

PILLAR 3 DISCLOSURE**As at 30 June 2013****1. Overview**

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

Minimum Regulatory Capital Requirements

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

	30 June 2013		31 December 2012	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk-Weighted Assets RM'000 (Restated)	Minimum Capital Requirement at 8% RM'000 (Restated)
Group				
Credit Risk	173,815,823	13,905,266	164,279,544	13,142,363
Market Risk	1,755,151	140,412	1,713,076	137,047
Operational Risk	14,170,694	1,133,655	13,733,324	1,098,666
Total	189,741,668	15,179,333	179,725,944	14,378,076
Bank				
Credit Risk	146,245,376	11,699,630	137,471,265	10,997,701
Market Risk	2,555,091	204,407	2,579,721	206,378
Operational Risk	10,126,876	810,150	9,915,430	793,234
Total	158,927,343	12,714,187	149,966,416	11,997,313

The Group does not have any capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in the BNM's RWCAF.

2. Capital Management

Capital Adequacy Ratios and Capital Structure

(a) Capital Adequacy Ratios

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

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

(i) Capital Adequacy Ratios for the Group and the Bank

	Group		Bank	
	30 June 2013	31 December 2012 (Restated)	30 June 2013	31 December 2012 (Restated)
Before deducting interim dividends: *				
Common equity tier I ("CET I") capital ratio	8.952%	N/A	10.813%	N/A
Tier I capital ratio	10.823%	11.413%	12.919%	13.632%
Total capital ratio	13.196%	14.674%	12.919%	14.534%
After deducting interim dividends: *				
CET I capital ratio	8.546%	N/A	10.329%	N/A
Tier I capital ratio	10.417%	10.828%	12.435%	12.931%
Total capital ratio	12.790%	14.089%	12.435%	13.833%

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

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

The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013, the total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) dated 28 November 2012. In line with the transitional arrangements under BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for CET I capital ratio and Tier I capital ratio are 3.5% and 4.5% respectively for year 2013. The minimum regulatory capital adequacy requirement remains at 8.0% (2012: 8.0%) for total capital ratio.

The comparative capital adequacy ratios and total capital have been restated for effects of the adoption of MFRS 119 Employee Benefits and are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework (Basel II). Please refer to Note A31 Changes in Accounting Policies as disclosed in the unaudited interim financial statements for a summary of the changes.

2. Capital Management (Cont'd.)

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

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

(ii) Capital Adequacy Ratios for the Banking Subsidiary Companies of the Group

	Public Islamic Bank Berhad ¹	Public Investment Bank Berhad ²	Public Bank (L) Ltd. ³	Public Bank (Hong Kong) Limited ⁴	Public Finance Limited ⁴	Cambodian Public Bank Plc ⁵
30 June 2013						
Before deducting interim dividends: *						
CET I capital ratio	12.408%	21.271%	N/A	16.063%	28.703%	N/A
Tier I capital ratio	12.408%	21.271%	25.365%	16.063%	28.703%	N/A
Total capital ratio	13.027%	21.463%	25.416%	17.234%	29.649%	20.636%
After deducting interim dividends: *						
CET I capital ratio	11.698%	21.271%	N/A	16.063%	24.653%	N/A
Tier I capital ratio	11.698%	21.271%	25.365%	16.063%	24.653%	N/A
Total capital ratio	12.317%	21.463%	25.416%	17.234%	25.598%	20.636%
31 December 2012 (Restated)						
Before deducting interim dividends: *						
CET I capital ratio	N/A	N/A	N/A	N/A	N/A	N/A
Tier I capital ratio	12.296% [#]	27.454% [#]	21.791%	16.423%	28.962%	N/A
Total capital ratio	13.013% [#]	27.622% [#]	21.842%	16.423%	30.119%	21.566%
After deducting interim dividends: *						
CET I capital ratio	N/A	N/A	N/A	N/A	N/A	N/A
Tier I capital ratio	11.354% [#]	26.426% [#]	21.791%	16.423%	26.509%	N/A
Total capital ratio	12.071% [#]	26.595% [#]	21.842%	16.423%	27.666%	21.566%

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

[#] Restated for effects of the adoption of MFRS 119.

