unquoted Equity Securities ->		
	Financial Assets at Fair Value Through Profit or Loss RM'000	Financial Investments at Fair Value Through Other Comprehensive Income RM'000	Total RM'000
At 1 January 2020	419,940	345,113	765,053
Recognised in profit or loss			
- unrealised revaluation gain	31,436	-	31,436
Recognised in other comprehensive income			
- unrealised revaluation gain	-	27,971	27,971
Exchange differences	-	(610)	(610)
At 31 December 2020	<u>451,376</u>	<u>372,474</u>	<u>823,850</u>
At 1 January 2019	399,690	338,498	738,188
Recognised in profit or loss			
- unrealised revaluation gain	20,250	-	20,250
Recognised in other comprehensive income			
- unrealised revaluation gain	-	7,048	7,048
- realised gain on disposal	-	5	5
Disposal	-	(383)	(383)
Exchange differences	-	(55)	(55)
At 31 December 2019	<u>419,940</u>	<u>345,113</u>	<u>765,053</u>

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A29. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

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

The fair values of investment properties located in Malaysia are determined using comparison method by reference to the recent sales prices of comparable properties, adjustments are made where dissimilarities exist. The fair values of investment properties located in Hong Kong are determined using comparison method by reference to recent sales prices of comparable properties on a price per square meter basis. A significant change in the price per square meter will result in a significant change in the fair value of the investment properties in Hong Kong.

b) Gains/Losses Arising from Fair Value Changes of Financial Liabilities

Other than derivative financial instruments where the fair value changes are recognised as derivative financial assets or liabilities, as disclosed in Note A28, there were no gains or losses arising from fair value changes of other financial liabilities.

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A30. Capital Adequacy

- a) The capital adequacy ratios of the Group and of the Bank below are disclosed pursuant to the requirements of Bank Negara Malaysia ("BNM")'s Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3):

	Group		Bank	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<u>Before deducting interim dividends *</u>				
Common Equity Tier I ("CET I") capital ratio	14.815%	14.019%	13.702%	12.808%
Tier I capital ratio	14.869%	14.076%	13.745%	12.853%
Total capital ratio	<u>18.011%</u>	<u>17.317%</u>	<u>17.053%</u>	<u>16.243%</u>
<u>After deducting interim dividends *</u>				
CET I capital ratio	13.951%	13.460%	12.611%	12.108%
Tier I capital ratio	14.005%	13.517%	12.654%	12.153%
Total capital ratio	<u>17.147%</u>	<u>16.758%</u>	<u>15.962%</u>	<u>15.543%</u>

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

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Components of CET I, Tier I and Tier II capital:				
<u>CET I / Tier I capital:</u>				
Share capital	9,417,653	9,417,653	9,417,653	9,417,653
Other reserves	1,518,824	1,273,513	793,110	671,090
Retained profits	34,290,480	30,245,351	28,373,510	25,267,007
Qualifying non-controlling interests	682,379	696,901	-	-
Less: Goodwill and other intangible assets	(2,417,727)	(2,443,039)	(695,393)	(695,393)
Less: Deferred tax assets, net	(81,637)	(83,484)	-	(11,307)
Less: Defined benefit pension fund assets	(2,748)	(48,430)	(2,059)	(47,736)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	<u>(105,998)</u>	<u>(99,419)</u>	<u>(6,183,241)</u>	<u>(6,183,241)</u>
Total CET I capital	43,301,226	38,959,046	31,703,580	28,418,073
Additional Tier I capital securities	99,702	99,582	99,702	99,582
Qualifying CET I and additional Tier I capital instruments held by third parties	<u>57,785</u>	<u>58,619</u>	<u>-</u>	<u>-</u>
Total Tier I capital	<u>43,458,713</u>	<u>39,117,247</u>	<u>31,803,282</u>	<u>28,517,655</u>

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A30. Capital Adequacy (continued)

a) The capital adequacy ratios of the Group and of the Bank (continued):

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>Tier II capital</u>				
Stage 1 and Stage 2 expected credit loss allowances	2,664,293	1,685,918	1,966,983	1,256,999
Qualifying regulatory reserves	670,140	1,465,493	686,899	1,265,234
Subordinated notes	4,999,992	4,999,986	4,999,992	4,999,986
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	718,503	716,141	-	-
Others	130,972	139,117	-	-
Total Tier II capital	<u>9,183,900</u>	<u>9,006,655</u>	<u>7,653,874</u>	<u>7,522,219</u>
Total capital	<u>52,642,613</u>	<u>48,123,902</u>	<u>39,457,156</u>	<u>36,039,874</u>

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.

