

# Quarterly rpt on consolidated results for the financial period ended 30 Sep 2020

## PUBLIC BANK BERHAD

Financial Year End 31 Dec 2020

Quarter 3 Qtr

Quarterly report for the financial period ended 30 Sep 2020

The figures have not been audited

### Attachments

[3rd Qtr and Nine Months Ended 30 September 2020 Results.pdf](#)  
567.9 kB

Default Currency

Other Currency

Currency: **Malaysian Ringgit (MYR)**

### SUMMARY OF KEY FINANCIAL INFORMATION 30 Sep 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	5,132,825	5,614,297	15,387,170	16,780,610
2 Profit/(loss) before tax	1,802,825	1,761,817	4,810,343	5,311,651
3 Profit/(loss) for the period	1,413,343	1,378,814	3,766,885	4,159,219
4 Profit/(loss) attributable to ordinary equity holders of the parent	1,392,832	1,362,652	3,723,743	4,105,691
5 Basic earnings/(loss) per share (Subunit)	35.88	35.10	95.92	105.76
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	33.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	11.8701		11.2295	

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.  
Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

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**Announcement Info**

<b>Company Name</b>	PUBLIC BANK BERHAD
<b>Stock Name</b>	PBBANK
<b>Date Announced</b>	27 Nov 2020
<b>Category</b>	Financial Results
<b>Reference Number</b>	FRA-27112020-00004

**PUBLIC BANK BERHAD**  
**Company Registration No.: 196501000672 (6463-H)**  
**(Incorporated in Malaysia)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

	Note	Group		Bank	
		30 September	31 December	30 September	31 December
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and balances with banks		20,845,573	14,075,699	14,116,062	8,485,285
Reverse repurchase agreements		500,682	8,208	500,682	8,208
Financial assets at fair value through profit or loss	A8	1,683,989	4,210,265	1,656,593	3,868,383
Derivative financial assets	A28	90,765	152,330	296,755	232,254
Financial investments at fair value through other comprehensive income	A9	47,714,221	40,153,493	32,520,972	25,996,097
Financial investments at amortised cost	A10	28,943,958	27,638,168	20,654,360	20,620,456
Loans, advances and financing	A11	340,011,611	328,476,494	265,315,766	256,270,074
Other assets	A12	3,336,307	2,147,400	2,967,502	2,200,892
Statutory deposits with Central Banks		1,264,972	10,044,185	295,068	6,953,274
Deferred tax assets		113,023	83,484	36,545	11,307
Collective investments		-	-	5,874,749	5,723,435
Investment in subsidiary companies		-	-	6,494,294	6,494,294
Investment in associated companies		80,455	75,080	45,000	45,000
Investment properties		731,051	753,095	-	-
Right-of-use assets		1,402,780	1,427,160	1,302,968	1,322,521
Property and equipment		1,121,008	1,142,575	573,270	618,579
Intangible assets		2,469,256	2,443,039	695,393	695,393
<b>TOTAL ASSETS</b>		<b>450,309,651</b>	<b>432,830,675</b>	<b>353,345,979</b>	<b>339,545,452</b>
<b>LIABILITIES</b>					
Deposits from customers	A13	363,803,043	353,340,475	277,235,511	268,259,690
Deposits from banks	A14	11,413,041	8,494,073	14,010,113	11,795,402
Obligations on securities sold under repurchase agreements		1,221,651	970,654	812,944	639,154
Bills and acceptances payable		231,643	234,786	231,298	234,409
Recourse obligations on loans sold to Cagamas		5,500,005	5,500,004	5,500,005	5,500,004
Derivative financial liabilities	A28	610,040	345,724	554,838	322,935
Debt securities issued and other borrowed funds	B9	12,368,758	12,317,450	10,261,466	10,223,214
Lease liabilities		1,075,659	1,087,808	1,348,036	1,344,637
Other liabilities	A15	5,669,552	5,196,397	3,988,596	3,734,769
Provision for tax expense and zakat		1,056,342	540,107	889,849	412,868
Deferred tax liabilities		62,207	56,993	-	-
<b>TOTAL LIABILITIES</b>		<b>403,011,941</b>	<b>388,084,471</b>	<b>314,832,656</b>	<b>302,467,082</b>

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**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

	Group		Bank		
	30 September	31 December	30 September	31 December	
	Note	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	
<b>EQUITY</b>					
Share capital	9,417,653	9,417,653	9,417,653	9,417,653	
Regulatory reserves	1,705,450	2,017,353	1,389,774	1,619,452	
Other reserves	2,006,032	1,606,357	1,012,455	873,228	
Retained profits	32,952,406	30,552,967	26,693,441	25,168,037	
<b>Equity attributable to equity holders of the Bank</b>	<b>46,081,541</b>	<b>43,594,330</b>	<b>38,513,323</b>	<b>37,078,370</b>	
Non-controlling interests	1,216,169	1,151,874	-	-	
<b>TOTAL EQUITY</b>	<b>47,297,710</b>	<b>44,746,204</b>	<b>38,513,323</b>	<b>37,078,370</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>450,309,651</b>	<b>432,830,675</b>	<b>353,345,979</b>	<b>339,545,452</b>	
<b>COMMITMENTS AND CONTINGENCIES</b>	A27	103,958,032	94,315,048	92,249,858	84,291,554
<b>CAPITAL ADEQUACY</b>	A30				
<b><u>Before deducting interim dividends</u> *</b>					
Common Equity Tier I Capital Ratio		13.598%	14.019%	12.416%	12.808%
Tier I Capital Ratio		13.652%	14.076%	12.459%	12.853%
Total Capital Ratio		16.811%	17.317%	15.766%	16.243%
<b><u>After deducting interim dividends</u> *</b>					
Common Equity Tier I Capital Ratio		13.598%	13.460%	12.416%	12.108%
Tier I Capital Ratio		13.652%	13.517%	12.459%	12.153%
Total Capital Ratio		16.811%	16.758%	15.766%	15.543%
<b>Net assets per share attributable to ordinary equity holders of the Bank (RM)</b>		<b>11.87</b>	<b>11.23</b>	<b>9.92</b>	<b>9.55</b>

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

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2020**

<u>Group</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Operating revenue		<b>5,132,825</b>	5,614,297	<b>15,387,170</b>	16,780,610
Interest income	A16	<b>3,485,152</b>	4,074,047	<b>10,827,898</b>	12,194,805
Interest expense	A17	<b>(1,576,233)</b>	(2,213,127)	<b>(5,584,016)</b>	(6,669,827)
Net interest income		<b>1,908,919</b>	1,860,920	<b>5,243,882</b>	5,524,978
Net income from Islamic banking business	A31 (b)	<b>398,500</b>	334,855	<b>939,965</b>	944,577
		<b>2,307,419</b>	2,195,775	<b>6,183,847</b>	6,469,555
Fee and commission income	A18 (a)	<b>747,741</b>	645,343	<b>1,961,314</b>	1,905,556
Fee and commission expense	A18 (b)	<b>(214,482)</b>	(201,134)	<b>(569,853)</b>	(581,359)
Net fee and commission income	A18	<b>533,259</b>	444,209	<b>1,391,461</b>	1,324,197
Net gains and losses on financial instruments	A19	<b>123,469</b>	20,539	<b>412,374</b>	133,862
Other operating income	A20	<b>123,446</b>	98,200	<b>295,504</b>	324,581
Net income		<b>3,087,593</b>	2,758,723	<b>8,283,186</b>	8,252,195
Other operating expenses	A21	<b>(948,281)</b>	(952,704)	<b>(2,917,876)</b>	(2,834,087)
Operating profit		<b>2,139,312</b>	1,806,019	<b>5,365,310</b>	5,418,108
Allowance for impairment on loans, advances and financing	A22	<b>(334,616)</b>	(49,221)	<b>(549,741)</b>	(111,225)
(Allowance) / Writeback of allowance for impairment on other assets	A23	<b>(4,056)</b>	3,454	<b>(8,900)</b>	2,252
		<b>1,800,640</b>	1,760,252	<b>4,806,669</b>	5,309,135
Share of profit after tax of equity accounted associated companies		<b>2,185</b>	1,565	<b>3,674</b>	2,516
Profit before tax expense and zakat		<b>1,802,825</b>	1,761,817	<b>4,810,343</b>	5,311,651
Tax expense and zakat	B5	<b>(389,482)</b>	(383,003)	<b>(1,043,458)</b>	(1,152,432)
Profit for the period		<b>1,413,343</b>	1,378,814	<b>3,766,885</b>	4,159,219
Profit for the period attributable to:					
- Equity holders of the Bank		<b>1,392,832</b>	1,362,652	<b>3,723,743</b>	4,105,691
- Non-controlling interests		<b>20,511</b>	16,162	<b>43,142</b>	53,528
		<b>1,413,343</b>	1,378,814	<b>3,766,885</b>	4,159,219
Earnings per share:					
- basic / diluted (sen)	B12	<b>35.9</b>	35.1	<b>95.9</b>	105.8

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2020**

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
Profit for the period	<u>1,413,343</u>	<u>1,378,814</u>	<u>3,766,885</u>	<u>4,159,219</u>
<b>Other comprehensive (loss) / income:</b>				
<u>Items that will not be reclassified to profit or loss:</u>				
Loss on remeasurements of defined benefit plans	(12,391)	-	(138,758)	-
Net change in revaluation of				
- Equity instruments	29	6,749	7,210	7,000
- Property and equipment	-	19	-	2,129
Gain on disposal of equity instruments	-	-	-	5
	<u>(12,362)</u>	<u>6,768</u>	<u>(131,548)</u>	<u>9,134</u>
<u>Items that may be reclassified to profit or loss:</u>				
Currency translation differences in respect of:				
- Foreign operations	(254,715)	58,460	149,164	60,233
- Net investment hedge	124,965	(47,074)	(78,825)	(53,696)
Net change in revaluation of financial investments at fair value through other comprehensive income	113,964	139,448	586,712	442,014
Net change in cash flow hedges	3,708	(15,705)	(123,691)	(106,647)
	<u>(12,078)</u>	<u>135,129</u>	<u>533,360</u>	<u>341,904</u>
Income tax effect	(15,859)	(22,892)	(61,306)	(61,548)
Share of changes in associated companies' reserves	571	675	1,699	1,762
Other comprehensive (loss) / income for the period, net of tax	<u>(39,728)</u>	<u>119,680</u>	<u>342,205</u>	<u>291,252</u>
Total comprehensive income for the period	<u>1,373,615</u>	<u>1,498,494</u>	<u>4,109,090</u>	<u>4,450,471</u>
Total comprehensive income / (loss) for the period attributable to:				
- Equity holders of the Bank	1,382,983	1,477,575	4,040,066	4,388,089
- Non-controlling interests	(9,368)	20,919	69,024	62,382
	<u>1,373,615</u>	<u>1,498,494</u>	<u>4,109,090</u>	<u>4,450,471</u>

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2020**

<u>Bank</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Operating revenue		<b>3,764,107</b>	3,998,794	<b>10,991,814</b>	12,125,656
Interest income	A16	<b>3,090,085</b>	3,631,041	<b>9,584,971</b>	10,897,376
Interest expense	A17	<b>(1,501,636)</b>	(2,129,510)	<b>(5,332,190)</b>	(6,424,014)
Net interest income		<b>1,588,449</b>	1,501,531	<b>4,252,781</b>	4,473,362
Fee and commission income	A18 (a)	<b>272,483</b>	262,842	<b>715,419</b>	785,760
Fee and commission expense	A18 (b)	<b>(75,830)</b>	(93,354)	<b>(219,673)</b>	(265,256)
Net fee and commission income	A18	<b>196,653</b>	169,488	<b>495,746</b>	520,504
Net gains and losses on financial instruments	A19	<b>116,745</b>	20,958	<b>398,224</b>	128,528
Other operating income	A20	<b>294,392</b>	85,532	<b>623,584</b>	703,439
Net income		<b>2,196,239</b>	1,777,509	<b>5,770,335</b>	5,825,833
Other operating expenses	A21	<b>(586,534)</b>	(601,779)	<b>(1,836,370)</b>	(1,800,637)
Operating profit		<b>1,609,705</b>	1,175,730	<b>3,933,965</b>	4,025,196
Allowance for impairment on loans, advances and financing	A22	<b>(232,093)</b>	(28,717)	<b>(314,369)</b>	(18,688)
(Allowance) / Writeback of allowance for impairment on other assets	A23	<b>(3,198)</b>	3,290	<b>(6,589)</b>	2,189
Profit before tax expense and zakat		<b>1,374,414</b>	1,150,303	<b>3,613,007</b>	4,008,697
Tax expense and zakat	B5	<b>(316,598)</b>	(267,270)	<b>(764,174)</b>	(844,869)
Profit for the period		<b>1,057,816</b>	883,033	<b>2,848,833</b>	3,163,828

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**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2020**

<b><u>Bank</u></b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
Profit for the period	<u>1,057,816</u>	<u>883,033</u>	<u>2,848,833</u>	<u>3,163,828</u>
<b>Other comprehensive (loss) / income:</b>				
<u>Items that will not be reclassified to profit or loss:</u>				
Loss on remeasurements of defined benefit plans	(12,252)	-	(137,204)	-
Net change in revaluation of - Equity instruments	(9)	6,804	7,108	7,055
Gain on disposal of equity instruments	-	-	-	5
	<u>(12,261)</u>	<u>6,804</u>	<u>(130,096)</u>	<u>7,060</u>
<u>Items that may be reclassified to profit or loss:</u>				
Currency translation differences in respect of foreign operations	(13,987)	(10,603)	(3,338)	(9,277)
Net change in revaluation of financial investments at fair value through other comprehensive income	37,022	78,649	320,020	261,395
Net change in cash flow hedges	12,578	6,929	(4,914)	(29,022)
	<u>35,613</u>	<u>74,975</u>	<u>311,768</u>	<u>223,096</u>
Income tax effect	(8,964)	(20,538)	(42,697)	(55,770)
Other comprehensive income for the period, net of tax	<u>14,388</u>	<u>61,241</u>	<u>138,975</u>	<u>174,386</u>
Total comprehensive income for the period	<u>1,072,204</u>	<u>944,274</u>	<u>2,987,808</u>	<u>3,338,214</u>

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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				
<b>At 1 January 2020</b>	<b>9,417,653</b>	<b>2,017,353</b>	<b>1,606,357</b>	<b>30,552,967</b>		<b>43,594,330</b>	<b>1,151,874</b>	<b>44,746,204</b>
Profit for the period	-	-	-	3,723,743		3,723,743	43,142	3,766,885
Other comprehensive income for the period	-	-	316,323	-		316,323	25,882 *	342,205
Total comprehensive income for the period	-	-	316,323	3,723,743		4,040,066	69,024	4,109,090
Transactions with owners / other equity movements:								
Transfer to statutory reserves	-	-	252	(252)		-	-	-
Transfer from regulatory reserves	-	(311,903)	-	311,903		-	-	-
Transfer to general reserves	-	-	83,100	(83,100)		-	-	-
Dividends paid	-	-	-	(1,552,855)		(1,552,855)	(4,729)	(1,557,584)
	-	(311,903)	83,352	(1,324,304)		(1,552,855)	(4,729)	(1,557,584)
<b>At 30 September 2020</b>	<b>9,417,653</b>	<b>1,705,450</b>	<b>2,006,032</b>	<b>32,952,406</b>		<b>46,081,541</b>	<b>1,216,169</b>	<b>47,297,710</b>