2. Capital Management (Cont'd.)

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

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

(ii) Capital Adequacy Ratios for the Banking Subsidiary Companies of the Group (Cont'd.)

- ¹ Public Islamic Bank Berhad has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013, the capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-weighted Assets) dated 28 November 2012. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 3.5%, 4.5% and 8.0% respectively for year 2013. The comparative capital adequacy ratios of Public Islamic Bank Berhad are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord.
- ² Public Investment Bank Berhad has adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. With effect from 1 January 2013, the capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) dated 28 November 2012. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 3.5%, 4.5% and 8.0% respectively for year 2013. The comparative capital adequacy ratios of Public Investment Bank Berhad are computed in accordance with BNM's revised Risk-weighted Capital Adequacy Framework, which are based on the Basel II capital accord.
- ³ The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and total capital ratio respectively.
- ⁴ These two subsidiary companies have adopted the Standardised Approach for Credit Risk 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. With effect from 1 January 2013, the capital adequacy ratios of these two subsidiaries are computed in accordance with the provisions of the Banking (Amendment) Ordinance 2012 relating to Basel III capital standards and the amended Banking Capital Rules. The comparative capital adequacy ratios of these two subsidiary companies are based on the Basel II capital accord.
- ⁵ The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-010-182, B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.

2. Capital Management (Cont'd.)

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

(b) Capital Structure

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

	Group		Bank	
	30 June 2013 RM'000	31 December 2012 RM'000 (Restated)	30 June 2013 RM'000	31 December 2012 RM'000 (Restated)
CET I capital/Tier I capital				
Paid-up share capital	3,531,926	3,531,926	3,531,926	3,531,926
Share premium	1,073,310	1,073,310	1,073,310	1,073,310
Other reserves	4,248,932	4,218,576	3,776,652	3,750,880
Retained profits	10,006,283	9,274,909	9,830,745	9,104,376
Treasury shares	(215,572)	(215,572)	(215,572)	(215,572)
Qualifying non-controlling interests	492,602	699,864	-	-
Less: Goodwill	(1,966,308)	(1,899,875)	(695,393)	(695,393)
Less: Deferred tax assets, net	(65,643)	(64,900)	-	-
Less: Defined benefit pension fund assets	(120,176)	-	(116,386)	-
Total CET I capital	16,985,354	16,618,238	17,185,282	16,549,527
Innovative Tier I capital securities	1,630,440	1,810,317	1,630,440	1,810,317
Non-innovative Tier I stapled securities	1,879,200	2,083,146	1,879,200	2,083,146
Qualifying CET I and additional Tier I capital instruments held by third parties	40,481	-	-	-
Regulatory adjustments on additional Tier I Capital	-	-	(162,382)	-
Total Tier I capital	20,535,475	20,511,701	20,532,540	20,442,990
Tier II capital				
Collective assessment allowance and regulatory reserves #	1,120,740	1,038,369	631,583	691,258
Subordinated notes	3,470,822	4,870,351	3,470,822	4,870,351
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	53,974	-	-	-
Less: Investment in banking/insurance subsidiary companies and associated companies	(142,255)	(960)	(4,102,405)	(4,162,284)
Less: Holdings of other financial institutions' capital instruments	-	(46,834)	-	(46,834)
Total Tier II capital	4,503,281	5,860,926	-	1,352,491
Total capital	25,038,756	26,372,627	20,532,540	21,795,481

Excludes collective assessment allowance on impaired loans restricted from Tier II capital of the Group and the Bank of RM562.5 million (31 December 2012: RM491.2 million) and RM423.9 million (31 December 2012: RM369.2 million) respectively.

Includes the Group's qualifying regulatory reserves for non-impaired loans which pertain to Public Bank (Hong Kong) Limited and Public Finance Limited amounting to RM125.7 million (31 December 2012: N/A).