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A30. Capital Adequacy (continued)

a) The capital adequacy ratios of the Group and of the Bank (continued):

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 jurisdiction 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 pandemic. 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 the reporting date, the Group and the Bank continued to maintain a CCB of 2.5%.

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

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

	Group		Bank	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Credit risk	266,754,650	252,112,870	212,310,530	201,778,618
Market risk	4,719,681	5,040,545	4,741,815	5,473,692
Operational risk	20,141,735	20,139,900	13,689,994	14,036,638
Large exposure risk	668,423	612,893	641,027	587,405
	<u>292,284,489</u>	<u>277,906,208</u>	<u>231,383,366</u>	<u>221,876,353</u>

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A30. Capital Adequacy (continued)

c) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows:

	Public Islamic Bank Berhad¹	Public Investment Bank Berhad²	Public Bank (L) Ltd.³	Public Bank (Hong Kong) Limited⁴	Public Finance Limited⁴	Cambodian Public Bank Plc⁵	Public Bank Vietnam Limited⁶
31 December 2020							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	12.552%	49.642%	27.913%	19.590%	25.675%	N/A	N/A
Tier I capital ratio	12.552%	49.642%	27.913%	19.590%	25.675%	N/A	N/A
Total capital ratio	16.127%	50.101%	27.931%	20.347%	26.703%	19.808%	36.233%
<u>After deducting interim dividends: *</u>							
CET I capital ratio	12.552%	41.315%	27.913%	19.568%	23.684%	N/A	N/A
Tier I capital ratio	12.552%	41.315%	27.913%	19.568%	23.684%	N/A	N/A
Total capital ratio	16.127%	41.773%	27.931%	20.325%	24.712%	19.808%	36.233%
31 December 2019							
<u>Before deducting interim dividends: *</u>							
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%	19.163%	43.588%
<u>After deducting interim dividends: *</u>							
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%	19.163%	43.588%

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

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A30. Capital Adequacy (continued)

c) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows (continued):

- ¹ 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.
- ² 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.
- ³ 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.
- ⁴ 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.

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A30. Capital Adequacy (continued)

c) The capital adequacy ratios of the banking subsidiary companies of the Bank are as follows (continued):

- ⁵ 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%.
- ⁶ The amount presented here is the capital adequacy ratio of Public Bank Vietnam Limited ("PBVN"), which is the nearest equivalent regulatory compliance ratio. Effective from 1 January 2020, this ratio is computed in accordance with the State Bank of Vietnam ("SBV") Circular No.41/2016/TT-NHNN. This ratio is derived as PBVN'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 PBVN's capital divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory capital adequacy ratio requirement was 9.0%.

A31. Credit Exposures Arising From Credit Transactions With Connected Parties

	Group		Bank	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Outstanding credit exposures with connected parties (RM'000)	2,990,942	2,188,164	3,885,165	3,221,173
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures	0.77%	0.59%	1.29%	1.12%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.01%	0.05%	0.00%	0.03%

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A32. Operations of Islamic Banking

a) Statement of Financial Position As At 31 December 2020

	Note	Group	
		31 December 2020 RM'000	31 December 2019 RM'000
ASSETS			
Cash and balances with banks		2,112,828	3,139,455
Financial assets at fair value through profit or loss		-	249,541
Derivative financial assets		1,317	-
Financial investments at fair value through other comprehensive income		9,717,771	9,528,034
Financial investments at amortised cost		4,520,961	3,743,715
Financing and advances	A32(d)	54,176,355	49,728,576
Other assets		232,231	71,437
Statutory deposits with Bank Negara Malaysia		168,200	1,800,450
Collective investment		565,504	549,042
Investment in an associated company		45,000	45,000
Right-of-use assets		17,137	18,707
Property and equipment		3,525	4,005
Total Assets		<u>71,560,829</u>	<u>68,877,962</u>
LIABILITIES AND ISLAMIC			
BANKING FUNDS			
Deposits from customers	A32(e)	61,817,897	59,374,011
Deposits from banks		2,067,854	2,453,316
Bills and acceptances payable		481	377
Derivative financial liabilities		196,035	90,130
Senior Sukuk Murabahah		519,950	519,862
Subordinated Sukuk Murabahah		1,000,000	1,000,000
Lease liabilities		18,227	19,385
Other liabilities		412,542	396,753
Provision for zakat and taxation		318	19,888
Deferred tax liabilities		104,135	264
Total Liabilities		<u>66,137,439</u>	<u>63,873,986</u>
Islamic Banking Funds		5,423,390	5,003,976
Total Liabilities and Islamic Banking Funds		<u>71,560,829</u>	<u>68,877,962</u>
COMMITMENTS AND CONTINGENCIES		<u>11,946,719</u>	<u>10,168,972</u>