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

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**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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

<b>Group</b>	<b><u>Non-distributable</u></b>			<b><u>Distributable</u></b>		<b>Non-controlling Interests</b>	<b>Total Equity</b>
	<b>Share Capital</b>	<b>Regulatory Reserves</b>	<b>Other Reserves</b>	<b>Retained Profits</b>	<b>Total Shareholders' Equity</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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 period	-	-	-	4,105,691	4,105,691	53,528	4,159,219
Other comprehensive income for the period	-	-	282,393	5	282,398	8,854	291,252
Total comprehensive income for the period	-	-	282,393	4,105,696	4,388,089	62,382	4,450,471
Transactions with owners / other equity movements:							
Transfer to regulatory reserves	-	118,204	-	(118,204)	-	-	-
Transfer to general reserves	-	-	83,810	(83,810)	-	-	-
Dividends paid	-	-	-	(2,717,497)	(2,717,497)	(7,855)	(2,725,352)
	-	118,204	83,810	(2,919,511)	(2,717,497)	(7,855)	(2,725,352)
At 30 September 2019	9,417,653	1,924,327	1,797,570	29,246,382	42,385,932	1,176,880	43,562,812

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

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**PUBLIC BANK BERHAD**  
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**(Incorporated in Malaysia)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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

<b>Bank</b>	<b>Share</b>	<b>Non-distributable</b>		<b>Distributable</b>	<b>Total</b>
	<b>Capital</b>	<b>Regulatory</b>	<b>Other</b>	<b>Retained</b>	
	<b>RM'000</b>	<b>Reserves</b>	<b>Reserves</b>	<b>Profits</b>	<b>Equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2020</b>	9,417,653	1,619,452	873,228	25,168,037	37,078,370
Profit for the period	-	-	-	2,848,833	2,848,833
Other comprehensive income for the period	-	-	138,975	-	138,975
Total comprehensive income for the period	-	-	138,975	2,848,833	2,987,808
Transactions with owners / other equity movements:					
Transfer to statutory reserves	-	-	252	(252)	-
Transfer from regulatory reserves	-	(229,678)	-	229,678	-
Dividends paid	-	-	-	(1,552,855)	(1,552,855)
	-	(229,678)	252	(1,323,429)	(1,552,855)
<b>At 30 September 2020</b>	<b>9,417,653</b>	<b>1,389,774</b>	<b>1,012,455</b>	<b>26,693,441</b>	<b>38,513,323</b>

*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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**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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

<u>Bank</u>	<u>Non-distributable</u>			<u>Distributable</u>	<u>Total Equity RM'000</u>
	<u>Share Capital RM'000</u>	<u>Regulatory Reserves RM'000</u>	<u>Other Reserves RM'000</u>	<u>Retained Profits RM'000</u>	
At 1 January 2019	9,417,653	1,461,892	849,167	23,298,266	35,026,978
Profit for the period	-	-	-	3,163,828	3,163,828
Other comprehensive income for the period	-	-	174,381	5	174,386
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>174,381</u>	<u>3,163,833</u>	<u>3,338,214</u>
Transactions with owners / other equity movements:					
Transfer to regulatory reserves	-	122,168	-	(122,168)	-
Dividends paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,717,497)</u>	<u>(2,717,497)</u>
	<u>-</u>	<u>122,168</u>	<u>-</u>	<u>(2,839,665)</u>	<u>(2,717,497)</u>
At 30 September 2019	<u>9,417,653</u>	<u>1,584,060</u>	<u>1,023,548</u>	<u>23,622,434</u>	<u>35,647,695</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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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

	Group		Bank	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>Cash Flows from Operating Activities</b>				
Profit before tax expense and zakat	4,810,343	5,311,651	3,613,007	4,008,697
Adjustments for non-cash items:				
Share of profit after tax of equity				
accounted associated companies	(3,674)	(2,516)	-	-
Allowance for impairment on loans and financing	714,084	302,516	396,341	119,463
Depreciation of right-of-use assets and				
property and equipment	267,036	256,877	203,556	203,570
Net gain on financial instruments	(381,890)	(112,318)	(368,338)	(107,967)
Dividend income	(2,284)	(1,584)	(436,478)	(509,260)
Allowance / (Writeback of allowance)				
for impairment on other assets	8,900	(2,252)	6,589	(2,189)
Other non-cash items	5,436	(39,836)	(4,372)	(4,786)
Operating profit before working capital changes	<u>5,417,951</u>	<u>5,712,538</u>	<u>3,410,305</u>	<u>3,707,528</u>
Changes in working capital:				
Increase in operating assets	(2,420,946)	(12,688,808)	(1,996,763)	(8,170,483)
Increase in operating liabilities	14,116,414	6,135,384	11,701,035	2,576,776
Cash generated from / (used in) operations	<u>17,113,419</u>	<u>(840,886)</u>	<u>13,114,577</u>	<u>(1,886,179)</u>
Tax expense and zakat paid	(612,986)	(1,017,301)	(355,309)	(737,639)
Net cash generated from / (used in)				
operating activities	<u>16,500,433</u>	<u>(1,858,187)</u>	<u>12,759,268</u>	<u>(2,623,818)</u>
<b>Cash Flows from Investing Activities</b>				
Purchase of property and equipment	(100,982)	(130,799)	(56,374)	(86,627)
Addition to investment properties	(62)	-	-	-
Proceeds from disposal of properties	8,651	25,690	7,712	23,224
Net (purchase) / sale of financial investments	(7,889,167)	1,202,389	(5,890,230)	2,475,995
Investment in collective investments	-	-	(151,314)	(154,837)
Additional investment in a subsidiary company	-	-	-	(538,800)
Dividends received	2,284	1,584	561,842	602,995
Net cash (used in) / generated from				
investing activities	<u>(7,979,276)</u>	<u>1,098,864</u>	<u>(5,528,364)</u>	<u>2,321,950</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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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

	Group		Bank	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b>Cash Flows from Financing Activities</b>				
Dividends paid	(1,557,584)	(2,725,352)	(1,552,855)	(2,717,497)
Net proceeds from issuance of debt securities	-	1,500,000	-	1,500,000
Net drawdown of borrowings	1,298	1,198	-	-
Repayment of lease liabilities	(95,233)	(94,136)	(71,958)	(74,019)
Redemption of debt securities	-	(2,700,000)	-	(2,200,000)
Net cash used in financing activities	<u>(1,651,519)</u>	<u>(4,018,290)</u>	<u>(1,624,813)</u>	<u>(3,491,516)</u>
Net change in cash and cash equivalents	<b>6,869,638</b>	<b>(4,777,613)</b>	<b>5,606,091</b>	<b>(3,793,384)</b>
Cash and cash equivalents at beginning of the year	<b>12,191,838</b>	13,320,248	<b>7,922,755</b>	9,416,853
Exchange differences on translation of opening balances	<b>116,079</b>	64,178	-	-
Cash and cash equivalents at end of the period	<u><b>19,177,555</b></u>	<u>8,606,813</u>	<u><b>13,528,846</b></u>	<u>5,623,469</u>
Note:				
Cash and balances with banks	<b>20,845,573</b>	10,134,157	<b>14,116,062</b>	5,997,945
Less: Balances with banks with original maturity more than three months	<u>(1,668,018)</u>	<u>(1,527,344)</u>	<u>(587,216)</u>	<u>(374,476)</u>
Cash and cash equivalents at end of the period	<u><b>19,177,555</b></u>	<u>8,606,813</u>	<u><b>13,528,846</b></u>	<u>5,623,469</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 unaudited condensed interim financial statements for the 3rd quarter and nine months ended 30 September 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 unaudited 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 unaudited 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 unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2019.

The unaudited 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 unaudited 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 of the following during the current financial period:

Effective for annual periods commencing on or after 1 January 2020

- Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)

**Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)** - These 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.

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) were updated and reissued by Bank Negara Malaysia ("BNM") on 5 February 2020 for application with immediate effect.

The updates focused mainly on the incorporation of Higher Loss Absorbency ("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.

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**A1. Basis of Preparation (continued)**

Additional Measures to Assist Borrowers/Customers Affected by the Covid-19 Outbreak

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 outbreak. The key measures affecting regulatory and accounting treatment and classifications are as follows:

- i) Moratorium on repayment/payment of loans/financing
  - a) Banking institutions will 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.
  - 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 outbreak. Hence, in determining the expected credit losses of the Group and of the Bank for this period, judgment has been exercised based on information available on-hand, which is believed to be still limited and will likely be still subject to high level of uncertainties. The following are the key factors which are still subject to high level of uncertainties and where judgment has been exercised in the determination of the Group's and the Bank's expected credit losses:

i) Economic scenarios and probability-weights

In line with general consensus, the global and domestic economy are expected to experience significant shock in 2020, weighed by unprecedented measures taken, such as Movement Control Order, business closures and social distancing, to contain the Covid-19 outbreak. Nevertheless, the economic shock from the pandemic is expected to be temporary in nature mainly due to the expected positive impact of significant government measures to mitigate the effects of the expected challenges and there's a likelihood that economic activities would rebound after that. The Group and the Bank will continue to review and monitor closely if current expectations change materially.

ii) Assessment of significant increase in credit risk

The Group and the Bank take cognisance that relief assistance available, i.e. automatic moratorium as well as rescheduling and restructuring for eligible borrowers, during this period are granted as part of an unprecedented government effort to support the economy amid the Covid-19 outbreak, rather than in response to the financial circumstances of individual borrowers. This is because eligibility criteria is broad and borrowers need not have exhibit 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 a stage transfer. Judgment is exercised, adapted and based on information on-hand, in the estimation of a general deterioration of credit risk for loans where relief assistance is provided for the purposes of the determination of expected credit losses.

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**A1. Basis of Preparation (continued)**

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 A31(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 June 2020

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

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)

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)

**Covid-19-Related Rent Concessions (Amendment to MFRS 16 Leases)** - The amendment 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.

**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 provides 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.

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**A1. Basis of Preparation (continued)**

**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.

**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.

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**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 period.

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

Other than as disclosed in Notes A1, A14, A16 and A31(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 period.

**A5. Changes in Estimates**

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

**A6. Debt and Equity Securities**

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

**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.

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Treasury Bills	49,617	-	49,617	-
Malaysian Government Securities	973,150	2,166,786	973,150	2,166,786
Malaysian Government Investment Issues	<u>182,450</u>	<u>1,313,536</u>	<u>182,450</u>	<u>1,281,657</u>
	<u>1,205,217</u>	<u>3,480,322</u>	<u>1,205,217</u>	<u>3,448,443</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>-</u>	<u>249,541</u>	<u>-</u>	<u>-</u>
<b>Non-money market instruments:</b>				
Equity securities:				
- Unquoted shares in Malaysia	478,772	445,428	451,376	419,940
Debt securities:				
- Unquoted corporate bonds / sukuk	-	34,974	-	-
	<u>478,772</u>	<u>480,402</u>	<u>451,376</u>	<u>419,940</u>
Total financial assets at FVTPL	<u>1,683,989</u>	<u>4,210,265</u>	<u>1,656,593</u>	<u>3,868,383</u>

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

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Treasury Bills	1,195,846	-	1,195,846	-
Malaysian Government Securities	17,361,054	11,982,825	17,099,491	11,819,642
Malaysian Government Investment Issues	21,746,952	21,806,968	10,703,642	11,477,222
Other foreign government securities	162,845	160,557	-	-
	<u>40,466,697</u>	<u>33,950,350</u>	<u>28,998,979</u>	<u>23,296,864</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,401,386</u>	426,813	<u>1,401,386</u>	426,813
<b>Non-money market instruments:</b>				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	1,517	1,556	-	-
- Unquoted shares	359,263	351,538	352,701	345,113
Debt securities:				
- Cagamas bonds	201,810	610,409	96,833	507,554
- Unquoted corporate bonds / sukuk	5,283,548	4,799,974	1,671,073	1,419,753
Unit trust funds	-	12,853	-	-
	<u>5,846,138</u>	<u>5,776,330</u>	<u>2,120,607</u>	<u>2,272,420</u>
Total financial investments at FVOCI	<u>47,714,221</u>	<u>40,153,493</u>	<u>32,520,972</u>	<u>25,996,097</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	
<b>Group</b>				
At 1 January 2020	7,616	796	-	8,412
New financial investments purchased	6,437	986	-	7,423
Net allowance made	1,028	-	-	1,028
Amount derecognised	(5,453)	-	-	(5,453)
Change in models / risk parameters	(34)	-	-	(34)
Exchange differences	9	(6)	-	3
At 30 September 2020	<u>9,603</u>	<u>1,776</u>	<u>-</u>	<u>11,379</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>
<b>Bank</b>				
At 1 January 2020	4,352	-	-	4,352
New financial investments purchased	5,340	-	-	5,340
Net allowance made	252	-	-	252
Amount derecognised	(4,269)	-	-	(4,269)
Change in models / risk parameters	(34)	-	-	(34)
At 30 September 2020	<u>5,641</u>	<u>-</u>	<u>-</u>	<u>5,641</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**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>At amortised cost</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Securities	<b>1,061,231</b>	1,016,394	<b>1,061,231</b>	1,016,394
Malaysian Government Investment Issues	<b>7,769,282</b>	7,098,076	<b>3,873,202</b>	4,030,824
Foreign Government Treasury Bills	<b>1,096,193</b>	1,118,597	<b>76,632</b>	34,236
Other foreign government securities	<b>1,209,737</b>	1,232,825	<b>6,599</b>	6,835
	<b><u>11,136,443</u></b>	<u>10,465,892</u>	<b><u>5,017,664</u></b>	<u>5,088,289</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<b><u>1,782,597</u></b>	<u>1,163,001</u>	<b><u>1,347,854</u></b>	<u>1,310,142</u>
<b>Non-money market instruments:</b>				
Debt securities:				
- Cagamas bonds	<b>5,834,527</b>	5,605,977	<b>5,834,527</b>	5,605,977
- Unquoted corporate bonds / sukuk	<b>10,195,603</b>	10,407,844	<b>8,458,552</b>	8,619,793
	<b><u>16,030,130</u></b>	<u>16,013,821</u>	<b><u>14,293,079</u></b>	<u>14,225,770</u>
Allowance for impairment	<b>(5,212)</b>	(4,546)	<b>(4,237)</b>	(3,745)
Total financial investments at amortised cost	<b><u>28,943,958</u></b>	<u>27,638,168</u>	<b><u>20,654,360</u></b>	<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	
<b>Group</b>				
At 1 January 2020	4,527	-	19	4,546
New financial investments purchased	588	-	-	588
Net allowance made	247	-	-	247
Amount derecognised	(424)	-	-	(424)
Exchange differences	255	-	-	255
At 30 September 2020	<u>5,193</u>	<u>-</u>	<u>19</u>	<u>5,212</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>
<b>Bank</b>				
At 1 January 2020	3,726	-	19	3,745
New financial investments purchased	65	-	-	65
Net allowance made	251	-	-	251
Amount derecognised	(73)	-	-	(73)
Exchange differences	249	-	-	249
At 30 September 2020	<u>4,218</u>	<u>-</u>	<u>19</u>	<u>4,237</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	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
<b>At amortised cost</b>				
Overdrafts	9,302,584	11,181,394	6,659,372	7,939,545
Term loans / financing				
- Housing loans / financing	128,822,839	121,626,130	100,123,826	95,310,475
- Syndicated term loans / financing	3,892,894	3,762,298	1,164,651	1,134,368
- Hire purchase receivables	53,792,113	51,552,787	42,579,737	40,583,747
- Other term loans / financing	129,138,670	124,159,645	101,450,442	96,806,613
Credit card receivables	1,931,100	2,161,229	1,890,607	2,113,070
Bills receivables	67,522	108,825	44,536	87,066
Trust receipts	154,360	254,153	113,901	152,614
Claims on customers under acceptance credits	2,537,702	3,551,070	2,374,535	3,254,785
Revolving credits	10,605,144	10,076,109	8,769,369	8,537,705
Staff loans *	2,097,126	2,034,801	1,825,133	1,784,760
Gross loans, advances and financing	<u>342,342,054</u>	<u>330,468,441</u>	<u>266,996,109</u>	<u>257,704,748</u>
Allowance for impairment on loans and financing:				
- Expected credit losses	(2,330,443)	(1,991,947)	(1,680,343)	(1,434,674)
- Stage 1: 12-Month ECL	(1,262,360)	(970,934)	(864,289)	(670,917)
- Stage 2: Lifetime ECL not credit-impaired	(815,753)	(649,912)	(661,259)	(535,186)
- Stage 3: Lifetime ECL credit-impaired	(252,330)	(371,101)	(154,795)	(228,571)
Net loans, advances and financing	<u>340,011,611</u>	<u>328,476,494</u>	<u>265,315,766</u>	<u>256,270,074</u>