3. Credit Risk

Minimum Regulatory Capital Requirements for Credit Risk

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

Group Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures after Credit Risk Mitigation RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
30 June 2013				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	47,601,985	38,990,412	122,830	9,826
Public Sector Entities	706,957	706,957	18,788	1,503
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	10,147,102	10,147,102	2,660,285	212,823
Insurance Companies, Securities Firms and Fund Managers	224,138	219,615	186,938	14,955
Corporates	50,712,323	47,489,014	42,769,185	3,421,535
Regulatory Retail	101,689,054	100,988,721	76,626,034	6,130,083
Residential Mortgages	55,933,557	55,873,106	24,483,461	1,958,677
Higher Risk Assets	108,712	108,637	162,955	13,036
Other Assets	4,547,027	4,547,027	2,579,075	206,326
Equity Exposures	5,143,736	5,143,736	5,143,736	411,499
Defaulted Exposures	1,579,491	1,566,728	2,248,503	179,880
	278,394,082	265,781,055	157,001,790	12,560,143
Off-Balance Sheet Exposures				
Credit-related Exposures	20,506,422	20,115,747	16,405,454	1,312,436
Derivative Financial Instruments	1,178,611	1,178,611	379,969	30,398
Other Treasury-related Exposures	704,731	704,731	10,419	834
Defaulted Exposures	12,169	12,169	18,191	1,455
	22,401,933	22,011,258	16,814,033	1,345,123
Total Credit Exposures	300,796,015	287,792,313	173,815,823	13,905,266

3. Credit Risk (Cont'd.)

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

Group Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures after Credit Risk Mitigation RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
31 December 2012 (Restated)				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	38,425,804	30,282,326	58,286	4,663
Public Sector Entities	740,737	740,737	25,525	2,042
Banks, DFIs and MDBs	9,781,795	9,781,795	2,325,113	186,009
Insurance Companies, Securities Firms and Fund Managers	134,790	130,117	120,287	9,623
Corporates	47,424,805	44,430,110	40,465,715	3,237,258
Regulatory Retail	97,047,517	96,313,977	73,069,073	5,845,526
Residential Mortgages	52,341,275	52,282,314	22,493,564	1,799,485
Higher Risk Assets	152,057	151,979	227,968	18,237
Other Assets	4,795,255	4,795,255	2,697,942	215,835
Equity Exposures	5,089,445	5,089,445	5,064,687	405,175
Defaulted Exposures	1,454,976	1,442,142	2,063,939	165,115
	<u>257,388,456</u>	<u>245,440,197</u>	<u>148,612,099</u>	<u>11,888,968</u>
Off-Balance Sheet Exposures				
Credit-related Exposures	19,166,094	18,720,701	15,291,364	1,223,309
Derivative Financial Instruments	1,140,543	1,140,543	350,402	28,032
Other Treasury-related Exposures	30,386	30,386	6,077	486
Defaulted Exposures	13,172	13,172	19,602	1,568
	<u>20,350,195</u>	<u>19,904,802</u>	<u>15,667,445</u>	<u>1,253,395</u>
Total Credit Exposures	<u>277,738,651</u>	<u>265,344,999</u>	<u>164,279,544</u>	<u>13,142,363</u>

3. Credit Risk (Cont'd.)

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

Bank Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures after Credit Risk Mitigation RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
30 June 2013				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	37,676,211	30,102,768	122,830	9,826
Public Sector Entities	312,669	312,669	43	3
Banks, DFIs and MDBs	7,126,127	7,126,127	1,843,414	147,473
Insurance Companies, Securities Firms and Fund Managers	11,608	11,608	11,608	929
Corporates	45,748,689	42,952,434	38,284,909	3,062,793
Regulatory Retail	80,177,649	79,515,171	60,111,507	4,808,921
Residential Mortgages	48,070,745	48,018,089	21,090,208	1,687,217
Higher Risk Assets	98,629	98,568	147,852	11,828
Other Assets	3,633,612	3,633,612	2,955,518	236,441
Equity Exposures	4,582,439	4,582,439	4,582,439	366,595
Defaulted Exposures	1,290,852	1,278,184	1,824,333	145,947
	228,729,230	217,631,669	130,974,661	10,477,973
Off-Balance Sheet Exposures				
Credit-related Exposures	18,614,865	18,249,565	14,841,873	1,187,350
Derivative Financial Instruments	1,319,778	1,319,778	408,203	32,656
Other Treasury-related Exposures	687,621	687,621	6,997	560
Defaulted Exposures	9,136	9,136	13,642	1,091
	20,631,400	20,266,100	15,270,715	1,221,657
Total Credit Exposures	249,360,630	237,897,769	146,245,376	11,699,630