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A32. Operations of Islamic Banking (continued)

b) Statement of Profit or Loss for the 4th Quarter and Financial Year Ended 31 December 2020

	4th Quarter Ended		Financial Year Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and others *	587,795	680,564	2,404,696	2,710,707
Income derived from investment of Islamic Banking Funds *	50,566	56,672	208,186	224,485
Allowance for impairment on financing and advances	(135,813)	(6,284)	(204,733)	(41,756)
Writeback of allowance / (Allowance) for impairment on other assets	86	(79)	(191)	(232)
Total distributable income	502,634	730,873	2,407,958	2,893,204
Income attributable to depositors and others	(299,762)	(446,429)	(1,430,023)	(1,787,697)
Total net income	202,872	284,444	977,935	1,105,507
Other operating expenses	(118,378)	(120,666)	(471,978)	(463,219)
Profit before zakat and taxation	84,494	163,778	505,957	642,288
Zakat	(963)	(75)	(1,206)	(300)
Taxation	(18,837)	(39,108)	(117,146)	(149,834)
Profit for the period / year	64,694	124,595	387,605	492,154

Net income from Islamic banking business as reported in the statement of profit or loss of the Group is derived as follows:

	4th Quarter Ended		Financial Year Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others *	587,795	680,564	2,404,696	2,710,707
Income derived from investment of Islamic Banking Funds *	50,566	56,672	208,186	224,485
Income attributable to depositors and others	(299,762)	(446,429)	(1,430,023)	(1,787,697)
	338,599	290,807	1,182,859	1,147,495
Elimination of inter-company income and expenses	32,829	31,843	128,534	119,732
Net income from Islamic banking business	371,428	322,650	1,311,393	1,267,227

* Included day 1 net modification loss relating to COVID-19 relief measures of the Group of RM174,624,000 in the current financial year.

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A32. Operations of Islamic Banking (continued)

c) Statement of Comprehensive Income for the 4th Quarter and Financial Year Ended 31 December 2020

	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
<u>Group</u>				
Profit for the period / year	64,694	124,595	387,605	492,154
Other comprehensive income / (loss):				
<u>Items that will not be reclassified to profit or loss:</u>				
Gain / (Loss) on remeasurements of defined benefit plan	2,132	(2,563)	578	(2,563)
<u>Items that may be reclassified to profit or loss:</u>				
Net change in revaluation of financial investments at fair value through other comprehensive income	(32,271)	9,954	145,475	98,501
Net change in cash flow hedges	14,578	5,961	(104,199)	(71,664)
	(17,693)	15,915	41,276	26,837
Income tax effect	3,734	(3,205)	(10,045)	(5,826)
Other comprehensive (loss) / income for the period / year, net of tax	(11,827)	10,147	31,809	18,448
Total comprehensive income for the period / year	52,867	134,742	419,414	510,602

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A32. Operations of Islamic Banking (continued)

d) Financing and Advances

By type and contract

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

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A32. Operations of Islamic Banking (continued)

d) Financing and Advances (continued)

By type and contract (continued)

Group	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai' RM'000	Bai' Inah RM'000	Musharakah Mutanaqisah RM'000	Murabahah RM'000	Others RM'000	Total Financing and Advances RM'000
31 December 2019							
At amortised cost							
Cash line	1,732,493	-	-	-	-	-	1,732,493
Term financing							
- House financing	5,105,404	-	-	15,488,932	-	-	20,594,336
- Syndicated financing	1,266,197	-	-	-	-	-	1,266,197
- Hire purchase receivables	-	8,310,016	-	-	-	-	8,310,016
- Other term financing	4,941,919	-	1,550,596	10,923,096	-	208,138	17,623,749
Credit card receivables	-	-	-	-	-	30,375	30,375
Bill receivables	-	-	-	-	2,110	-	2,110
Trust receipts	-	-	-	-	3,415	-	3,415
Claims on customers under acceptance credits	-	-	-	-	195,437	-	195,437
Revolving credits	181,477	-	-	-	-	-	181,477
Staff financing	-	8,870	-	85,664	-	-	94,534
Gross financing and advances	13,227,490	8,318,886	1,550,596	26,497,692	200,962	238,513	50,034,139
Allowance for impairment on financing and advances:							
- Expected credit losses							(305,563)
- Stage 1: 12-Month ECL							(129,065)
- Stage 2: Lifetime ECL not credit-impaired							(90,576)
- Stage 3: Lifetime ECL credit-impaired							(85,922)
Net financing and advances							<u>49,728,576</u>