\* Included in staff loans of the Group and of the Bank are loans to Directors of subsidiary companies amounting to RM7,319,000 (2019: RM7,613,000) and RM7,122,000 (2019 - RM7,370,000) respectively.

a) By class

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Retail loans / financing *				
- Housing loans / financing	128,822,853	121,626,147	100,123,826	95,310,475
- Hire purchase	53,551,616	51,347,164	42,579,737	40,583,747
- Credit cards	1,931,100	2,161,229	1,890,607	2,113,070
- Other loans / financing ^	110,463,054	108,217,642	83,949,012	82,218,399
	<u>294,768,623</u>	<u>283,352,182</u>	<u>228,543,182</u>	<u>220,225,691</u>
Corporate loans / financing	47,573,431	47,116,259	38,452,927	37,479,057
	<u>342,342,054</u>	<u>330,468,441</u>	<u>266,996,109</u>	<u>257,704,748</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	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Non-bank financial institutions				
- Stock-broking companies	984	1,210	984	1,210
- Others	14,618,491	12,995,158	12,920,346	11,407,279
Business enterprises				
- Small and medium enterprises	70,227,040	68,397,014	57,139,576	55,665,614
- Others	27,914,764	28,904,318	22,075,271	22,770,623
Government and statutory bodies	1,033,211	1,020,098	18,973	14,325
Individuals	224,850,175	215,333,895	172,940,426	166,003,229
Other entities	29,523	31,808	22,919	24,939
Foreign entities	3,667,866	3,784,940	1,877,614	1,817,529
	<b>342,342,054</b>	<b>330,468,441</b>	<b>266,996,109</b>	<b>257,704,748</b>

c) By interest/profit rate sensitivity

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Fixed rate				
- Housing loans / financing	929,151	849,134	23,337	39,532
- Hire purchase receivables	51,158,305	48,956,560	42,409,430	40,412,009
- Other fixed rate loans / financing	22,090,553	21,679,909	11,483,516	10,572,924
Variable rate				
- Base rate / base lending rate plus	217,366,591	209,523,638	180,055,730	175,186,208
- Cost plus	37,126,703	35,281,822	32,680,704	31,130,503
- Other variable rates	13,670,751	14,177,378	343,392	363,572
	<b>342,342,054</b>	<b>330,468,441</b>	<b>266,996,109</b>	<b>257,704,748</b>

d) By residual contractual maturity

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Maturity within one year	28,890,960	30,074,737	20,891,228	20,934,050
More than one year to three years	28,555,492	28,380,117	22,786,943	22,617,780
More than three years to five years	32,210,796	33,530,946	24,842,301	26,812,787
More than five years	252,684,806	238,482,641	198,475,637	187,340,131
	<b>342,342,054</b>	<b>330,468,441</b>	<b>266,996,109</b>	<b>257,704,748</b>

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**A11. Loans, Advances and Financing (continued)**

e) By geographical distribution

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Malaysia	319,983,766	307,164,075	266,242,574	256,906,982
Hong Kong SAR and the People's Republic of China	14,184,472	15,164,688	-	-
Cambodia	4,485,779	4,720,804	-	-
Other countries	3,688,037	3,418,874	753,535	797,766
	<u>342,342,054</u>	<u>330,468,441</u>	<u>266,996,109</u>	<u>257,704,748</u>

f) Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Purchase of securities	4,301,439	4,215,419	3,856,406	3,686,897
Purchase of transport vehicles	54,009,662	51,770,061	42,798,990	40,810,981
Purchase of landed properties	216,397,941	207,792,100	172,818,551	167,126,742
(of which: - residential	<u>133,223,436</u>	<u>125,850,883</u>	<u>103,821,411</u>	<u>98,888,486</u>
- non-residential)	<u>83,174,505</u>	<u>81,941,217</u>	<u>68,997,140</u>	<u>68,238,256</u>
Purchase of fixed assets (excluding landed properties)	439,077	433,035	86,760	83,595
Personal use	13,781,949	13,648,878	7,600,925	7,316,469
Credit card	1,931,100	2,161,229	1,890,607	2,113,070
Purchase of consumer durables	784	801	90	101
Construction	7,423,429	7,401,779	5,716,849	5,808,391
Mergers and acquisitions	6,475	9,730	6,475	9,730
Working capital	39,061,166	38,576,599	27,424,897	26,456,630
Other purpose	4,989,032	4,458,810	4,795,559	4,292,142
	<u>342,342,054</u>	<u>330,468,441</u>	<u>266,996,109</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	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Agriculture, hunting, forestry and fishing	3,332,722	3,545,062	2,329,379	2,524,728
Mining and quarrying	333,212	334,813	164,365	165,225
Manufacturing	11,108,534	11,004,846	8,463,358	8,345,617
Electricity, gas and water	136,017	162,295	54,209	47,363
Construction	14,564,737	12,903,477	11,397,090	9,878,302
Wholesale & retail trade and restaurants & hotels	28,365,078	27,306,914	23,447,329	22,475,527
Transport, storage and communication	4,391,478	4,153,801	3,194,564	3,033,476
Finance, insurance and business services	20,533,049	19,332,370	17,548,635	16,036,222
Real estate	30,296,073	32,182,576	23,887,900	25,915,549
Community, social and personal services	3,438,286	3,190,201	2,078,539	1,844,962
Households	224,616,651	214,862,347	174,364,914	167,387,862
Others	1,226,217	1,489,739	65,827	49,915
	<u>342,342,054</u>	<u>330,468,441</u>	<u>266,996,109</u>	<u>257,704,748</u>

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

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 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	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 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 period / year	811,195	3,066,488	458,717	2,106,495
Reclassified as non-impaired	(694,593)	(2,172,788)	(483,094)	(1,559,030)
Recoveries	(221,046)	(357,532)	(162,313)	(265,130)
Amount written off	(358,177)	(470,169)	(136,484)	(212,200)
Loans / financing converted to foreclosed properties	(31,258)	(78,196)	(27,202)	(68,007)
Exchange differences	3,732	(3,617)	503	(1,777)
Closing balance	<u>1,114,772</u>	<u>1,604,919</u>	<u>794,260</u>	<u>1,144,133</u>
Gross impaired loans and financing as a percentage of gross loans, advances and financing	<u>0.33%</u>	<u>0.49%</u>	<u>0.30%</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	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Malaysia	888,818	1,310,329	725,848	1,031,067
Hong Kong SAR and the People's Republic of China	100,766	103,643	-	-
Cambodia	22,757	45,233	-	-
Other countries	102,431	145,714	68,412	113,066
	<u>1,114,772</u>	<u>1,604,919</u>	<u>794,260</u>	<u>1,144,133</u>

k) Impaired loans, advances and financing by economic purpose

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Purchase of securities	-	724	-	724
Purchase of transport vehicles	120,465	241,765	76,589	161,236
Purchase of landed properties	634,464	856,891	505,123	672,131
(of which: - residential	441,380	629,565	337,034	470,280
- non-residential)	193,084	227,326	168,089	201,851
Purchase of fixed assets (excluding landed properties)	9,750	8,523	604	992
Personal use	109,864	153,351	37,089	57,930
Credit card	11,267	17,983	10,831	17,035
Purchase of consumer durables	1	1	1	1
Construction	9,113	57,119	6,311	52,463
Working capital	214,200	256,412	152,104	169,509
Other purpose	5,648	12,150	5,608	12,112
	<u>1,114,772</u>	<u>1,604,919</u>	<u>794,260</u>	<u>1,144,133</u>

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**A11. Loans, Advances and Financing (continued)**

1) Impaired loans, advances and financing by sectors

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Agriculture, hunting, forestry and fishing	<b>18,190</b>	22,385	<b>18,003</b>	22,335
Mining and quarrying	<b>960</b>	1,579	<b>732</b>	1,577
Manufacturing	<b>61,180</b>	55,698	<b>41,816</b>	38,971
Electricity, gas and water	<b>5,079</b>	4,848	-	12
Construction	<b>57,898</b>	107,125	<b>47,407</b>	93,545
Wholesale & retail trade and restaurants & hotels	<b>115,860</b>	162,315	<b>99,788</b>	124,760
Transport, storage and communication	<b>12,547</b>	18,107	<b>8,962</b>	11,513
Finance, insurance and business services	<b>57,340</b>	55,947	<b>37,565</b>	44,343
Real estate	<b>17,562</b>	41,543	<b>15,592</b>	38,914
Community, social and personal services	<b>6,549</b>	9,367	<b>5,105</b>	7,789
Households	<b>743,741</b>	1,099,910	<b>518,327</b>	759,083
Others	<b>17,866</b>	26,095	<b>963</b>	1,291
	<b><u>1,114,772</u></b>	<u>1,604,919</u>	<b><u>794,260</u></b>	<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	
<b>Group</b>				
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:	178,114	(132,650)	(45,464)	-
- Transfer to Stage 1: 12-Month ECL	193,286	(168,652)	(24,634)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(12,008)	55,794	(43,786)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(3,164)	(19,792)	22,956	-
New loans, advances and financing originated	83,057	16,032	22,521	121,610
Net remeasurement due to changes in credit risk	(97,998)	99,800	282,003	283,805
Loans, advances and financing derecognised (other than write-off)	(44,292)	(36,229)	(18,816)	(99,337)
Modifications to contractual cash flows of loans, advances and financing	(5,100)	59,335	(352)	53,883
Changes in models / risk parameters	175,851	159,448	900	336,199
Amount written off	-	-	(358,177)	(358,177)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(179)	(179)
Exchange differences	1,794	105	(1,207)	692
At 30 September 2020	<u>1,262,360</u>	<u>815,753</u>	<u>252,330</u>	<u>2,330,443</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	
<b>Group</b>				
At 1 January 2019	1,086,325	546,221	409,867	2,042,413
Changes due to loans, advances and financing recognised as at 1 January 2019:	155,794	(75,640)	(80,154)	-
- Transfer to Stage 1: 12-Month ECL	190,971	(127,762)	(63,209)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(31,188)	78,567	(47,379)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(3,989)	(26,445)	30,434	-
New loans, advances and financing originated	114,040	123,702	63,838	301,580
Net remeasurement due to changes in credit risk	(199,150)	18,885	482,958	302,693
Loans, advances and financing derecognised (other than write-off)	(69,694)	(54,715)	(40,954)	(165,363)
Modifications to contractual cash flows of loans, advances and financing	(4,376)	5,162	7,942	8,728
Changes in models / risk parameters	(111,457)	86,480	2,068	(22,909)
Amount written off	-	-	(470,169)	(470,169)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(2,319)	(2,319)
Exchange differences	(548)	(183)	(1,976)	(2,707)
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	
<b>Bank</b>				
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:	133,373	(92,401)	(40,972)	-
- Transfer to Stage 1: 12-Month ECL	141,597	(128,123)	(13,474)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(8,119)	39,307	(31,188)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(105)	(3,585)	3,690	-
New loans and advances originated	48,264	7,660	21	55,945
Net remeasurement due to changes in credit risk	(110,872)	53,153	117,813	60,094
Loans and advances derecognised (other than write-off)	(19,520)	(29,098)	(12,944)	(61,562)
Modifications to contractual cash flows of loans and advances	(2,812)	52,478	(1,713)	47,953
Changes in models / risk parameters	144,801	134,281	682	279,764
Amount written off	-	-	(136,484)	(136,484)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(179)	(179)
Exchange differences	138	-	-	138
At 30 September 2020	<u>864,289</u>	<u>661,259</u>	<u>154,795</u>	<u>1,680,343</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	
<b>Bank</b>				
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	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Deferred handling fees	227,202	234,967	189,147	196,046
Interest / Income receivable	48,926	42,896	7,834	6,073
Other receivables, deposits and prepayments	1,785,119	1,005,633	1,353,236	767,756
Collateral pledged for derivative transactions	540,993	192,877	540,993	192,877
Employee benefits	-	48,430	-	47,633
Amount due from trust funds	169,406	230,324	-	-
Foreclosed properties	196,182	177,617	175,961	161,053
Outstanding contracts on clients' accounts	368,479	214,656	-	-
Amount due from subsidiary companies	-	-	43,952	47,711
Distribution receivable from collective investments	-	-	32,859	31,618
Dividend receivable from subsidiary companies	-	-	623,520	750,125
	<u>3,336,307</u>	<u>2,147,400</u>	<u>2,967,502</u>	<u>2,200,892</u>