3. Credit Risk (Cont'd.)

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

Bank Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures after Credit Risk Mitigation RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
31 December 2012 (Restated)				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	29,696,065	22,401,940	58,286	4,663
Public Sector Entities	331,806	331,806	3,860	309
Banks, DFIs and MDBs	7,063,482	7,063,482	1,798,361	143,869
Insurance Companies, Securities Firms and Fund Managers	12,565	12,565	12,565	1,005
Corporates	42,690,862	40,040,722	36,095,288	2,887,623
Regulatory Retail	76,788,135	76,102,231	57,479,225	4,598,338
Residential Mortgages	45,091,539	45,042,255	19,479,479	1,558,358
Higher Risk Assets	122,269	122,205	183,308	14,665
Other Assets	3,697,470	3,697,470	1,904,610	152,369
Equity Exposures	4,535,979	4,535,979	4,511,221	360,898
Defaulted Exposures	1,158,604	1,145,850	1,626,668	130,133
	211,188,776	200,496,505	123,152,871	9,852,230
Off-Balance Sheet Exposures				
Credit-related Exposures	17,419,326	17,066,825	13,925,105	1,114,008
Derivative Financial Instruments	1,288,145	1,288,145	379,925	30,394
Defaulted Exposures	9,013	9,013	13,364	1,069
	18,716,484	18,363,983	14,318,394	1,145,471
Total Credit Exposures	229,905,260	218,860,488	137,471,265	10,997,701

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.1 Distribution of Credit Exposures

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

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

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

(a) Industry Analysis

Group	Government and Central Banks RM'000	Financial Services RM'000	Transport & Business Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction & Real Estate RM'000	Residential Mortgages RM'000	Motor Vehicle Financing RM'000	Other Consumer Loans RM'000	Total RM'000
30 June 2013									
On-Balance Sheet Exposures									
Cash and balances with banks	20,719,796	7,439,586	-	-	-	-	-	-	28,159,382
Reverse repurchase agreements	8,602,827	-	-	-	-	-	-	-	8,602,827
Financial assets held-for-trading	1,969,563	10,937,874	228	-	314,792	-	-	-	13,222,457
Derivative financial assets	-	403,045	-	-	-	-	-	-	403,045
Financial investments available-for-sale	8,410,117	5,240,359	854,337	854,634	2,015	-	-	-	15,361,462
Financial investments held-to-maturity	3,873,676	2,767,829	120,785	-	15,000	-	-	-	6,777,290
Gross loans, advances and financing	20,428	6,622,012	13,165,423	30,818,258	25,430,180	67,287,155	35,284,455	30,812,298	209,440,209
Statutory deposits with Central Banks	6,425,836	-	-	-	-	-	-	-	6,425,836
	50,022,243	33,410,705	14,140,773	31,672,892	25,761,987	67,287,155	35,284,455	30,812,298	288,392,508
Commitments and Contingencies									
Contingent liabilities	1,260	73,187	792,181	1,222,437	934,364	-	-	3,841	3,027,270
Commitments	1,156,973	1,466,850	3,967,828	11,288,800	9,486,658	12,159,991	1,007	13,479,356	53,007,463
	1,158,233	1,540,037	4,760,009	12,511,237	10,421,022	12,159,991	1,007	13,483,197	56,034,733
Total Credit Exposures	51,180,476	34,950,742	18,900,782	44,184,129	36,183,009	79,447,146	35,285,462	44,295,495	344,427,241

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.1 Distribution of Credit Exposures (Cont'd.)

(a) Industry Analysis (Cont'd.)