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A32. Operations of Islamic Banking (continued)

d) Financing and Advances (continued)

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

	Group	
	31 December 2020 RM'000	31 December 2019 RM'000
At 1 January	275,050	277,731
Impaired during the year	190,044	673,499
Reclassified as non-impaired	(191,093)	(533,038)
Recoveries	(39,279)	(56,730)
Amount written off	(60,617)	(76,223)
Financing converted to foreclosed properties	(4,684)	(10,189)
Closing balance	<u>169,421</u>	<u>275,050</u>
Gross impaired financing and advances as a percentage of gross financing and advances	<u>0.31%</u>	<u>0.55%</u>

e) Deposits from Customers

	Group	
	31 December 2020 RM'000	31 December 2019 RM'000
By type of deposit and contract		
At amortised cost		
Savings deposit		
- Qard	8,561,432	6,716,978
Demand deposit		
- Qard	5,815,770	4,816,878
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Bithaman Ajil	-	22,959
- Commodity Murabahah	40,003,712	41,363,757
- Special term deposit account		
- Qard	-	6,453,439
- Commodity Murabahah	7,436,983	-
	<u>7,436,983</u>	<u>6,453,439</u>
	<u>61,817,897</u>	<u>59,374,011</u>

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Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance Review

Current Year-to-date vs. Previous Year-to-date

Key Profit or Loss Items:	Group		Variance	
	Financial Year Ended			
	31 December 2020	31 December 2019	RM'000	%
Profit before tax expense and zakat	6,285,063	7,134,144	(849,081)	(11.9)
Net profit attributable to equity holders of the Bank	4,871,702	5,511,558	(639,856)	(11.6)
Other comprehensive income (net)	323,866	77,463	246,403	318.1

Key Balance Sheet Items:	Group		Variance	
	As At			
	31 December 2020	31 December 2019	RM'000	%
Gross loans, advances and financing	345,651,227	330,468,441	15,182,786	4.6
Gross impaired loan and financing (%)	0.36%	0.49%	n/a	(0.13)
Deposits from customers	365,870,751	353,340,475	12,530,276	3.5

The Group's pre-tax profit for the financial year ended 31 December 2020 decreased by RM849.1 million or 11.9% to RM6,285.1 million as compared to the pre-tax profit in the previous year of RM7,134.1 million. Net profit attributable to equity holders decreased by RM639.9 million or 11.6% to RM4,871.7 million over the same period. The lower earnings was mainly due to the one-off day 1 net modification loss related to COVID-19 relief measures amounting to RM498.4 million incurred during the second quarter, coupled with the negative effect of Overnight Policy Rate ("OPR") reduction of 125 basis points ("bps") during the year. As a result, overall net interest income of the Group declined by RM254.3 million (-3.4%) despite a positive loans growth achieved. Loan impairment allowance increased by RM951.8 million due to pre-emptive allowance set aside in anticipation of the effect of COVID-19 pandemic. In addition, other operating expenses increased by RM90.3 million (-2.4%). These were partially offset by higher investment income by RM279.9 million (+166.9%) and higher net fee and commission income by RM188.9 million (+10.9%) on higher income from fund management and stock-broking businesses.

Other comprehensive income (net) of the Group for the current year increased by RM246.4 million or 318.1%, mainly due to gain on remeasurements of defined benefit plans of RM28.0 million in the current year as compared to a loss of RM228.9 million in the previous year, as well as higher gain on revaluation of financial investments.

The Group's profit continued to be supported by steady loans and customer deposits growth. Gross loans grew by RM15.2 billion or 4.6% to RM345.7 billion as at 31 December 2020 as compared to RM330.5 billion as at 31 December 2019, mainly driven by growth in mortgage financing, hire purchase financing and lending to SMEs. Total deposits from customers increased by 3.5% or RM12.5 billion to RM365.9 billion as at 31 December 2020. The Group's gross impaired loan ratio continued to remain low and stable at 0.4% as at 31 December 2020.

The Group's Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio stood at a healthy level of 14.0%, 14.0% and 17.1% respectively. The Group's liquidity position also remained stable and healthy with liquidity coverage ratio maintained at 138.0% as at 31 December 2020.