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**A13. Deposits from Customers**

a) By type of deposit

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
<b>At amortised cost</b>				
Core deposits:				
- Demand deposits	58,775,355	51,106,160	46,818,465	40,067,724
- Savings deposits	44,737,590	37,733,184	30,032,470	25,260,085
- Fixed deposits	204,394,311	205,806,430	149,945,320	149,042,566
	<u>307,907,256</u>	<u>294,645,774</u>	<u>226,796,255</u>	<u>214,370,375</u>
Negotiable instruments of deposit	-	22,979	-	-
Money market deposits	55,850,366	58,610,421	50,409,284	53,845,616
	<u>55,850,366</u>	<u>58,633,400</u>	<u>50,409,284</u>	<u>53,845,616</u>
Other deposits	45,421	61,301	29,972	43,699
	<u>363,803,043</u>	<u>353,340,475</u>	<u>277,235,511</u>	<u>268,259,690</u>

b) By type of customer

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Federal and state governments	7,682,195	7,510,524	5,383,685	5,155,389
Local government and statutory authorities	5,173,208	4,636,517	4,100,485	3,756,788
Business enterprises	97,601,815	93,749,815	78,272,148	74,933,430
Individuals	183,790,890	176,930,222	144,887,021	138,499,660
Foreign customers	9,901,295	9,821,754	4,638,550	4,382,060
Others	59,653,640	60,691,643	39,953,622	41,532,363
	<u>363,803,043</u>	<u>353,340,475</u>	<u>277,235,511</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	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Due within six months	203,945,277	224,301,309	152,619,005	168,700,151
More than six months to one year	56,062,936	39,961,843	47,599,242	34,046,661
More than one year to three years	232,757	173,570	133,637	139,173
More than three years to five years	3,707	3,108	2,720	2,197
	<u>260,244,677</u>	<u>264,439,830</u>	<u>200,354,604</u>	<u>202,888,182</u>

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**A14. Deposits from Banks**

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
<b>At amortised cost</b>				
Licensed banks	1,939,064	4,714,525	1,182,777	3,464,138
Licensed investment banks	503,677	458,211	406,715	206,023
Bank Negara Malaysia *	1,923,811	349,466	1,854,434	332,098
Other financial institutions	7,046,489	2,971,871	10,566,187	7,793,143
	<u>11,413,041</u>	<u>8,494,073</u>	<u>14,010,113</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	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
Interest / Income payable	1,847,060	2,085,618	1,422,311	1,599,710
Other payables and accruals	2,871,828	2,471,928	2,203,457	1,932,282
Collateral received for derivative transactions	40,744	47,566	40,744	47,566
Amount due to trust funds	209,511	91,313	-	-
Unprocessed sales and / or redemptions	60,953	144,024	-	-
Employee benefits	145,594	-	143,955	-
Accrued restoration costs	70,881	70,752	71,544	71,405
Allowance for impairment on loan / financing commitments and financial guarantees	70,897	52,944	57,877	43,730
Outstanding contracts on clients' accounts	348,533	206,265	-	-
Dividend payable to shareholders	3,551	25,987	3,551	2,814
Amount due to subsidiary companies	-	-	45,157	37,262
	<u>5,669,552</u>	<u>5,196,397</u>	<u>3,988,596</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:				
- Transfer to Stage 1: 12-Month ECL	2,260	(1,710)	(550)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	2,714	(2,633)	(81)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(451)	943	(492)	-
	(3)	(20)	23	-
New loan / financing commitments and financial guarantees originated	3,638	306	-	3,944
Net remeasurement due to changes in credit risk	2,383	2,715	(584)	4,514
Loan / financing commitments and financial guarantees derecognised	(2,701)	(941)	(24)	(3,666)
Modifications to contractual cash flows of loan / financing commitments and financial guarantees	(150)	354	4	208
Changes in models / risk parameters	10,035	2,888	1	12,924
Exchange differences	29	-	-	29
At 30 September 2020	<b>58,339</b>	<b>12,087</b>	<b>471</b>	<b>70,897</b>
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:				
- Transfer to Stage 1: 12-Month ECL	1,570	(1,255)	(315)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	2,233	(2,143)	(90)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(652)	979	(327)	-
	(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	<b>42,845</b>	<b>8,475</b>	<b>1,624</b>	<b>52,944</b>

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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):

<b>Bank</b>	<b>Lifetime ECL</b>			<b>Total RM'000</b>
	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Not Credit- Impaired (Stage 2) RM'000</b>	<b>Credit- Impaired (Stage 3) RM'000</b>	
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:	1,837	(1,483)	(354)	-
- Transfer to Stage 1: 12-Month ECL	2,243	(2,201)	(42)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(403)	734	(331)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(3)	(16)	19	-
New loan commitments and financial guarantees originated	2,206	235	-	2,441
Net remeasurement due to changes in credit risk	1,979	2,253	(528)	3,704
Loan commitments and financial guarantees derecognised	(2,443)	(859)	(20)	(3,322)
Modifications to contractual cash flows of loan commitments and financial guarantees	(126)	257	6	137
Changes in models / risk parameters	8,668	2,518	1	11,187
At 30 September 2020	<b>47,025</b>	<b>10,455</b>	<b>397</b>	<b>57,877</b>
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	<b>34,904</b>	<b>7,534</b>	<b>1,292</b>	<b>43,730</b>

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**A16. Interest Income**

	3rd Quarter Ended		Nine Months Ended		
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000	
<b>Group</b>					
Loans and advances *	2,913,949	3,459,773	9,070,951	10,391,664	
Balances with banks	68,660	89,710	182,433	210,605	
Financial investments at fair value through other comprehensive income	268,052	265,255	834,092	822,965	
Financial investments at amortised cost	217,826	223,013	662,305	660,849	
Others	12,207	20,608	43,503	58,855	
	<u>3,480,694</u>	<u>4,058,359</u>	<u>10,793,284</u>	<u>12,144,938</u>	
Financial assets at fair value through profit or loss	4,458	15,688	34,614	49,867	
	<u>3,485,152</u>	<u>4,074,047</u>	<u>10,827,898</u>	<u>12,194,805</u>	
	3rd Quarter Ended	30 September	30 September	30 September	30 September
	2020	2019	2020	2019	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>					
Loans and advances *	2,569,189	3,089,329	7,998,064	9,312,717	9,312,717
Balances with banks	58,717	72,153	157,190	160,016	160,016
Financial investments at fair value through other comprehensive income	220,812	215,398	691,489	674,052	674,052
Financial investments at amortised cost	213,577	213,862	637,938	633,419	633,419
Others	23,453	24,851	66,656	68,246	68,246
	<u>3,085,748</u>	<u>3,615,593</u>	<u>9,551,337</u>	<u>10,848,450</u>	<u>10,848,450</u>
Financial assets at fair value through profit or loss	4,337	15,448	33,634	48,926	48,926
	<u>3,090,085</u>	<u>3,631,041</u>	<u>9,584,971</u>	<u>10,897,376</u>	<u>10,897,376</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 period.



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**A17. Interest Expense**

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Deposits from banks	60,974	77,079	204,486	235,404
Deposits from customers	1,333,770	1,948,001	4,827,165	5,849,232
Loans sold to Cagamas	59,333	59,333	176,711	176,066
Debt securities issued and other borrowed funds	107,768	116,146	328,341	373,773
Others	14,388	12,568	47,313	35,352
	<u>1,576,233</u>	<u>2,213,127</u>	<u>5,584,016</u>	<u>6,669,827</u>
	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Deposits from banks	63,466	87,171	221,802	262,846
Deposits from customers	1,258,991	1,857,002	4,569,133	5,580,479
Loans sold to Cagamas	59,333	59,333	176,711	176,066
Debt securities issued and other borrowed funds	105,069	110,826	315,899	359,412
Others	14,777	15,178	48,645	45,211
	<u>1,501,636</u>	<u>2,129,510</u>	<u>5,332,190</u>	<u>6,424,014</u>

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**A18. Net Fee and Commission Income**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b><u>Group</u></b>				
(a) Fee and commission income:				
Commissions	118,260	159,392	339,971	459,260
Service charges and fees	92,274	86,135	240,821	251,999
Guarantee fees	9,649	8,638	22,894	26,406
Commitment fees	12,873	18,298	49,426	55,017
Unit trust management fees	299,478	272,096	828,962	794,649
Fee on sale of trust units	119,136	65,630	266,065	193,113
Brokerage and commissions from stockbroking activities	82,526	22,511	172,965	67,784
Other fee and commission income	13,545	12,643	40,210	57,328
	<u>747,741</u>	<u>645,343</u>	<u>1,961,314</u>	<u>1,905,556</u>
(b) Fee and commission expense:				
Unit trust agency fee	(130,164)	(105,062)	(331,126)	(307,391)
Debit / credit card related fee	(68,647)	(88,248)	(201,445)	(249,454)
Loan related fee	(5,840)	(3,870)	(13,431)	(10,833)
Other fee and commission expense	(9,831)	(3,954)	(23,851)	(13,681)
	<u>(214,482)</u>	<u>(201,134)</u>	<u>(569,853)</u>	<u>(581,359)</u>
Net fee and commission income	<u>533,259</u>	<u>444,209</u>	<u>1,391,461</u>	<u>1,324,197</u>
	3rd Quarter Ended	3rd Quarter Ended	Nine Months Ended	Nine Months Ended
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b><u>Bank</u></b>				
(a) Fee and commission income:				
Commissions	174,804	172,425	451,472	497,787
Service charges and fees	69,439	57,856	174,206	169,804
Guarantee fees	8,882	8,090	21,234	24,059
Commitment fees	10,706	16,495	43,117	49,757
Other fee and commission income	8,652	7,976	25,390	44,353
	<u>272,483</u>	<u>262,842</u>	<u>715,419</u>	<u>785,760</u>
(b) Fee and commission expense:				
Debit / credit card related fee	(67,848)	(87,454)	(199,150)	(247,213)
Loan related fee	(5,146)	(3,230)	(11,813)	(9,075)
Other fee and commission expense	(2,836)	(2,670)	(8,710)	(8,968)
	<u>(75,830)</u>	<u>(93,354)</u>	<u>(219,673)</u>	<u>(265,256)</u>
Net fee and commission income	<u>196,653</u>	<u>169,488</u>	<u>495,746</u>	<u>520,504</u>

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**A19. Net Gains and Losses on Financial Instruments**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b><u>Group</u></b>				
Net gain / (loss) arising on financial assets at fair value through profit or loss:				
- net gain on disposal	5,614	4,449	26,597	17,863
- gross dividend income	30	524	1,603	2,097
- unrealised revaluation gain / (loss)	1,368	(780)	31,821	21,229
	<u>7,012</u>	<u>4,193</u>	<u>60,021</u>	<u>41,189</u>
Net gain / (loss) arising on trading derivatives				
- unrealised revaluation gain / (loss)	-	(3)	77	(20)
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	111,004	18,249	349,688	94,424
- gross dividend income	1,934	459	2,284	1,584
	<u>112,938</u>	<u>18,708</u>	<u>351,972</u>	<u>96,008</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	1,018	(1,952)	155	(800)
- cash flow hedge	2,501	(407)	149	(2,515)
	<u>3,519</u>	<u>(2,359)</u>	<u>304</u>	<u>(3,315)</u>
Net gains and losses on financial instruments	<u>123,469</u>	<u>20,539</u>	<u>412,374</u>	<u>133,862</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
<b><u>Bank</u></b>				
Net gain / (loss) arising on financial assets at fair value through profit or loss:				
- net gain on disposal	5,614	4,184	26,803	17,597
- gross dividend income	-	494	1,483	1,977
- unrealised revaluation gain / (loss)	1,383	(658)	30,006	20,001
	<u>6,997</u>	<u>4,020</u>	<u>58,292</u>	<u>39,575</u>
Net gain / (loss) arising on trading derivatives				
- unrealised revaluation gain / (loss)	-	(3)	77	(20)
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	105,937	17,235	338,403	90,395
- gross dividend income	1,600	187	1,600	987
	<u>107,537</u>	<u>17,422</u>	<u>340,003</u>	<u>91,382</u>
Net (loss) / gain representing ineffective portions of hedging derivatives:				
- fair value hedge	(290)	(74)	(297)	106
- cash flow hedge	2,501	(407)	149	(2,515)
	<u>2,211</u>	<u>(481)</u>	<u>(148)</u>	<u>(2,409)</u>
Net gains and losses on financial instruments	<u>116,745</u>	<u>20,958</u>	<u>398,224</u>	<u>128,528</u>

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**A20. Other Operating Income**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
<b><u>Group</u></b>				
Other income:				
Foreign exchange profit	72,632	68,062	190,398	206,096
Rental income from:				
- investment properties	3,805	4,144	11,217	11,826
- other properties	2,867	2,440	8,660	7,808
Net gain on disposal of property and equipment	51	207	625	596
Net gain / (loss) on disposal of foreclosed properties	90	(723)	292	428
Net gain / (loss) on revaluation of investment properties	18	3,373	(6,382)	39,222
Others	43,983	20,697	90,694	58,605
Total other operating income	<u>123,446</u>	<u>98,200</u>	<u>295,504</u>	<u>324,581</u>
	<b>3rd Quarter Ended</b>	<b>30 September</b>	<b>Nine Months Ended</b>	<b>30 September</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Distribution income from collective investments	50,563	52,121	152,554	154,730
Dividend income from subsidiary companies				
- quoted outside Malaysia	-	-	13,324	21,300
- unquoted in Malaysia	-	-	269,000	332,243
	<u>50,563</u>	<u>52,121</u>	<u>434,878</u>	<u>508,273</u>
Other income:				
Foreign exchange profit	219,268	14,173	121,790	134,927
Rental income from other properties	3,439	3,040	10,413	9,606
Net gain on disposal of property and equipment	9	115	120	427
Net gain / (loss) on disposal of foreclosed properties	90	(723)	292	428
Others	21,023	16,806	56,091	49,778
	<u>243,829</u>	<u>33,411</u>	<u>188,706</u>	<u>195,166</u>
Total other operating income	<u>294,392</u>	<u>85,532</u>	<u>623,584</u>	<u>703,439</u>

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**A21. Other Operating Expenses**

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
Personnel costs				
- Salaries, allowances and bonuses	577,472	567,596	1,747,241	1,683,201
- Pension costs	83,356	74,494	253,633	222,531
- Others	33,386	41,195	118,560	129,472
	<u>694,214</u>	<u>683,285</u>	<u>2,119,434</u>	<u>2,035,204</u>
Establishment costs				
- Depreciation	84,598	86,602	267,036	256,877
- Insurance	5,765	6,006	17,853	18,771
- Water and electricity	11,804	13,794	35,876	39,081
- General repairs and maintenance	35,717	28,911	102,034	86,595
- Information technology expenses	16,031	16,064	49,021	46,496
- Others	23,724	25,949	67,851	76,763
	<u>177,639</u>	<u>177,326</u>	<u>539,671</u>	<u>524,583</u>
Marketing expenses				
- Advertisement and publicity	14,412	14,471	42,607	44,097
- Others	18,387	21,119	54,007	61,498
	<u>32,799</u>	<u>35,590</u>	<u>96,614</u>	<u>105,595</u>
Administration and general expenses				
- Communication expenses	15,605	14,526	47,979	41,455
- Legal and professional fees	10,405	9,864	27,277	27,236
- Others	17,619	32,113	86,901	100,014
	<u>43,629</u>	<u>56,503</u>	<u>162,157</u>	<u>168,705</u>
Total other operating expenses	<u>948,281</u>	<u>952,704</u>	<u>2,917,876</u>	<u>2,834,087</u>

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**A21. Other Operating Expenses (continued)**