Group	Government and Central Banks RM'000	Financial Services RM'000	Transport & Business Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction & Real Estate RM'000	Residential Mortgages RM'000	Motor Vehicle Financing RM'000	Other Consumer Loans RM'000	Total RM'000
31 December 2012									
On-Balance Sheet Exposures									
Cash and balances with banks	10,797,964	7,837,987	-	-	-	-	-	-	18,635,951
Reverse repurchase agreements	8,158,506	-	-	-	-	-	-	-	8,158,506
Financial assets held-for-trading	3,977,079	12,000,854	119,756	-	519,446	-	-	-	16,617,135
Derivative financial assets	-	370,465	-	-	-	-	-	-	370,465
Financial investments available-for-sale	10,378,382	5,122,182	849,264	850,015	1,277	-	-	-	17,201,120
Financial investments held-to-maturity	3,607,404	2,494,493	120,832	-	35,042	-	-	-	6,257,771
Gross loans, advances and financing	40,324	6,328,281	12,077,265	29,085,311	24,301,938	62,601,525	34,373,665	28,974,855	197,783,164
Statutory deposits with Central Banks	5,787,206	-	-	-	-	-	-	-	5,787,206
	<u>42,746,865</u>	<u>34,154,262</u>	<u>13,167,117</u>	<u>29,935,326</u>	<u>24,857,703</u>	<u>62,601,525</u>	<u>34,373,665</u>	<u>28,974,855</u>	<u>270,811,318</u>
Commitments and Contingencies									
Contingent liabilities	1,058	56,940	933,474	1,219,444	874,247	-	-	20,913	3,106,076
Commitments	507,277	1,658,776	3,403,666	10,603,259	8,669,993	11,328,311	27,826	12,639,110	48,838,218
	<u>508,335</u>	<u>1,715,716</u>	<u>4,337,140</u>	<u>11,822,703</u>	<u>9,544,240</u>	<u>11,328,311</u>	<u>27,826</u>	<u>12,660,023</u>	<u>51,944,294</u>
Total Credit Exposures	<u>43,255,200</u>	<u>35,869,978</u>	<u>17,504,257</u>	<u>41,758,029</u>	<u>34,401,943</u>	<u>73,929,836</u>	<u>34,401,491</u>	<u>41,634,878</u>	<u>322,755,612</u>

3. Credit Risk (Cont'd.)

3.1 Distribution of Credit Exposures (Cont'd.)

(b) Geographical Analysis

Group	Malaysia RM'000	Hong Kong & China RM'000	Cambodia RM'000	Other Countries RM'000	Total RM'000
30 June 2013					
On-Balance Sheet Exposures					
Cash and balances with banks	23,721,311	1,738,569	1,120,400	1,579,102	28,159,382
Reverse repurchase agreements	8,602,244	-	-	583	8,602,827
Financial assets held-for-trading	13,222,457	-	-	-	13,222,457
Derivative financial assets	289,272	520	-	113,253	403,045
Financial investments available-for-sale	15,346,995	2,782	82	11,603	15,361,462
Financial investments held-to-maturity	4,606,071	1,343,860	-	827,359	6,777,290
Gross loans, advances and financing	194,575,954	11,439,249	2,250,890	1,174,116	209,440,209
Statutory deposits with Central Banks	6,008,012	-	417,824	-	6,425,836
	266,372,316	14,524,980	3,789,196	3,706,016	288,392,508
Commitments and Contingencies					
Contingent liabilities	2,575,977	51,686	366,180	33,427	3,027,270
Commitments	51,022,792	1,580,083	372,152	32,436	53,007,463
	53,598,769	1,631,769	738,332	65,863	56,034,733
Total Credit Exposures	319,971,085	16,156,749	4,527,528	3,771,879	344,427,241
31 December 2012					
On-Balance Sheet Exposures					
Cash and balances with banks	14,520,266	2,172,043	680,870	1,262,772	18,635,951
Reverse repurchase agreements	8,158,410	-	-	96	8,158,506
Financial assets held-for-trading	16,617,135	-	-	-	16,617,135
Derivative financial assets	241,176	316	-	128,973	370,465
Financial investments available-for-sale	17,187,324	2,684	80	11,032	17,201,120
Financial investments held-to-maturity	4,402,060	1,146,849	-	708,862	6,257,771
Gross loans, advances and financing	183,253,371	11,311,093	2,077,097	1,141,603	197,783,164
Statutory deposits with Central Banks	5,381,471	-	376,902	28,833	5,787,206
	249,761,213	14,632,985	3,134,949	3,282,171	270,811,318
Commitments and Contingencies					
Contingent liabilities	2,569,308	122,950	382,767	31,051	3,106,076
Commitments	47,188,288	1,319,093	296,281	34,556	48,838,218
	49,757,596	1,442,043	679,048	65,607	51,944,294
Total Credit Exposures	299,518,809	16,075,028	3,813,997	3,347,778	322,755,612