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B1. Performance Review (continued)

Current Year-to date vs. Previous Year-to-date (continued)

The performance of the respective operating segments for the financial year ended 31 December 2020 as compared to the previous year is analysed as follows:-

	Group			
	Financial Year Ended			
Profit Before Tax by Segments:	31 December 2020 RM'000	31 December 2019 RM'000	Variance RM'000	%
Retail operations	3,666,439	3,727,041	(60,602)	(1.6)
Hire purchase	106,478	399,104	(292,626)	(73.3)
Corporate lending	461,702	515,475	(53,773)	(10.4)
Treasury and capital market operations	567,820	319,264	248,556	77.9
Investment banking	116,934	39,601	77,333	195.3
Fund management	714,788	646,788	68,000	10.5
Head office, funding center and others	26,427	747,936	(721,509)	(96.5)
Total domestic operations	<u>5,660,588</u>	<u>6,395,209</u>	<u>(734,621)</u>	<u>(11.5)</u>
Overseas operations	<u>624,475</u>	<u>738,935</u>	<u>(114,460)</u>	<u>(15.5)</u>
	<u>6,285,063</u>	<u>7,134,144</u>	<u>(849,081)</u>	<u>(11.9)</u>

- 1) Retail operations – Pre-tax profit decreased by RM60.6 million (-1.6%) to RM3,666.4 million mainly due to higher loan impairment allowance made in anticipation of the potential effect of COVID-19 pandemic, partially offset by higher net interest income on higher average loan and deposit balances and higher fee and other income.
- 2) Hire purchase – Pre-tax profit decreased by RM292.6 million (-73.3%) to RM106.5 million mainly due to higher loan impairment allowance made in anticipation of the potential effect of COVID-19 pandemic and lower net interest income.
- 3) Corporate lending – Pre-tax profit decreased by RM53.8 million (-10.4%) to RM461.7 million mainly due to higher loan impairment allowance made in anticipation of the potential effect of COVID-19 pandemic and lower fee income, partially offset by higher net interest income.
- 4) Treasury and capital market operations – Pre-tax profit increased by RM248.6 million (+77.9%) to RM567.8 million mainly due to higher net interest income and higher investment income.
- 5) Investment banking – The increase in pre-tax profit by RM77.3 million (+195.3%) to RM116.9 million was mainly due to higher stock-broking income arising from higher business volume in the equity market.
- 6) Fund management – Pre-tax profit increased by RM68.0 million (+10.5%) to RM714.8 million mainly due to higher management fee from higher average net asset value of funds under management and higher fee income on sale of trust units arising from higher equity sales achieved. These were partially offset by higher other operating expenses.
- 7) Head office, funding center and others – Pre-tax profit decreased by RM721.5 million (-96.5%) to RM26.4 million mainly due to the one-off day 1 net modification loss related to COVID-19 relief measures of RM498.4 million and the negative effect of OPR reduction of 125 basis points ("bps") during the year. These were partially offset by higher investment income.
- 8) Overseas operations – Pre-tax profit decreased by RM114.5 million (-15.5%) to RM624.5 million mainly due to lower net interest income, higher loan impairment allowance and higher other operating expenses, partially offset by higher fee and other income.

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B1. Performance Review (continued)

Current Quarter vs. Previous Year Corresponding Quarter

Key Profit or Loss Items:	Group		4th Quarter Ended	
	31 December	31 December	Variance	
	2020	2019	RM'000	%
Profit before tax expense and zakat	1,474,720	1,822,493	(347,773)	(19.1)
Net profit attributable to equity holders of the Bank	1,147,959	1,405,867	(257,908)	(18.3)
Other comprehensive loss (net)	(18,339)	(213,789)	195,450	91.4

For the 4th quarter ended 31 December 2020, the Group registered a pre-tax profit of RM1,474.7 million, a decrease of RM347.8 million or 19.1% as compared to the pre-tax profit of RM1,822.5 million in the previous year corresponding quarter. Net profit attributable to equity holders decreased by RM257.9 million or 18.3% to RM1,148.0 million over the same period. The decrease was mainly due to higher loan impairment allowance made by RM513.3 million due to pre-emptive allowance set aside in anticipation of the potential effect of COVID-19 pandemic. These were partially offset by higher net fee and commission income by RM121.6 million on higher income from fund management and stock-broking businesses, and higher net income from Islamic banking business by RM48.8 million.

Other comprehensive loss (net) of the Group for the current quarter was reduced by RM195.5 million (+91.4%) to RM18.3 million, mainly due to gain on remeasurements of defined benefit plans of RM166.8 million in the current quarter as compared to a loss of RM228.9 million in the previous year corresponding quarter, partially offset by higher loss on foreign currency translation in respect of foreign operations, and loss on revaluation of financial investments in the current quarter as compared to a gain in the previous year corresponding quarter.