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Personnel costs				
- Salaries, allowances and bonuses	429,762	427,053	1,313,817	1,269,685
- Pension costs	72,364	63,604	219,729	191,417
- Others	26,331	33,021	93,897	104,471
	<u>528,457</u>	<u>523,678</u>	<u>1,627,443</u>	<u>1,565,573</u>
Establishment costs				
- Depreciation	63,085	67,840	203,556	203,570
- Insurance	4,819	5,179	14,680	16,002
- Water and electricity	8,062	9,150	24,728	26,978
- General repairs and maintenance	31,216	25,431	88,955	74,529
- Information technology expenses	6,486	8,067	22,061	22,954
- Others	12,602	13,222	34,531	39,160
	<u>126,270</u>	<u>128,889</u>	<u>388,511</u>	<u>383,193</u>
Marketing expenses				
- Advertisement and publicity	5,657	4,812	16,782	17,120
- Others	8,843	12,676	28,807	38,887
	<u>14,500</u>	<u>17,488</u>	<u>45,589</u>	<u>56,007</u>
Administration and general expenses				
- Communication expenses	13,368	11,334	37,645	30,795
- Legal and professional fees	6,507	6,748	16,970	19,047
- Others	1,056	17,155	37,719	53,432
	<u>20,931</u>	<u>35,237</u>	<u>92,334</u>	<u>103,274</u>
Cost of resource sharing charged to Public Islamic Bank Berhad *	(103,624)	(103,513)	(317,507)	(307,410)
Total other operating expenses	<u>586,534</u>	<u>601,779</u>	<u>1,836,370</u>	<u>1,800,637</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Credit related	(45,862)	(45,306)	(139,790)	(137,222)
Non-credit branch support	(39,237)	(39,459)	(118,487)	(117,245)
Other administration function	(18,525)	(18,748)	(59,230)	(52,943)
	<u>(103,624)</u>	<u>(103,513)</u>	<u>(317,507)</u>	<u>(307,410)</u>

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**A22. Allowance for Impairment on Loans, Advances and Financing**

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Expected credit losses	386,019	126,909	714,084	302,516
Impaired loans and financing written off	9	14	41	30
Impaired loans and financing recovered	(51,412)	(77,702)	(164,384)	(191,321)
	<u>334,616</u>	<u>49,221</u>	<u>549,741</u>	<u>111,225</u>
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Expected credit losses	258,722	60,376	396,341	119,463
Impaired loans written off	9	14	41	30
Impaired loans recovered	(26,638)	(31,673)	(82,013)	(100,805)
	<u>232,093</u>	<u>28,717</u>	<u>314,369</u>	<u>18,688</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Expected credit losses on:				
- Financial investments at fair value through other comprehensive income	1,418	367	2,964	(550)
- Financial investments at amortised cost	201	78	411	233
- Deposits and placements with banks and other financial institutions	(12)	(44)	414	(16)
Allowance made / (written back) on:				
- Foreclosed properties	2,449	(3,855)	5,094	(1,866)
- Other receivables	-	-	17	(53)
	<u>4,056</u>	<u>(3,454)</u>	<u>8,900</u>	<u>(2,252)</u>
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Expected credit losses on:				
- Financial investments at fair value through other comprehensive income	598	481	1,289	(507)
- Financial investments at amortised cost	188	84	243	184
Allowance made / (written back) on :				
- Foreclosed properties	2,412	(3,855)	5,057	(1,866)
	<u>3,198</u>	<u>(3,290)</u>	<u>6,589</u>	<u>(2,189)</u>



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**A24. Segment Information**

3rd Quarter Ended 30 September 2020	<----- Operating Segments ----->							Head	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	Office and Funding Center				
External revenue	608,156	2,269,032	393,954	242,652	87,712	418,955	13,825	652,781	4,687,067	445,758	-	5,132,825
Revenue from other segments	674	642,364	6,586	425,755	150	11,455	187	141,596	1,228,767	7,139	(1,235,906)	-
	<b>608,830</b>	<b>2,911,396</b>	<b>400,540</b>	<b>668,407</b>	<b>87,862</b>	<b>430,410</b>	<b>14,012</b>	<b>794,377</b>	<b>5,915,834</b>	<b>452,897</b>	<b>(1,235,906)</b>	<b>5,132,825</b>
Net interest income / (expense) and												
Islamic banking income	143,834	1,450,731	162,940	56,772	8,787	1,016	(3,538)	194,595	2,015,137	292,290	(8)	2,307,419
Other income	830	215,300	207	102,009	42,210	258,046	2,059	97,854	718,515	71,135	(9,476)	780,174
Net income	144,664	1,666,031	163,147	158,781	50,997	259,062	(1,479)	292,449	2,733,652	363,425	(9,484)	3,087,593
Other operating expenses	(58,606)	(486,138)	(4,315)	(12,057)	(12,573)	(67,892)	(6,397)	(136,356)	(784,334)	(173,431)	9,484	(948,281)
(Allowance) / Writeback of												
allowance for impairment on												
loans, advances and financing	(2,172)	(165,809)	(123,350)	-	21	3	-	-	(291,307)	(43,309)	-	(334,616)
Allowance for impairment												
on other assets	-	(2,449)	-	(270)	(16)	-	-	(1,123)	(3,858)	(198)	-	(4,056)
Profit / (Loss) by segments	<b>83,886</b>	<b>1,011,635</b>	<b>35,482</b>	<b>146,454</b>	<b>38,429</b>	<b>191,173</b>	<b>(7,876)</b>	<b>154,970</b>	<b>1,654,153</b>	<b>146,487</b>	<b>-</b>	<b>1,800,640</b>
Reconciliation of segment profits												
to consolidated profits:												
Share of profit after tax												
of equity accounted associated												
companies									2,185	-		2,185
Profit before tax expense and zakat									<b>1,656,338</b>	<b>146,487</b>	<b>-</b>	<b>1,802,825</b>

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**A24. Segment Information (continued)**

3rd Quarter Ended 30 September 2019	<----- Operating Segments ----->							Head	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	Office and Funding Center RM'000				
External revenue	636,507	2,786,475	495,270	362,512	36,088	338,154	13,314	448,430	5,116,750	497,547	-	5,614,297
Revenue from other segments	1,731	395,203	11,643	578,298	214	12,947	409	138,272	1,138,717	23,568	(1,162,285)	-
	<u>638,238</u>	<u>3,181,678</u>	<u>506,913</u>	<u>940,810</u>	<u>36,302</u>	<u>351,101</u>	<u>13,723</u>	<u>586,702</u>	<u>6,255,467</u>	<u>521,115</u>	<u>(1,162,285)</u>	<u>5,614,297</u>
Net interest income / (expense) and												
Islamic banking income	160,015	1,261,229	143,853	9,690	6,801	2,818	(5,727)	291,528	1,870,207	325,568	-	2,195,775
Other income / (loss)	962	178,998	6,350	79,765	13,066	224,031	13,527	(2,735)	513,964	58,417	(9,433)	562,948
Net income	<u>160,977</u>	<u>1,440,227</u>	<u>150,203</u>	<u>89,455</u>	<u>19,867</u>	<u>226,849</u>	<u>7,800</u>	<u>288,793</u>	<u>2,384,171</u>	<u>383,985</u>	<u>(9,433)</u>	<u>2,758,723</u>
Other operating expenses	(62,675)	(487,393)	(4,144)	(11,513)	(10,362)	(61,674)	(6,525)	(146,620)	(790,906)	(171,231)	9,433	(952,704)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(15,601)	(27,090)	3,441	-	(308)	(48)	-	-	(39,606)	(9,615)	-	(49,221)
Writeback of allowance / (Allowance) for impairment on other assets	-	3,854	-	(199)	(16)	-	-	(404)	3,235	219	-	3,454
Profit by segments	<u>82,701</u>	<u>929,598</u>	<u>149,500</u>	<u>77,743</u>	<u>9,181</u>	<u>165,127</u>	<u>1,275</u>	<u>141,769</u>	<u>1,556,894</u>	<u>203,358</u>	<u>-</u>	<u>1,760,252</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									1,565	-		1,565
Profit before tax expense and zakat									<u>1,558,459</u>	<u>203,358</u>		<u>1,761,817</u>

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**A24. Segment Information (continued)**

Nine Months Ended 30 September 2020	←----- 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					
External revenue	1,855,464	7,313,453	1,317,015	861,183	199,329	1,096,156	41,047	1,303,062	13,986,709	1,400,461	-	15,387,170
Revenue from other segments	1,623	1,738,508	22,970	1,462,365	528	34,818	738	440,956	3,702,506	45,285	(3,747,791)	-
	<b>1,857,087</b>	<b>9,051,961</b>	<b>1,339,985</b>	<b>2,323,548</b>	<b>199,857</b>	<b>1,130,974</b>	<b>41,785</b>	<b>1,744,018</b>	<b>17,689,215</b>	<b>1,445,746</b>	<b>(3,747,791)</b>	<b>15,387,170</b>
Net interest income / (expense) and												
Islamic banking income	471,229	4,087,182	458,268	129,434	23,699	4,260	(13,311)	126,103	5,286,864	897,006	(23)	6,183,847
Other income	1,711	534,483	15,944	312,333	91,888	703,038	5,809	286,864	1,952,070	179,255	(31,986)	2,099,339
Net income	472,940	4,621,665	474,212	441,767	115,587	707,298	(7,502)	412,967	7,238,934	1,076,261	(32,009)	8,283,186
Other operating expenses	(194,740)	(1,503,185)	(13,632)	(35,930)	(36,461)	(194,361)	(18,786)	(430,481)	(2,427,576)	(522,309)	32,009	(2,917,876)
(Allowance) / Writeback of												
allowance for impairment on												
loans, advances and financing	(90,015)	(252,042)	(112,100)	-	1,179	(225)	-	-	(453,203)	(96,538)	-	(549,741)
Allowance for impairment												
on other assets	-	(5,111)	-	(231)	(32)	-	-	(2,097)	(7,471)	(1,429)	-	(8,900)
Profit / (Loss) by segments	<b>188,185</b>	<b>2,861,327</b>	<b>348,480</b>	<b>405,606</b>	<b>80,273</b>	<b>512,712</b>	<b>(26,288)</b>	<b>(19,611)</b>	<b>4,350,684</b>	<b>455,985</b>	<b>-</b>	<b>4,806,669</b>
Reconciliation of segment profits												
to consolidated profits:												
Share of profit after tax												
of equity accounted associated												
companies									3,674	-		3,674
Profit before tax expense and zakat									<b>4,354,358</b>	<b>455,985</b>		<b>4,810,343</b>
Cost income ratio	41.2%	32.5%	2.9%	8.1%	31.5%	27.5%	n/a	104.2%	33.5%	48.5%		35.2%

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**A24. Segment Information (continued)**

Nine Months Ended 30 September 2020	-----<----- Operating Segments ----->-----								Head		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	Head Office and Funding Center RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000		
Gross loans, advances and financing	51,308,980	224,505,036	43,672,734	-	380,573	114,940	1,503	-	319,983,766	22,358,288		342,342,054
Loans growth	4.5%	4.3%	3.1%	-	8.9%	10.1%	-2.8%	-	4.2%	-4.1%		3.6%
Impaired loans, advances and financing	106,200	761,089	21,013	-	-	516	-	-	888,818	225,954		1,114,772
Impaired loan and financing ratio	0.2%	0.3%	0.0%	-	-	0.4%	-	-	0.3%	1.0%		0.3%
Deposits from customers	-	272,766,180	183,449	60,655,266	1,094,388	-	-	-	334,699,283	29,103,760		363,803,043
Deposits growth	-	5.1%	-7.1%	-6.4%	46.6%	-	-	-	2.9%	3.4%		3.0%
Segment assets	<u>51,091,147</u>	<u>280,745,946</u>	<u>43,021,062</u>	<u>74,913,565</u>	<u>2,169,822</u>	<u>570,622</u>	<u>832,396</u>	<u>53,157,607</u>	<u>506,502,167</u>	<u>40,368,287</u>	<u>(101,151,195)</u>	<u>445,719,259</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									80,439	16		80,455
Unallocated assets									2,040,681	-		2,040,681
Intangible assets									775,493	1,693,763		2,469,256
Total assets									<u>509,398,780</u>	<u>42,062,066</u>		<u>450,309,651</u>

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**A24. Segment Information (continued)**

Nine Months Ended 30 September 2019	←----- 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	RM'000					
External revenue	1,902,280	8,359,156	1,506,671	1,082,810	108,502	989,028	56,966	1,317,032	15,322,445	1,458,165	-	16,780,610	
Revenue from other segments	3,198	1,128,703	30,868	1,635,697	640	36,928	1,185	494,310	3,331,529	66,155	(3,397,684)	-	
	<u>1,905,478</u>	<u>9,487,859</u>	<u>1,537,539</u>	<u>2,718,507</u>	<u>109,142</u>	<u>1,025,956</u>	<u>58,151</u>	<u>1,811,342</u>	<u>18,653,974</u>	<u>1,524,320</u>	<u>(3,397,684)</u>	<u>16,780,610</u>	
Net interest income / (expense) and													
Islamic banking income	490,894	3,679,713	410,420	14,055	19,017	7,375	(17,599)	913,358	5,517,233	952,322	-	6,469,555	
Other income	2,315	529,560	40,623	261,758	40,965	655,063	57,460	41,600	1,629,344	183,526	(30,230)	1,782,640	
Net income	<u>493,209</u>	<u>4,209,273</u>	<u>451,043</u>	<u>275,813</u>	<u>59,982</u>	<u>662,438</u>	<u>39,861</u>	<u>954,958</u>	<u>7,146,577</u>	<u>1,135,848</u>	<u>(30,230)</u>	<u>8,252,195</u>	
Other operating expenses	(187,256)	(1,466,997)	(13,237)	(33,627)	(32,987)	(178,432)	(19,994)	(430,763)	(2,363,293)	(501,024)	30,230	(2,834,087)	
(Allowance) / Writeback of													
allowance for impairment on													
loans, advances and financing	(55,956)	(9,928)	15,960	-	(1,851)	(14)	-	-	(51,789)	(59,436)	-	(111,225)	
Writeback of allowance / (Allowance)													
for impairment on other assets	-	1,865	-	430	18	-	-	(150)	2,163	89	-	2,252	
Profit by segments	<u>249,997</u>	<u>2,734,213</u>	<u>453,766</u>	<u>242,616</u>	<u>25,162</u>	<u>483,992</u>	<u>19,867</u>	<u>524,045</u>	<u>4,733,658</u>	<u>575,477</u>	<u>-</u>	<u>5,309,135</u>	
Reconciliation of segment profits													
to consolidated profits:													
Share of profit after tax													
of equity accounted associated													
companies									2,516	-		2,516	
Profit before tax expense and zakat									<u>4,736,174</u>	<u>575,477</u>		<u>5,311,651</u>	
Cost income ratio	38.0%	34.9%	2.9%	12.2%	55.0%	26.9%	50.2%	45.1%	33.1%	44.1%		34.3%	

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**A24. Segment Information (continued)**

Nine Months Ended 30 September 2019	←----- 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						
Gross loans, advances and financing	48,885,713	212,272,689	42,070,447	-	364,028	102,953	1,800	-	303,697,630	23,540,070		327,237,700	
Loans growth	1.8%	3.7%	2.7%	-	-3.0%	4.0%	8.2%	-	3.3%	1.3%		3.1%	
Impaired loans, advances and financing	254,112	1,029,018	100,793	-	1,739	371	-	-	1,386,033	318,684		1,704,717	
Impaired loan and financing ratio	0.5%	0.5%	0.2%	-	0.5%	0.4%	-	-	0.5%	1.4%		0.5%	
Deposits from customers	-	251,547,192	237,685	65,915,094	735,528	-	-	-	318,435,499	28,773,300		347,208,799	
Deposits growth	-	1.5%	-27.9%	7.5%	-27.1%	-	-	-	2.5%	0.7%		2.4%	
Segment assets	<u>48,663,061</u>	<u>258,925,445</u>	<u>41,652,237</u>	<u>80,177,333</u>	<u>1,963,015</u>	<u>512,097</u>	<u>839,859</u>	<u>47,316,994</u>	<u>480,050,041</u>	<u>40,131,094</u>	<u>(96,033,420)</u>	<u>424,147,715</u>	
Reconciliation of segment assets to consolidated assets:													
Investment in associated companies									74,678	16		74,694	
Unallocated assets									936,586	-		936,586	
Intangible assets									775,493	1,693,405		2,468,898	
Total assets									<u>481,836,798</u>	<u>41,824,515</u>		<u>427,627,893</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 the impact of the Covid-19 outbreak which remains uncertain as the outbreak continues to unfold, as disclosed in Note A1, there were no material events subsequent to the end of the reporting date that have not been reflected in the unaudited interim financial statements.