3. Credit Risk (Cont'd.)

3.1 Distribution of Credit Exposures (Cont'd.)

(c) Maturity Analysis

Group	Up to 1 Year RM'000	> 1 to 3 Years RM'000	> 3 to 5 Years RM'000	> 5 Years RM'000	Total RM'000
30 June 2013					
On-Balance Sheet Exposures					
Cash and balances with banks	28,159,382	-	-	-	28,159,382
Reverse repurchase agreements	8,602,827	-	-	-	8,602,827
Financial assets held-for-trading	13,120,939	611	80,809	20,098	13,222,457
Derivative financial assets	124,108	8,354	174,960	95,623	403,045
Financial investments available-for-sale	6,945,964	2,811,105	7,994	5,596,399	15,361,462
Financial investments held-to-maturity	4,350,733	1,306,124	625,300	495,133	6,777,290
Gross loans, advances and financing	28,989,295	21,781,061	20,294,182	138,375,671	209,440,209
Statutory deposits with Central Banks	-	-	-	6,425,836	6,425,836
Total On-Balance Sheet Exposures	90,293,248	25,907,255	21,183,245	151,008,760	288,392,508
31 December 2012					
On-Balance Sheet Exposures					
Cash and balances with banks	18,635,951	-	-	-	18,635,951
Reverse repurchase agreements	8,158,506	-	-	-	8,158,506
Financial assets held-for-trading	16,480,389	135,867	-	879	16,617,135
Derivative financial assets	21,592	17,528	218,410	112,935	370,465
Financial investments available-for-sale	8,719,771	2,933,750	7,985	5,539,614	17,201,120
Financial investments held-to-maturity	3,996,773	1,389,642	601,297	270,059	6,257,771
Gross loans, advances and financing	26,478,852	22,671,399	18,899,528	129,733,385	197,783,164
Statutory deposits with Central Banks	-	-	-	5,787,206	5,787,206
Total On-Balance Sheet Exposures	82,491,834	27,148,186	19,727,220	141,444,078	270,811,318

Approximately 31% (31 December 2012: 30%) of the Group's exposures to customers and counterparties is short-term, having contractual maturity of one year or less. About 66% (31 December 2012: 66%) of the Group's gross loans, advances and financing has residual maturity of more than 5 years. The longer maturity is from the housing loans/financing and hire purchase which made up 52% (31 December 2012: 52%) of the portfolio and are traditionally longer term in nature and well secured.

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

3. Credit Risk (Cont'd.)

3.2 Off-Balance Sheet Exposures and Counterparty Credit Risk

Composition of Off-Balance Sheet Exposures

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

Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
30 June 2013				
Contingent Liabilities				
Direct credit substitutes	1,441,924		1,441,924	1,038,570
Transaction-related contingent items	1,086,986		543,493	336,843
Short-term self-liquidating trade-related contingencies	498,360		99,672	74,368
	3,027,270		2,085,089	1,449,781
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	26,576,519		13,288,260	10,729,737
- not exceeding one year	21,855,496		4,371,099	3,663,519
Unutilised credit card lines	3,870,717		774,143	580,608
Forward asset purchases	704,731		704,731	10,419
	53,007,463		19,138,233	14,984,283
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	14,022,533	114,715	263,366	97,023
- one year to less than five years	1,589,183	-	184,120	92,146
Interest rate related contracts:				
- less than one year	759,000	801	2,481	496
- one year to less than five years	9,379,654	177,932	454,889	131,340
- five years and above	2,703,146	95,623	251,211	51,954
Commodity related contracts:				
- less than one year	33,257	36	368	368
Equity related contracts:				
- less than one year	104,342	8,556	14,817	2,963
- one year to less than five years	24,716	5,382	7,359	3,679
	28,615,831	403,045	1,178,611	379,969
Total Off-Balance Sheet Exposures	84,650,564	403,045	22,401,933	16,814,033