Performance of the respective operating segments for the 4th quarter ended 31 December 2020 as compared to the previous year corresponding quarter is analysed as follows:-

Profit Before Tax by Segments:	4th Quarter Ended		Variance	
	31 December	31 December	RM'000	%
	2020	2019	RM'000	%
Retail operations	805,112	992,828	(187,716)	(18.9)
Hire purchase	(81,707)	149,107	(230,814)	(154.8)
Corporate lending	113,222	61,709	51,513	83.5
Treasury and capital market operations	162,214	76,648	85,566	111.6
Investment banking	36,661	14,439	22,222	153.9
Fund management	202,076	162,796	39,280	24.1
Head office, funding center and others	68,652	201,508	(132,856)	(65.9)
Total domestic operations	1,306,230	1,659,035	(352,805)	(21.3)
Overseas operations	168,490	163,458	5,032	3.1
	1,474,720	1,822,493	(347,773)	(19.1)

- 1) Retail operations – The decrease in pre-tax profit by RM187.7 million (-18.9%) to RM805.1 million was mainly due to higher loan impairment allowance made in anticipation of the potential effect of COVID-19 pandemic. This was partially offset by higher net interest income and higher fee and other income.
- 2) Hire purchase – Pre-tax loss of RM81.7 million in the current quarter as compared to pre-tax profit of RM149.1 million in the previous year corresponding quarter, a decrease of RM230.8 million (-154.8%). The decrease was mainly due to loan impairment allowance made of RM167.1 million in the current quarter in anticipation of the potential effect of COVID-19 pandemic as compared to a net writeback of RM51.6 million in the previous year corresponding quarter, and lower net interest income.

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B1. Performance Review (continued)

Current Quarter vs. Previous Year Corresponding Quarter (continued)

- 3) Corporate lending – Pre-tax profit increased by RM51.5 million (+83.5%) to RM113.2 million mainly due to lower loan impairment allowance and higher net interest income.
- 4) Treasury and capital market operations – Pre-tax profit increased by RM85.6 million (+111.6%) to RM162.2 million mainly due to higher net interest income and higher investment income.
- 5) Investment banking – Pre-tax profit increased by RM22.2 million (+153.9%) to RM36.7 million mainly due to higher stock-broking income arising from higher business volume in the equity market.
- 6) Fund management business – Pre-tax profit increased by RM39.3 million (+24.1%) to RM202.1 million mainly due to higher management fee from higher average net asset value of funds under management and higher fee income on sale of trust units arising from higher equity sales achieved.
- 7) Head office, funding center and others – Pre-tax profit decreased by RM132.9 million (-65.9%) to RM68.7 million mainly due to lower net interest income, lower investment and other income and higher other operating expenses.
- 8) Overseas Operations – Pre-tax profit increased by RM5.0 million (+3.1%) to RM168.5 million, mainly due to higher fee and other income, lower other operating expenses and lower loan impairment allowance, partially offset by lower net interest income.

B2. Variation of Results Against Preceding Quarter

	Group		Quarter Ended	
	31 December	30 September	Variance	
	2020	2020	RM'000	%
Key Profit or Loss Items:	RM'000	RM'000	RM'000	%
Profit before tax expense and zakat	1,474,720	1,802,825	(328,105)	(18.2)
Net profit attributable to equity holders of the Bank	1,147,959	1,392,832	(244,873)	(17.6)
Other comprehensive loss (net)	(18,339)	(39,728)	21,389	53.8

For the 4th quarter ended 31 December 2020, the Group registered a pre-tax profit of RM1,474.7 million, a decrease of RM328.1 million or 18.2% as compared to the pre-tax profit of RM1,802.8 million for the preceding quarter ended 30 September 2020. Net profit attributable to equity holders decreased by RM244.9 million or 17.6% to RM1,148.0 million over the same period. The decrease was mainly due to higher loan impairment allowance by RM221.9 million due to pre-emptive allowance set aside in anticipation of the potential effect of COVID-19 pandemic and lower investment income by RM88.2 million.

Other comprehensive loss (net) of the Group for the current quarter was reduced by RM21.4 million (+53.8%) to RM18.3 million, mainly due to gain on remeasurements of defined benefit plans of RM166.8 million in the current quarter as compared to a loss of RM12.4 million in the preceding quarter and higher gain on cash flow hedges. These were partially offset by loss on revaluation of financial investment of RM18.1 million in the current quarter as compared to a gain of RM114.0 million in the preceding quarter, and higher loss on foreign currency translation in respect of foreign operations.