**A26. Changes in the Composition of the Group**

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

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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:

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>Contingent liabilities</b>				
Direct credit substitutes	917,249	949,669	873,063	912,117
Transaction-related contingent items	1,659,501	1,745,471	1,382,775	1,435,577
Short term self-liquidating trade-related contingencies	317,988	568,308	109,321	117,703
	<b>2,894,738</b>	<b>3,263,448</b>	<b>2,365,159</b>	<b>2,465,397</b>
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	31,567,659	26,968,879	24,981,093	21,583,171
- not exceeding one year	26,742,778	24,753,060	21,535,592	20,165,155
Unutilised credit card lines	8,143,595	7,663,636	7,819,562	7,346,453
Forward asset purchases	1,227,705	65,652	1,081,383	44,405
	<b>67,681,737</b>	<b>59,451,227</b>	<b>55,417,630</b>	<b>49,139,184</b>
<b>Derivative financial instruments</b>				
Foreign exchange related contracts:				
- up to one year	23,188,576	22,157,757	22,185,153	21,117,858
- more than one year to five years	3,077,947	3,446,350	3,077,947	3,446,350
Interest / Profit rate related contracts:				
- up to one year	1,523,600	930,000	1,440,500	1,060,000
- more than one year to five years	4,704,340	4,494,515	6,063,350	4,912,645
- more than five years	886,975	571,631	1,700,000	2,150,000
Commodity related contracts:				
- up to one year	119	120	119	120
	<b>33,381,557</b>	<b>31,600,373</b>	<b>34,467,069</b>	<b>32,686,973</b>
	<b>103,958,032</b>	<b>94,315,048</b>	<b>92,249,858</b>	<b>84,291,554</b>



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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 As at 30 September 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
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	1,420,165	-	-	1,420,165	2,904	-	-	2,904	5,426	-	-	5,426
- Swaps	21,309,937	-	-	21,309,937	83,017	-	-	83,017	306,900	-	-	306,900
- Options	42,974	-	-	42,974	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	119	-	-	119	-	-	-	-	-	-	-	-
	<u>22,773,195</u>	<u>-</u>	<u>-</u>	<u>22,773,195</u>	<u>85,921</u>	<u>-</u>	<u>-</u>	<u>85,921</u>	<u>312,326</u>	<u>-</u>	<u>-</u>	<u>312,326</u>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	83,100	220,000	427,965	731,065	-	-	-	-	387	6,649	51,929	58,965
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	415,500	1,038,750	-	1,454,250	-	1,623	-	1,623	27,116	1,526	-	28,642
Interest / Profit rate related contracts												
- Swaps	1,440,500	2,843,350	2,100,000	6,383,850	-	-	1,018	1,018	9,508	76,846	33,552	119,906
<b>Net Investment Hedge</b>												
Foreign exchange contracts												
- Forwards	-	1,209,847	829,350	2,039,197	-	-	2,203	2,203	-	81,764	8,437	90,201
	<u>1,939,100</u>	<u>5,311,947</u>	<u>3,357,315</u>	<u>10,608,362</u>	<u>-</u>	<u>1,623</u>	<u>3,221</u>	<u>4,844</u>	<u>37,011</u>	<u>166,785</u>	<u>93,918</u>	<u>297,714</u>
<b>Total</b>	<u>24,712,295</u>	<u>5,311,947</u>	<u>3,357,315</u>	<u>33,381,557</u>	<u>85,921</u>	<u>1,623</u>	<u>3,221</u>	<u>90,765</u>	<u>349,337</u>	<u>166,785</u>	<u>93,918</u>	<u>610,040</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
<b>Trading derivatives:</b>												
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>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	-	301,870	421,631	723,501	-	393	-	393	-	1,801	20,341	22,142
<b>Cash Flow Hedge</b>												
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
<b>Net Investment Hedge</b>												
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>
<b>Total</b>	<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 30 September 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
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	1,295,289	-	-	1,295,289	2,765	-	-	2,765	5,330	-	-	5,330
- Swaps	20,431,390	-	-	20,431,390	80,004	-	-	80,004	303,622	-	-	303,622
- Options	42,974	-	-	42,974	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	119	-	-	119	-	-	-	-	-	-	-	-
	<u>21,769,772</u>	<u>-</u>	<u>-</u>	<u>21,769,772</u>	<u>82,769</u>	<u>-</u>	<u>-</u>	<u>82,769</u>	<u>308,952</u>	<u>-</u>	<u>-</u>	<u>308,952</u>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	-	220,000	-	220,000	-	-	-	-	-	6,649	-	6,649
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	415,500	1,038,750	-	1,454,250	-	1,623	-	1,623	27,116	1,526	-	28,642
Interest rate related contracts												
- Swaps	1,440,500	3,343,350	4,200,000	8,983,850	-	15,856	194,304	210,160	9,508	76,846	34,040	120,394
<b>Net Investment Hedge</b>												
Foreign exchange contracts												
- Forwards	-	1,209,847	829,350	2,039,197	-	-	2,203	2,203	-	81,764	8,437	90,201
	<u>1,856,000</u>	<u>5,811,947</u>	<u>5,029,350</u>	<u>12,697,297</u>	<u>-</u>	<u>17,479</u>	<u>196,507</u>	<u>213,986</u>	<u>36,624</u>	<u>166,785</u>	<u>42,477</u>	<u>245,886</u>
<b>Total</b>	<u>23,625,772</u>	<u>5,811,947</u>	<u>5,029,350</u>	<u>34,467,069</u>	<u>82,769</u>	<u>17,479</u>	<u>196,507</u>	<u>296,755</u>	<u>345,576</u>	<u>166,785</u>	<u>42,477</u>	<u>554,838</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
<b>Trading derivatives:</b>												
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>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	-	220,000	-	220,000	-	-	-	-	-	1,801	-	1,801
<b>Cash Flow Hedge</b>												
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
<b>Net Investment Hedge</b>												
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>
<b>Total</b>	<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 RM90,765,000 (2019: RM152,330,000) and RM296,755,000 (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 RM540,993,000 (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:

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30 September 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	1,205,217	-	1,205,217
- Non-money market instruments	-	-	478,772	478,772
	-	1,205,217	478,772	1,683,989
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	40,466,697	-	40,466,697
- Money market instruments	-	1,401,386	-	1,401,386
- Non-money market instruments	1,517	5,485,358	359,263	5,846,138
	1,517	47,353,441	359,263	47,714,221
Derivative financial assets	-	90,765	-	90,765
Total financial assets measured at fair value	1,517	48,649,423	838,035	49,488,975
<b>Non-financial assets</b>				
Investment properties	-	-	731,051	731,051
<b>Financial liabilities</b>				
Derivative financial liabilities	-	610,040	-	610,040
Total financial liabilities measured at fair value	-	610,040	-	610,040

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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):

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
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
<b>Non-financial assets</b>				
Investment properties	-	-	753,095	753,095
<b>Financial liabilities</b>				
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):

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30 September 2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	1,205,217	-	1,205,217
- Non-money market instruments	-	-	451,376	451,376
	-	1,205,217	451,376	1,656,593
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	28,998,979	-	28,998,979
- Money market instruments	-	1,401,386	-	1,401,386
- Non-money market instruments	-	1,767,906	352,701	2,120,607
	-	32,168,271	352,701	32,520,972
Derivative financial assets	-	296,755	-	296,755
Total financial assets measured at fair value	-	33,670,243	804,077	34,474,320
<b>Financial liabilities</b>				
Derivative financial liabilities	-	554,838	-	554,838
Total financial liabilities measured at fair value	-	554,838	-	554,838



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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):

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
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
<b>Financial liabilities</b>				
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 period (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	-	(6,382)	26,962
Recognised in other comprehensive income				
- unrealised revaluation gain	-	7,171	-	7,171
Addition	-	-	62	62
Transfer to owner occupied property	-	-	(20,000)	(20,000)
Exchange differences	-	554	4,276	4,830
At 30 September 2020	<u>478,772</u>	<u>359,263</u>	<u>731,051</u>	<u>1,569,086</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):

<b>Bank</b>	<b>&lt;- Unquoted Equity Securities -&gt;</b>		
	<b>Financial Assets at Fair Value Through Profit or Loss RM'000</b>	<b>Financial Investments at Fair Value Through Other Comprehensive Income RM'000</b>	<b>Total RM'000</b>
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	-	7,108	7,108
Exchange differences	-	480	480
At 30 September 2020	<u>451,376</u>	<u>352,701</u>	<u>804,077</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	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
<u>Before deducting interim dividends *</u>				
Common Equity Tier I ("CET I") capital ratio	13.598%	14.019%	12.416%	12.808%
Tier I capital ratio	13.652%	14.076%	12.459%	12.853%
Total capital ratio	<u>16.811%</u>	<u>17.317%</u>	<u>15.766%</u>	<u>16.243%</u>
<u>After deducting interim dividends *</u>				
CET I capital ratio	13.598%	13.460%	12.416%	12.108%
Tier I capital ratio	13.652%	13.517%	12.459%	12.153%
Total capital ratio	<u>16.811%</u>	<u>16.758%</u>	<u>15.766%</u>	<u>15.543%</u>

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

	Group		Bank	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 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	1,507,963	1,273,513	677,509	671,090
Retained profits	30,686,095	30,245,351	25,536,084	25,267,007
Qualifying non-controlling interests	705,634	696,901	-	-
Less: Goodwill and other intangible assets	(2,469,256)	(2,443,039)	(695,393)	(695,393)
Less: Deferred tax assets, net	(113,023)	(83,484)	(36,545)	(11,307)
Less: Defined benefit pension fund assets	-	(48,430)	-	(47,736)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	<u>(108,356)</u>	<u>(99,419)</u>	<u>(6,183,241)</u>	<u>(6,183,241)</u>
Total CET I capital	39,626,710	38,959,046	28,716,067	28,418,073
Additional Tier I capital securities	99,672	99,582	99,672	99,582
Qualifying CET I and additional Tier I capital instruments held by third parties	<u>59,004</u>	<u>58,619</u>	<u>-</u>	<u>-</u>
Total Tier I capital	<u>39,785,386</u>	<u>39,117,247</u>	<u>28,815,739</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	
	30 September 2020 RM'000	31 December 2019 RM'000	30 September 2020 RM'000	31 December 2019 RM'000
<u>Tier II capital</u>				
Stage 1 and Stage 2 expected credit loss allowances	2,165,859	1,685,918	1,593,269	1,256,999
Qualifying regulatory reserves	1,156,786	1,465,493	1,055,970	1,265,234
Subordinated notes	4,999,991	4,999,986	4,999,991	4,999,986
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	743,833	716,141	-	-
Others	139,117	139,117	-	-
Total Tier II capital	<u>9,205,586</u>	<u>9,006,655</u>	<u>7,649,230</u>	<u>7,522,219</u>
Total capital	<u>48,990,972</u>	<u>48,123,902</u>	<u>36,464,969</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 outbreak. However, BNM expects the Group and the Bank to rebuild this buffer after 31 December 2020 and to meet the minimum regulatory requirements by 30 September 2021. As at the reporting date, the Group and the Bank continued to maintain a CCB of 2.5%.

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
Credit risk	265,811,560	252,112,870	211,939,111	201,778,618
Market risk	4,918,540	5,040,545	5,062,510	5,473,692
Operational risk	20,044,425	20,139,900	13,664,352	14,036,638
Large exposure risk	648,031	612,893	620,635	587,405
	<b><u>291,422,556</u></b>	<b><u>277,906,208</u></b>	<b><u>231,286,608</u></b>	<b><u>221,876,353</u></b>

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**A30. Capital Adequacy (continued)**

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

	<b>Public Islamic Bank Berhad<sup>1</sup></b>	<b>Public Investment Bank Berhad<sup>2</sup></b>	<b>Public Bank (L) Ltd.<sup>3</sup></b>	<b>Public Bank (Hong Kong) Limited<sup>4</sup></b>	<b>Public Finance Limited<sup>4</sup></b>	<b>Cambodian Public Bank Plc<sup>5</sup></b>	<b>Public Bank Vietnam Limited<sup>6</sup></b>
<b>30 September 2020</b>							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	11.927%	40.166%	29.825%	19.507%	24.176%	N/A	N/A
Tier I capital ratio	11.927%	40.166%	29.825%	19.507%	24.176%	N/A	N/A
Total capital ratio	15.549%	40.508%	29.836%	20.302%	25.216%	21.885%	36.307%
<u>After deducting interim dividends: *</u>							
CET I capital ratio	11.927%	40.166%	29.825%	19.507%	24.176%	N/A	N/A
Tier I capital ratio	11.927%	40.166%	29.825%	19.507%	24.176%	N/A	N/A
Total capital ratio	15.549%	40.508%	29.836%	20.302%	25.216%	21.885%	36.307%
<b>31 December 2019</b>							
<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%	19.122%	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%	19.122%	43.588%

\* Refer to interim dividends declared subsequent to the financial period/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):

- <sup>1</sup> The risk-weighted assets of Public Islamic Bank Berhad ("PIBB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Frameworks for Islamic Banks on Capital Components and Risk-Weighted Assets. The minimum regulatory capital adequacy requirements before including CCB and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIBB is required to maintain a CCB of 2.5% and a CCyB if this buffer is applied by regulators in countries which PIBB has exposures to.
- <sup>2</sup> The risk-weighted assets of Public Investment Bank Berhad ("PIVB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Frameworks on Capital Components and Basel II - Risk-Weighted Assets. The minimum regulatory capital adequacy requirements before including CCB and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIVB is required to maintain a CCB of 2.5% and a CCyB if this buffer is applied by regulators in countries which PIVB has exposures to.
- <sup>3</sup> The risk-weighted assets of Public Bank (L) Ltd are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with the Banking Capital Adequacy Framework - Guidelines on Capital Components and Risk Weighted Assets issued by the Labuan Financial Services Authority. The minimum regulatory capital adequacy requirements for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.
- <sup>4</sup> These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The capital adequacy ratios of these two subsidiary companies are computed in accordance with the provisions of the Banking Ordinance relating to Basel III capital standards and the Banking (Capital) Rules. These two subsidiaries are required to maintain a CCB of 2.5% and a CCyB of 1.0% (2019: 2.0%) as imposed by Hong Kong Monetary Authority to their private sector exposures in Hong Kong.