3. Credit Risk (Cont'd.)

3.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

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

Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
31 December 2012				
Contingent Liabilities				
Direct credit substitutes	1,549,134		1,549,134	1,044,295
Transaction-related contingent items	1,031,792		515,896	327,800
Short-term self-liquidating trade-related contingencies	525,150		105,030	78,152
	3,106,076		2,170,060	1,450,247
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	24,158,799		12,079,400	9,850,369
- not exceeding one year	20,955,923		4,191,184	3,456,383
Unutilised credit card lines	3,693,110		738,622	553,967
Forward asset purchases	30,386		30,386	6,077
	48,838,218		17,039,592	13,866,796
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	11,879,221	15,535	129,015	42,387
- one year to less than five years	1,376,100	-	178,893	89,447
Interest rate related contracts:				
- less than one year	1,552,000	6,056	7,807	1,561
- one year to less than five years	9,929,440	223,784	526,997	151,197
- five years and above	2,649,740	112,935	277,019	55,402
Commodity related contracts:				
- less than one year	206	1	3	3
Equity related contracts:				
- less than one year	73,589	-	4,415	2,208
- one year to less than five years	53,005	12,154	16,394	8,197
	27,513,301	370,465	1,140,543	350,402
Total Off-Balance Sheet Exposures	79,457,595	370,465	20,350,195	15,667,445

3. Credit Risk (Cont'd.)

3.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

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

Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
30 June 2013				
Bank (excluding Public Bank (L) Ltd.)				
Contingent Liabilities				
Direct credit substitutes	1,176,984		1,176,984	879,942
Transaction-related contingent items	966,458		483,229	285,897
Short-term self-liquidating trade-related contingencies	327,580		65,516	48,748
	2,471,022		1,725,729	1,214,587
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	24,259,219		12,129,609	9,790,483
- not exceeding one year	19,960,069		3,992,014	3,261,967
Unutilised credit card lines	3,762,979		752,596	564,447
Forward asset purchases	687,621		687,621	6,997
	48,669,888		17,561,840	13,623,894
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	12,885,393	110,631	256,667	95,683
- one year to less than five years	1,589,183	-	184,120	92,146
Interest rate related contracts:				
- less than one year	759,000	801	2,481	496
- one year to less than five years	8,846,641	176,265	443,893	128,142
- five years and above	3,808,000	89,155	401,034	80,207
Commodity related contracts:				
- less than one year	33,257	36	368	368
Equity related contracts:				
- less than one year	104,342	8,556	14,817	2,963
- one year to less than five years	24,716	5,382	7,359	3,679
	28,050,532	390,826	1,310,739	403,684
Total	79,191,442	390,826	20,598,308	15,242,165

3. Credit Risk (Cont'd.)

3.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

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

Bank (Cont'd.)	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
30 June 2013				
Public Bank (L) Ltd.				
Contingent Liabilities				
Direct credit substitutes	4,756		4,756	4,756
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of: - not exceeding one year	96,486		19,297	19,275
Derivative Financial Instruments				
Interest rate related contracts:				
- one year to less than five years	333,013	-	3,329	1,665
- five years and above	95,147	-	5,710	2,854
	428,160	-	9,039	4,519
Total	529,402	-	33,092	28,550
Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.	79,720,844	390,826	20,631,400	15,270,715

3. Credit Risk (Cont'd.)

3.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

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

Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
31 December 2012				
Bank (excluding Public Bank (L) Ltd.)				
Contingent Liabilities				
Direct credit substitutes	1,175,058		1,175,058	875,742
Transaction-related contingent items	908,204		454,102	274,626
Short-term self-liquidating trade-related contingencies	341,952		68,390	49,750
	<u>2,425,214</u>		<u>1,697,550</u>	<u>1,200,118</u>
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	22,211,606		11,105,803	9,052,148
- not exceeding one year	19,422,068		3,884,413	3,125,061
Unutilised credit card lines	3,587,921		717,584	538,188
	<u>45,221,595</u>		<u>15,707,800</u>	<u>12,715,397</u>
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	11,822,972	15,409	128,612	42,306
- one year to less than five years	1,376,100	-	178,893	89,447
Interest rate related contracts:				
- less than one year	1,552,000	6,056	7,807	1,561
- one year to less than five years	9,408,350	222,566	512,427	147,777
- five years and above	3,758,000	108,158	428,738	85,748
Commodity related contracts:				
- less than one year	206	1	3	3
Equity related contracts:				
- less than one year	73,589	-	4,415	2,208
- one year to less than five years	53,005	12,154	16,394	8,197
	<u>28,044,222</u>	<u>364,344</u>	<u>1,277,289</u>	<u>377,247</u>
Total	<u>75,691,031</u>	<u>364,344</u>	<u>18,682,639</u>	<u>14,292,762</u>