B3. Prospects for 2021

The containment measures to prevent the spread of the COVID-19 pandemic had significantly impacted economic sectors globally owing to acute shocks and extensive disruption in the global supply chains. These adverse effects will continue to be felt in 2021, as the world continues to adapt and adjust to the new normal macro environment. Both fiscal and monetary policies globally are expected to remain accommodative, in support of the economic recovery going forward.

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

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

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

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

The Public Bank Group continues to operate efficiently, maintain prudence in management of credit risk and asset quality while preserving strong corporate governance and sound risk management practices.

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

The Public Bank Group will continue to capitalise on its efficient customer service delivery and extensive network of physical and digital channels, while sustaining its position as a market leader in both the domestic retail and consumer segments. The Group will remain supportive of its corporate lending business by leveraging on its strong franchise and relationship with customers.

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

The private retail unit trust industry is expected to grow in tandem with market conditions. The Public Bank Group offers a comprehensive range of unit trust products, as it continues to embrace technology to cater to the needs of investors.

The Public Bank Group remains committed to strengthen its regional presence, while leveraging on its strong branding and prudent management practices.

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

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

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B3. Prospects for 2021 (continued)

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

B4. Profit Forecast or Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group and the Bank.

B5. Tax Expense and Zakat

The analysis of the tax expense for the 4th quarter and financial year ended 31 December 2020 are as follows:

Group	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Malaysian income tax	(430,327)	403,077	605,561	1,455,131
Overseas income tax	30,473	24,523	122,072	139,178
	<u>(399,854)</u>	<u>427,600</u>	<u>727,633</u>	<u>1,594,309</u>
(Over) / Under provision in prior years				
- Malaysian income tax	(3,806)	2,470	(3,806)	(12,757)
- Overseas income tax	(591)	(486)	900	(3,978)
	<u>(404,251)</u>	<u>429,584</u>	<u>724,727</u>	<u>1,577,574</u>
Deferred tax expense / (income)				
- Relating to changes in tax rate	-	4,983	-	4,983
- Relating to origination and reversal of temporary differences	709,759	(32,509)	623,996	(41,659)
- Under provision	2,874	136	2,874	13,503
Tax expense	<u>308,382</u>	<u>402,194</u>	<u>1,351,597</u>	<u>1,554,401</u>
Zakat	963	75	1,206	300
	<u>309,345</u>	<u>402,269</u>	<u>1,352,803</u>	<u>1,554,701</u>

The Group's effective tax rate for the 4th quarter and financial year ended 31 December 2020 and 31 December 2019 were lower than the statutory tax rate mainly due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

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B5. Tax Expense and Zakat (continued)

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Malaysian income tax	(332,714)	340,204	491,812	1,193,903
Overseas income tax	893	985	9,797	11,341
	(331,821)	341,189	501,609	1,205,244
(Over) / Under provision in prior years				
- Malaysian income tax	(4,195)	2,278	(4,195)	(11,598)
- Overseas income tax	-	-	(1,140)	(3,509)
	(336,016)	343,467	496,274	1,190,137
Deferred tax expense / (income)				
- Relating to origination and reversal of temporary differences	599,339	(22,087)	531,223	(37,255)
- Under provision	2,894	-	2,894	13,367
	266,217	321,380	1,030,391	1,166,249

The Bank's effective tax rate for the 4th quarter and financial year ended 31 December 2020 and 31 December 2019 were lower than the statutory tax rate mainly due to certain income not subject to tax.

B6. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 31 December 2020.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposals

The proceeds raised from the issuance of all debt securities and borrowings have been used for working capital, general banking and other corporate purposes, as intended.

B8. Financial Risk Management

There have been no significant changes since the end of the previous financial year in respect of the following:

- i) risk management policies in place for mitigating and controlling the risks associated with foreign exchange, interest/profit rate, liquidity and funding.
- ii) the hedging policies in respect of foreign exchange and interest/profit rate exposures.

The above information are discussed in the Financial Risk Management section of the audited annual financial statements for the financial year ended 31 December 2019 and Pillar 3 Disclosures section of the 2019 Annual Report.