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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):

- <sup>5</sup> The amount presented here is the solvency ratio of Cambodian Public Bank Plc ("Campu Bank"), which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with National Bank of Cambodia Prakas B7-010-182 and B7-00-46 (amended by Prakas No. B7-04-206 and Prakas No. B7-07-135). This ratio is derived as Campu Bank's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.
- <sup>6</sup> The amount presented here is the capital adequacy ratio of Public Bank Vietnam Limited ("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%.

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**A31. Operations of Islamic Banking**

**a) Statement of Financial Position As At 30 September 2020**

	Note	Group	
		30 September 2020 RM'000	31 December 2019 RM'000
<b>ASSETS</b>			
Cash and balances with banks		637,316	3,139,455
Financial assets at fair value through profit or loss		-	249,541
Derivative financial assets		489	-
Financial investments at fair value through other comprehensive income		10,266,823	9,528,034
Financial investments at amortised cost		4,588,296	3,743,715
Financing and advances	A31(d)	53,079,432	49,728,576
Other assets		183,259	71,437
Statutory deposits with Bank Negara Malaysia		235,900	1,800,450
Deferred tax assets		989	-
Collective investment		561,791	549,042
Investment in an associated company		45,000	45,000
Right-of-use assets		17,740	18,707
Property and equipment		3,615	4,005
<b>Total Assets</b>		<b>69,620,650</b>	<b>68,877,962</b>
<b>LIABILITIES AND ISLAMIC</b>			
<b>BANKING FUNDS</b>			
Deposits from customers	A31(e)	60,481,383	59,374,011
Deposits from banks		1,539,390	2,453,316
Bills and acceptances payable		345	377
Derivative financial liabilities		209,143	90,130
Senior Sukuk Murabahah		519,928	519,862
Subordinated Sukuk Murabahah		1,000,000	1,000,000
Lease liabilities		18,829	19,385
Other liabilities		394,817	396,753
Provision for zakat and taxation		86,292	19,888
Deferred tax liabilities		-	264
<b>Total Liabilities</b>		<b>64,250,127</b>	<b>63,873,986</b>
Islamic Banking Funds		5,370,523	5,003,976
<b>Total Liabilities and Islamic Banking Funds</b>		<b>69,620,650</b>	<b>68,877,962</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>11,869,591</b>	<b>10,168,972</b>

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**A31. Operations of Islamic Banking (continued)**

**b) Statement of Profit or Loss for the 3rd Quarter and Nine Months Ended 30 September 2020**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2020</b>	<b>30 September 2019</b>	<b>30 September 2020</b>	<b>30 September 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Income derived from investment of depositors' funds and others *	<b>631,669</b>	694,766	<b>1,816,901</b>	2,030,143
Income derived from investment of Islamic Banking Funds *	<b>55,562</b>	57,810	<b>157,620</b>	167,813
Allowance for impairment on financing and advances	<b>(31,622)</b>	(11,757)	<b>(68,920)</b>	(35,472)
Allowance for impairment on other assets	<b>(128)</b>	(69)	<b>(277)</b>	(153)
<b>Total distributable income</b>	<b>655,481</b>	740,750	<b>1,905,324</b>	2,162,331
Income attributable to depositors and others	<b>(320,703)</b>	(448,420)	<b>(1,130,261)</b>	(1,341,268)
<b>Total net income</b>	<b>334,778</b>	292,330	<b>775,063</b>	821,063
Other operating expenses	<b>(114,965)</b>	(115,015)	<b>(353,600)</b>	(342,553)
<b>Profit before zakat and taxation</b>	<b>219,813</b>	177,315	<b>421,463</b>	478,510
Zakat	<b>(81)</b>	(75)	<b>(243)</b>	(225)
Taxation	<b>(51,879)</b>	(40,277)	<b>(98,309)</b>	(110,726)
<b>Profit for the period</b>	<b>167,853</b>	136,963	<b>322,911</b>	367,559

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

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2020</b>	<b>30 September 2019</b>	<b>30 September 2020</b>	<b>30 September 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others *	<b>631,669</b>	694,766	<b>1,816,901</b>	2,030,143
Income derived from investment of Islamic Banking Funds *	<b>55,562</b>	57,810	<b>157,620</b>	167,813
Income attributable to depositors and others	<b>(320,703)</b>	(448,420)	<b>(1,130,261)</b>	(1,341,268)
	<b>366,528</b>	304,156	<b>844,260</b>	856,688
Elimination of inter-company income and expenses	<b>31,972</b>	30,699	<b>95,705</b>	87,889
<b>Net income from Islamic banking business</b>	<b>398,500</b>	334,855	<b>939,965</b>	944,577

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

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**A31. Operations of Islamic Banking (continued)**

**c) Statement of Comprehensive Income for the 3rd Quarter and Nine Months Ended 30 September 2020**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
<b><u>Group</u></b>				
Profit for the period	<u>167,853</u>	<u>136,963</u>	<u>322,911</u>	<u>367,559</u>
Other comprehensive (loss) / income:				
<u>Items that will not be reclassified to profit or loss:</u>				
Loss on remeasurements of defined benefit plan	<u>(139)</u>	<u>-</u>	<u>(1,554)</u>	<u>-</u>
<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	<u>33,879</u>	<u>26,822</u>	<u>177,746</u>	<u>88,547</u>
Net change in cash flow hedges	<u>(8,870)</u>	<u>(22,634)</u>	<u>(118,777)</u>	<u>(77,625)</u>
	<u>25,009</u>	<u>4,188</u>	<u>58,969</u>	<u>10,922</u>
Income tax effect	<u>(5,968)</u>	<u>(1,005)</u>	<u>(13,779)</u>	<u>(2,621)</u>
Other comprehensive income for the period, net of tax	<u>18,902</u>	<u>3,183</u>	<u>43,636</u>	<u>8,301</u>
Total comprehensive income for the period	<u><u>186,755</u></u>	<u><u>140,146</u></u>	<u><u>366,547</u></u>	<u><u>375,860</u></u>

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**A31. 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
<b>30 September 2020</b>							
<b>At amortised cost</b>							
Cash line	1,489,229	-	-	-	-	-	1,489,229
Term financing							
- House financing	5,436,110	-	-	17,189,202	-	-	22,625,312
- Syndicated financing	1,341,251	-	-	-	-	-	1,341,251
- Hire purchase receivables	-	8,515,875	-	-	-	-	8,515,875
- Other term financing	5,127,172	-	1,646,228	11,947,851	-	207,081	18,928,332
Credit card receivables	-	-	-	-	-	30,833	30,833
Bills receivables	-	-	-	-	760	-	760
Trust receipts	-	-	-	-	3,799	-	3,799
Claims on customers under acceptance credits	-	-	-	-	139,913	-	139,913
Revolving credits	247,273	-	-	-	-	-	247,273
Staff financing	-	10,066	-	92,089	-	-	102,155
Gross financing and advances	<b>13,641,035</b>	<b>8,525,941</b>	<b>1,646,228</b>	<b>29,229,142</b>	<b>144,472</b>	<b>237,914</b>	<b>53,424,732</b>
Allowance for impairment on financing and advances:							
- Expected credit losses							(345,300)
- Stage 1: 12-Month ECL							(171,431)
- Stage 2: Lifetime ECL not credit-impaired							(124,184)
- Stage 3: Lifetime ECL credit-impaired							(49,685)
Net financing and advances							<b>53,079,432</b>

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**A31. 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
<b>31 December 2019</b>							
<b>At amortised cost</b>							
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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**A31. Operations of Islamic Banking (continued)**

**d) Financing and Advances (continued)**

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

	<b>Group</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
At 1 January	275,050	277,731
Impaired during the period / year	134,458	673,499
Reclassified as non-impaired	(169,471)	(533,038)
Recoveries	(29,673)	(56,730)
Amount written off	(46,056)	(76,223)
Financing converted to foreclosed properties	(4,056)	(10,189)
Closing balance	<u>160,252</u>	<u>275,050</u>
Gross impaired financing and advances as a percentage of gross financing and advances	<u>0.30%</u>	<u>0.55%</u>

**e) Deposits from Customers**

	<b>Group</b>	
	<b>30 September 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>By type of deposit and contract</b>		
<b>At amortised cost</b>		
Savings deposit		
- Qard	8,305,596	6,716,978
Demand deposit		
- Qard	5,586,392	4,816,878
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Bithaman Ajil	-	22,959
- Commodity Murabahah	39,368,741	41,363,757
- Special term deposit account		
- Qard	4,352,270	6,453,439
- Commodity Murabahah	2,868,384	-
	<u>7,220,654</u>	<u>6,453,439</u>
	<u>60,481,383</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	
	Nine Months Ended			
	30 September 2020	30 September 2019	RM'000	%
Profit before tax expense and zakat	4,810,343	5,311,651	(501,308)	(9.4)
Net profit attributable to equity holders of the Bank	3,723,743	4,105,691	(381,948)	(9.3)
Other comprehensive income (net)	342,205	291,252	50,953	17.5

Key Balance Sheet Items:	Group		Variance	
	As At			
	30 September 2020	30 September 2019	RM'000	%
Gross loans, advances and financing	342,342,054	327,237,700	15,104,354	4.6
Gross impaired loan and financing (%)	0.33%	0.52%	n/a	(0.19)
Deposits from customers	363,803,043	347,208,799	16,594,244	4.8

The Group's pre-tax profit for the nine months ended 30 September 2020 decreased by RM501.3 million or 9.4% to RM4,810.3 million as compared to the pre-tax profit in the previous year corresponding period of RM5,311.7 million. Net profit attributable to equity holders decreased by RM381.9 million or 9.3% to RM3,723.7 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 period. As a result, overall net interest income of the Group declined by RM281.1 million (-5.1%) despite a positive loans growth achieved. Loan impairment allowance increased by RM438.5 million in anticipation of the effect of Covid-19 pandemic. In addition, other operating expenses increased by RM83.8 million (-3.0%) and other operating income decreased by RM29.1 million (-9.0%). These were partially offset by higher investment income of RM278.5 million (+208.1%) and higher net fee and commission income of RM67.3 million (+5.1%) on higher income from fund management and stock-broking businesses.

Other comprehensive income (net) of the Group for the current period increased by RM51.0 million or 17.5%, mainly due to higher gain on revaluation of financial investments and higher gain on foreign currency translation in respect of foreign operations, partially offset by loss on remeasurements of defined benefit plans and higher loss on cash flow hedges.

The Group's profit continued to be supported by loans and customer deposits growth. Gross loans grew by RM15.1 billion or 4.6% to RM342.3 billion as at 30 September 2020 as compared to RM327.2 billion as at 30 September 2019, mainly driven by growth in mortgage financing, hire purchase financing and lending to SMEs. Total deposits from customers increased by 4.8% or RM16.6 billion to RM363.8 billion as at 30 September 2020. The Group's gross impaired loan ratio continued to remain low and stable at 0.3% as at 30 September 2020.

The Group's Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio stood at a healthy level of 13.6%, 13.7% and 16.8% respectively. The Group's liquidity position also remained stable and healthy with liquidity coverage ratio maintained at 159.0% as at 30 September 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 nine months ended 30 September 2020 as compared to the previous year corresponding period is analysed as follows:-

Profit Before Tax by Segments:	Group		Variance	
	Nine Months Ended			
	30 September 2020 RM'000	30 September 2019 RM'000	RM'000	%
Retail operations	2,861,327	2,734,213	127,114	4.6
Hire purchase	188,185	249,997	(61,812)	(24.7)
Corporate lending	348,480	453,766	(105,286)	(23.2)
Treasury and capital market operations	405,606	242,616	162,990	67.2
Investment banking	80,273	25,162	55,111	219.0
Fund management	512,712	483,992	28,720	5.9
Head office, funding center and others	(42,225)	546,428	(588,653)	(107.7)
Total domestic operations	<u>4,354,358</u>	<u>4,736,174</u>	<u>(381,816)</u>	(8.1)
Overseas operations	455,985	575,477	(119,492)	(20.8)
	<u>4,810,343</u>	<u>5,311,651</u>	<u>(501,308)</u>	(9.4)

- 1) Retail operations – Pre-tax profit increased by RM127.1 million (+4.6%) to RM2,861.3 million mainly due to higher net interest income on higher average loan and deposit balances, partially offset by higher loan impairment allowance made in anticipation of the potential effect of Covid-19 pandemic and higher other operating expenses.
- 2) Hire purchase – Pre-tax profit decreased by RM61.8 million (-24.7%) to RM188.2 million mainly due to higher loan impairment allowance made in anticipation of the potential effect of Covid-19 pandemic, lower net interest income and higher other operating expenses.
- 3) Corporate lending – Pre-tax profit decreased by RM105.3 million (-23.2%) to RM348.5 million mainly due to higher loan impairment allowance made in anticipation of the potential effect of Covid-19 pandemic and lower fee income. These were partially offset by higher net interest income on higher average loan balances.
- 4) Treasury and capital market operations – Pre-tax profit increased by RM163.0 million (+67.2%) to RM405.6 million mainly due to higher net interest income and higher investment income.
- 5) Investment banking – The increase in pre-tax profit of RM55.1 million (+219.0%) to RM80.3 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 RM28.7 million (+5.9%) to RM512.7 million mainly due to higher management fee from higher average net asset value of funds under management and higher fee 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 loss of RM42.2 million in the current period as compared pre-tax profit of RM546.4 million in the previous year corresponding period, a decrease of RM588.7 million (-107.7%), which were mainly due to the one-off day 1 net modification loss related to Covid-19 relief measures and the negative effect of OPR reduction of 125 basis points ("bps") during the period. These were partially offset by higher investment income.
- 8) Overseas operations – Pre-tax profit decreased by RM119.5 million (-20.8%) to RM456.0 million mainly due to lower net interest income, higher loan impairment allowance, higher other operating expenses and lower 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			
	3rd Quarter Ended			
	30 September 2020 RM'000	30 September 2019 RM'000	Variance RM'000	%
Profit before tax expense and zakat	1,802,825	1,761,817	41,008	2.3
Net profit attributable to equity holders of the Bank	1,392,832	1,362,652	30,180	2.2
Other comprehensive (loss) / income (net)	(39,728)	119,680	(159,408)	(133.2)

For the 3rd quarter ended 30 September 2020, the Group registered a pre-tax profit of RM1,802.8 million, an increase of RM41.0 million or 2.3% as compared to the pre-tax profit of RM1,761.8 million in the previous year corresponding quarter. Net profit attributable to equity holders increased by RM30.2 million or 2.2% to RM1,392.8 million over the same period. The increase was mainly due to higher investment income of RM102.9 million, higher net fee and commission income of RM89.1 million on higher income from stock-broking and fund management, higher Islamic banking income of RM63.6 million, higher net interest income of RM48.0 million and higher other operating income of RM25.2 million. These were partially offset by higher loan impairment allowance of RM285.4 million in anticipation of the potential effect of Covid-19 pandemic.

Other comprehensive loss (net) of the Group for the current quarter was RM39.7 million as compared to other comprehensive income (net) of RM119.7 million recorded in the previous year corresponding quarter, mainly due to the loss on foreign currency translation in respect of foreign operations in the current quarter as compared to a gain recorded in the previous year corresponding quarter, lower gain on revaluation of financial investments and loss on remeasurements of defined benefit plans. These were partially offset by gain on cash flow hedges in the current quarter.

Performance of the respective operating segments for the 3rd quarter ended 30 September 2020 as compared to the previous year corresponding quarter is analysed as follows:-

Profit Before Tax by Segments:	3rd Quarter Ended			
	30 September			
	2020 RM'000	2019 RM'000	Variance RM'000	%
Retail operations	1,011,635	929,598	82,037	8.8
Hire purchase	83,886	82,701	1,185	1.4
Corporate lending	35,482	149,500	(114,018)	(76.3)
Treasury and capital market operations	146,454	77,743	68,711	88.4
Investment banking	38,429	9,181	29,248	318.6
Fund management	191,173	165,127	26,046	15.8
Head office, funding center and others	149,279	144,609	4,670	3.2
Total domestic operations	1,656,338	1,558,459	97,879	6.3
Overseas operations	146,487	203,358	(56,871)	(28.0)
	<u>1,802,825</u>	<u>1,761,817</u>	<u>41,008</u>	<u>2.3</u>

- 1) Retail operations – The increase in pre-tax profit of RM82.0 million (+8.8%) to RM1,011.6 million was mainly due to higher net interest income, higher fee and other income, partially offset by higher loan impairment allowance in anticipation of the potential effect of Covid-19 pandemic.
- 2) Hire purchase – Pre-tax profit increased by RM1.2 million (+1.4%) to RM83.9 million mainly due to lower loan impairment allowance and lower other operating expenses, partially offset by 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 decreased by RM114.0 million (-76.3%) to RM35.5 million mainly due to higher loan impairment allowance in anticipation of the potential effect of Covid-19 pandemic, partially offset by higher net interest income.
- 4) Treasury and capital market operations – Pre-tax profit increased by RM68.7 million (+88.4%) to RM146.5 million mainly due to higher net interest income and higher investment income.
- 5) Investment banking – Pre-tax profit increased by RM29.2 million (+318.6%) to RM38.4 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 RM26.0 million (+15.8%) to RM191.2 million mainly due to higher management fee from higher average net asset value of funds under management and higher fee on sale of trust units arising from higher equity sales achieved.
- 7) Head office, funding center and others – Pre-tax profit increased by RM4.7 million (+3.2%) to RM149.3 million mainly due to higher investment income and lower other operating expenses, partially offset by lower net interest income.
- 8) Overseas Operations – Pre-tax profit decreased by RM56.9 million (-28.0%) to RM146.5 million, mainly due to higher loan impairment allowance and lower net interest income due to lower net interest margin, partially offset by higher other income.

**B2. Variation of Results Against Preceding Quarter**

	Group		Quarter Ended	
	30 September	30 June	Variance	
	2020	2020	RM'000	%
Key Profit or Loss Items:	RM'000	RM'000	RM'000	%
Profit before tax expense and zakat	1,802,825	1,280,371	522,454	40.8
Net profit attributable to equity holders of the Bank	1,392,832	1,001,835	390,997	39.0
Other comprehensive (loss) / income (net)	(39,728)	423,168	(462,896)	(109.4)

For the 3rd quarter ended 30 September 2020, the Group registered a pre-tax profit of RM1,802.8 million, an increase of RM522.5 million or 40.8% as compared to the pre-tax profit of RM1,280.4 million for the preceding quarter ended 30 June 2020. Net profit attributable to equity holders increased by RM391.0 million or 39.0% to RM1,392.8 million over the same period. The increase was mainly due to the one-off day 1 net modification loss related to Covid-19 relief measures amounting to RM498.4 million recognised in the immediate preceding quarter, and lower negative effect of OPR reductions in the current quarter. These had resulted in higher overall net interest income and net income from Islamic banking business of RM410.4 million and RM198.4 million respectively. In addition, net fee and commission income was higher by RM111.4 million (+26.4%) on higher income from stock-broking and fund management activities, other operating income increased by RM29.2 million and other operating expenses decreased by RM21.8 million. These were partially offset by higher loan impairment allowance of RM180.9 million in anticipation of the potential effect of Covid-19 pandemic and lower investment income of RM61.3 million.

Other comprehensive loss (net) of the Group for the current quarter was RM39.7 million as compared to other comprehensive income (net) of RM423.2 million in the immediate preceding quarter, mainly due to lower gain on revaluation of financial investments, higher loss on foreign currency translation in respect of foreign operations and loss on remeasurements of defined benefit plans in the current quarter as compared to a gain recorded in the preceding quarter. These were partially offset by gain on cash flow hedges in the current quarter.

**B3. Prospects for 2020**

Global economic activities are expected to record unprecedented decline in 2020, as the severe economic fallout is markedly impacted by global efforts to contain the spread of the COVID-19 outbreak. The advanced economies including the US, Europe and Japan are expected to contract owing to lacklustre economic activities, particularly due to the containment measures in the first half of 2020. With the exception of China, the rest of Asia would experience a downturn as the health crisis affects various sectors regionally, owing to acute shocks and extensive disruption in global supply chains.

With the easing of containment measures across economies, the global economy is expected to improve in the second half of 2020 driven by the gradual resumption of manufacturing and trade activities as well as strong policy support globally. Central banks continue to maintain accommodative policies while Governments' responses through fiscal measures will provide some support to economic activities.

The Malaysian economy is expected to recover gradually in the second half of 2020 as the economy reopens progressively and external demand improves. The improvement in growth will also be supported by the recovery in global growth and continued policy support domestically. The outlook remains subjected to downside risks, particularly due to the ongoing concerns of the pandemic, production constraints across key economic sectors as well as uncertainties in global economic and financial conditions.

The Overnight Policy Rate stood at 1.75% as at September 2020 after a cumulative year-to-date rate reduction of 125 basis points ("bps") as of year to date 2020, owing to rate cuts of 25 bps in January, March and July 2020, respectively as well as 50 bps cut in May 2020. Meanwhile, Malaysia's inflation is expected to be subdued in 2020, in the absence of both cost and demand pressures.

Notwithstanding the challenging macro environment, Malaysia's banking system remains resilient, underpinned by ample liquidity and strong capital buffers. Monetary and financial conditions continue to be accommodative and supportive of economic activities.

Many businesses and individuals had been significantly impacted as the economy was almost at a standstill during the second quarter of 2020, due to the containment efforts to prevent the spread of the COVID-19 pandemic. The Government announced several economic stimulus packages worth RM305 billion as of September 2020, with focus on economic recovery efforts and growth plans ahead. Also, BNM's financial relief measures provided assistance to customers with financial difficulties, which include the loan moratorium and financing to small and medium enterprises ("SME") through the Special Relief Facility.

Amid uncertainties and challenges, the Public Bank Group will continue to operate efficiently, maintain prudence in its management of credit risk and asset quality, manage liquidity and capital proactively to ensure that liquidity and capital positions are maintained at healthy levels at all times, while preserving strong corporate governance and sound risk management practices.

Loans growth is expected to remain modest in 2020, mainly due to the macro challenges. However, the Public Bank Group is expected to sustain its market position in the domestic residential and commercial property financing by leveraging on its established market presence. In tandem with the Government's initiative on home ownership, the Group will continue to provide competitive pricing and flexible loan product packages. The Group will also leverage on its strong franchise in the SME segment through a broad range of innovative products and services, while it actively participates in the financial relief schemes by the Government which provide funding to SMEs. The Group will continue to expand its corporate lending business and strengthen further its relationship with customers.

The Public Bank Group will proactively manage potential stress in asset quality. The Group will also continue to actively engage and assist customers by providing further assistance required through various repayment assistance programmes.

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 market stress.

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**B3. Prospects for 2020 (continued)**

The private retail unit trust industry is expected to grow in tandem with market conditions. The Public Bank Group will continue to offer a comprehensive range of unit trust funds, embrace new technology and further enhance its service delivery standards to cater to the needs of investors.

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

For long-term sustainability, the Public Bank Group will continue to enhance its service delivery standards and infrastructure with the advancement of technology to provide seamless banking experiences across multi-delivery channels and customers' touch points.

**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 3rd quarter and nine months ended 30 September 2020 are as follows:

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
Malaysian income tax	438,566	353,886	1,035,888	1,052,054
Overseas income tax	25,644	40,451	91,599	114,655
	<b>464,210</b>	<b>394,337</b>	<b>1,127,487</b>	<b>1,166,709</b>
Under / (Over) provision in prior years				
- Malaysian income tax	2	(15,227)	-	(15,227)
- Overseas income tax	(8)	1	1,491	(3,492)
	<b>464,204</b>	<b>379,111</b>	<b>1,128,978</b>	<b>1,147,990</b>
Deferred tax (income) / expense				
- Relating to origination and reversal of temporary differences	(74,803)	(9,550)	(85,763)	(9,150)
- Under provision	-	13,367	-	13,367
Tax expense	<b>389,401</b>	<b>382,928</b>	<b>1,043,215</b>	<b>1,152,207</b>
Zakat	81	75	243	225
	<b>389,482</b>	<b>383,003</b>	<b>1,043,458</b>	<b>1,152,432</b>

The Group's effective tax rate for the 3rd quarter and nine months ended 30 September 2020 and 30 September 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)**

<b><u>Bank</u></b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
Malaysian income tax	378,588	275,231	824,526	853,699
Overseas income tax	1,369	2,341	8,904	10,356
	<b>379,957</b>	<b>277,572</b>	<b>833,430</b>	<b>864,055</b>
Over provision in prior years				
- Malaysian income tax	-	(13,876)	-	(13,876)
- Overseas income tax	-	-	(1,140)	(3,509)
	<b>379,957</b>	<b>263,696</b>	<b>832,290</b>	<b>846,670</b>
Deferred tax (income) / expense				
- Relating to origination and reversal of temporary differences	(63,359)	(9,793)	(68,116)	(15,168)
- Under provision	-	13,367	-	13,367
	<b>316,598</b>	<b>267,270</b>	<b>764,174</b>	<b>844,869</b>

The Bank's effective tax rate for the 3rd quarter and nine months ended 30 September 2020 and 30 September 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 30 September 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	
<b>Unsecured</b>							
<b>As At 30 September 2020</b>							
Hong Kong Dollar ("HKD") term loan	587,364	-	-	-	587,364	-	587,364
United States Dollar ("USD") term loan	830,176	-	-	-	830,176	-	830,176
USD syndicated term loan	1,532,184	-	-	-	1,532,184	-	1,532,184
RM Senior Medium Term notes / sukuk murabahah	-	1,799,484	-	1,519,887	-	3,319,371	3,319,371
RM Subordinated notes / sukuk murabahah	-	5,999,991	-	-	-	5,999,991	5,999,991
RM Additional Tier I capital securities	-	99,672	-	-	-	99,672	99,672
	<u>2,949,724</u>	<u>7,899,147</u>	<u>-</u>	<u>1,519,887</u>	<u>2,949,724</u>	<u>9,419,034</u>	<u>12,368,758</u>
<b>As At 31 December 2019</b>							
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>
<b>As At 30 September 2019</b>							
HKD term loan	583,651	-	-	-	583,651	-	583,651
USD term loan	836,857	-	-	-	836,857	-	836,857
USD syndicated term loan	1,541,849	-	-	-	1,541,849	-	1,541,849
RM Senior Medium Term notes / sukuk murabahah	-	3,319,028	-	-	-	3,319,028	3,319,028
RM Subordinated notes / sukuk murabahah	-	4,999,984	-	-	-	4,999,984	4,999,984
RM Additional Tier I capital securities	-	99,552	-	-	-	99,552	99,552
RM Non-innovative Tier I stapled securities	-	-	-	888,973	-	888,973	888,973
	<u>2,962,357</u>	<u>8,418,564</u>	<u>-</u>	<u>888,973</u>	<u>2,962,357</u>	<u>9,307,537</u>	<u>12,269,894</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	
<b>Unsecured</b>							
<b>As At 30 September 2020</b>							
USD term loan	830,176	-	-	-	830,176	-	830,176
USD syndicated term loan	1,532,184	-	-	-	1,532,184	-	1,532,184
RM Senior Medium Term notes	-	1,799,484	-	999,959	-	2,799,443	2,799,443
RM Subordinated notes	-	4,999,991	-	-	-	4,999,991	4,999,991
RM Additional Tier I capital securities	-	99,672	-	-	-	99,672	99,672
	<u>2,362,360</u>	<u>6,899,147</u>	<u>-</u>	<u>999,959</u>	<u>2,362,360</u>	<u>7,899,106</u>	<u>10,261,466</u>
<b>As At 31 December 2019</b>							
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>
<b>As At 30 September 2019</b>							
USD term loan	836,857	-	-	-	836,857	-	836,857
USD syndicated term loan	1,541,849	-	-	-	1,541,849	-	1,541,849
RM Senior Medium Term notes	-	2,799,188	-	-	-	2,799,188	2,799,188
RM Subordinated notes	-	4,499,984	-	-	-	4,499,984	4,499,984
RM Additional Tier I capital securities	-	99,552	-	-	-	99,552	99,552
RM Non-innovative Tier I stapled securities	-	-	-	888,973	-	888,973	888,973
	<u>2,378,706</u>	<u>7,398,724</u>	<u>-</u>	<u>888,973</u>	<u>2,378,706</u>	<u>8,287,697</u>	<u>10,666,403</u>
Exchange rates used:	HKD	USD					
As at 30 September 2020	0.53635	4.15500					
As at 31 December 2019	0.52565	4.09350					
As at 30 September 2019	0.53455	4.19050					

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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**

No dividend has been proposed for the 3rd quarter ended 30 September 2020.

**B12. Earnings Per Share**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net profit attributable to equity holders (RM'000)	<u><b>1,392,832</b></u>	<u>1,362,652</u>	<u><b>3,723,743</b></u>	<u>4,105,691</u>
Weighted average number of Public Bank Berhad Shares ('000)	<u><b>3,882,138</b></u>	<u>3,882,138</u>	<u><b>3,882,138</b></u>	<u>3,882,138</u>
Basic earnings per share (sen)	<u><b>35.9</b></u>	<u>35.1</u>	<u><b>95.9</b></u>	<u>105.8</u>

**Diluted**

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