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B9. Debt Securities Issued and Other Borrowed Funds

Group	More Than 1 Year		Less Than 1 Year		Sub-total		Total RM'000
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	
Unsecured							
As At 31 December 2020							
Hong Kong Dollar ("HKD") term loan	567,956	-	-	-	567,956	-	567,956
United States Dollar ("USD") term loan	802,881	-	-	-	802,881	-	802,881
USD syndicated term loan	1,482,366	-	-	-	1,482,366	-	1,482,366
RM Senior Medium Term notes / sukuk murabahah	-	1,799,522	-	1,519,935	-	3,319,457	3,319,457
RM Subordinated notes / sukuk murabahah	-	5,999,992	-	-	-	5,999,992	5,999,992
RM Additional Tier I capital securities	-	99,702	-	-	-	99,702	99,702
	<u>2,853,203</u>	<u>7,899,216</u>	<u>-</u>	<u>1,519,935</u>	<u>2,853,203</u>	<u>9,419,151</u>	<u>12,272,354</u>
As At 31 December 2019							
HKD term loan	574,374	-	-	-	574,374	-	574,374
USD term loan	817,562	-	-	-	817,562	-	817,562
USD syndicated term loan	1,506,832	-	-	-	1,506,832	-	1,506,832
RM Senior Medium Term notes / sukuk murabahah	-	3,319,114	-	-	-	3,319,114	3,319,114
RM Subordinated notes / sukuk murabahah	-	5,999,986	-	-	-	5,999,986	5,999,986
RM Additional Tier I capital securities	-	99,582	-	-	-	99,582	99,582
	<u>2,898,768</u>	<u>9,418,682</u>	<u>-</u>	<u>-</u>	<u>2,898,768</u>	<u>9,418,682</u>	<u>12,317,450</u>

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B9. Debt Securities Issued and Other Borrowed Funds (continued)

Bank	More Than 1 Year		Less Than 1 Year		Sub-total		Total RM'000
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	
Unsecured							
As At 31 December 2020							
USD term loan	802,881	-	-	-	802,881	-	802,881
USD syndicated term loan	1,482,366	-	-	-	1,482,366	-	1,482,366
RM Senior Medium Term notes	-	1,799,522	-	999,985	-	2,799,507	2,799,507
RM Subordinated notes	-	4,999,992	-	-	-	4,999,992	4,999,992
RM Additional Tier I capital securities	-	99,702	-	-	-	99,702	99,702
	<u>2,285,247</u>	<u>6,899,216</u>	<u>-</u>	<u>999,985</u>	<u>2,285,247</u>	<u>7,899,201</u>	<u>10,184,448</u>
As At 31 December 2019							
USD term loan	817,562	-	-	-	817,562	-	817,562
USD syndicated term loan	1,506,832	-	-	-	1,506,832	-	1,506,832
RM Senior Medium Term notes	-	2,799,252	-	-	-	2,799,252	2,799,252
RM Subordinated notes	-	4,999,986	-	-	-	4,999,986	4,999,986
RM Additional Tier I capital securities	-	99,582	-	-	-	99,582	99,582
	<u>2,324,394</u>	<u>7,898,820</u>	<u>-</u>	<u>-</u>	<u>2,324,394</u>	<u>7,898,820</u>	<u>10,223,214</u>
Exchange rates used:	HKD	USD					
As at 31 December 2020	0.51820	4.01800					
As at 31 December 2019	0.52565	4.09350					

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B10. Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect the financial position of the Group and of the Bank.

B11. Dividends

(a) (i) An interim dividend of 13.0 sen per share for the financial year ended 31 December 2020, amounting to RM2,523,389,926 computed based on 19,410,691,735 ordinary shares in issue or issuable (including bonus issues as disclosed in Note 25(b)) as at 31 December 2020, has been declared by the directors.

(ii) Amount per share: 13.0 sen.

(iii) Entitlement date: 12 March 2021.

(iv) Payment date: 22 March 2021.

(b) Total dividend declared for the previous financial year ended 31 December 2019:

- First interim dividend of 33.0 sen based on 3,882,138,347 ordinary shares.

- Second interim dividend of 40.0 sen based on 3,882,138,347 ordinary shares.

B12. Earnings Per Share

	4th Quarter Ended		Financial Year Ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Net profit attributable to equity holders (RM'000)	1,147,959	1,405,867	4,871,702	5,511,558
Weighted average number of ordinary shares in issue ('000)	3,882,138	3,882,138	3,882,138	3,882,138
Bonus issue subsequent to year end ('000)	15,528,554	15,528,554	15,528,554	15,528,554
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	19,410,692	19,410,692 #	19,410,692	19,410,692 #
Basic earnings per share (sen)				
- Before issuance of bonus shares	29.6	36.2	125.5	142.0
- After issuance of bonus shares	5.9	7.2 #	25.1	28.4 #

For comparative purpose, the earnings per share for the quarter and year ended 31 December 2019 had been adjusted to reflect the bonus issue of 4 bonus shares for every 1 existing ordinary share which was completed on 29 January 2021.

Diluted

The Group has no dilution in its earnings per ordinary share in the current and the preceding financial year as there are no dilutive potential ordinary shares.