3. Credit Risk (Cont'd.)

3.2 Off-Balance Sheet Exposures and Counterparty Credit Risk (Cont'd.)

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

Bank (Cont'd.)	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
31 December 2012				
Public Bank (L) Ltd.				
Contingent Liabilities				
Direct credit substitutes	4,586		4,586	4,586
Commitments				
Other commitments such as formal standby facilities and credit lines, with an original maturity of: - not exceeding one year	92,008		18,403	18,370
Derivative Financial Instruments				
Interest rate related contracts:				
- one year to less than five years	321,090	-	5,352	1,575
- five years and above	91,740	-	5,504	1,101
	412,830	-	10,856	2,676
Total	509,424	-	33,845	25,632
Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.	76,200,455	364,344	18,716,484	14,318,394

3. Credit Risk (Cont'd.)

3.3 Credit Risk Mitigation

Credit Risk Mitigation Analysis

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

Group Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures Covered by Guarantees RM'000	Total Exposures Covered by Eligible Financial Collateral RM'000	Total Exposures Covered by Other Eligible Collateral RM'000
30 June 2013				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	47,601,985	-	8,611,573	-
Public Sector Entities	706,957	613,017	-	-
Banks, DFIs and MDBs	10,147,102	-	-	-
Insurance Companies, Securities Firms and Fund Managers	224,138	-	4,523	-
Corporates	50,712,323	1,711,393	3,223,309	-
Regulatory Retail	101,689,054	5,478	700,333	-
Residential Mortgages	55,933,557	-	60,451	-
Higher Risk Assets	108,712	-	75	-
Other Assets	4,547,027	-	-	-
Equity Exposures	5,143,736	-	-	-
Defaulted Exposures	1,579,491	-	12,763	-
	278,394,082	2,329,888	12,613,027	-
Off-Balance Sheet Exposures				
Credit-related Exposures	20,506,422	235,383	390,675	-
Derivative Financial Instruments	1,178,611	-	-	-
Other Treasury-related Exposures	704,731	-	-	-
Defaulted Exposures	12,169	-	-	-
	22,401,933	235,383	390,675	-
Total Credit Exposures	300,796,015	2,565,271	13,003,702	-

3. Credit Risk (Cont'd.)

3.3 Credit Risk Mitigation (Cont'd.)

Credit Risk Mitigation Analysis (Cont'd.)

Group Exposure Class	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures Covered by Guarantees RM'000	Total Exposures Covered by Eligible Financial Collateral RM'000	Total Exposures Covered by Other Eligible Collateral RM'000
31 December 2012 (Restated)				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	38,425,804	-	8,143,478	-
Public Sector Entities	740,737	613,113	-	-
Banks, DFIs and MDBs	9,781,795	-	-	-
Insurance Companies, Securities Firms and Fund Managers	134,790	-	4,673	-
Corporates	47,424,805	901,307	2,994,695	-
Regulatory Retail	97,047,517	4,681	733,540	-
Residential Mortgages	52,341,275	-	58,961	-
Higher Risk Assets	152,057	-	78	-
Other Assets	4,795,255	-	-	-
Equity Exposures	5,089,445	-	-	-
Defaulted Exposures	1,454,976	-	12,834	-
	<u>257,388,456</u>	<u>1,519,101</u>	<u>11,948,259</u>	<u>-</u>
Off-Balance Sheet Exposures				
Credit-related Exposures	19,166,094	207,768	445,393	-
Derivative Financial Instruments	1,140,543	-	-	-
Other Treasury-related Exposures	30,386	-	-	-
Defaulted Exposures	13,172	-	-	-
	<u>20,350,195</u>	<u>207,768</u>	<u>445,393</u>	<u>-</u>
Total Credit Exposures	<u>277,738,651</u>	<u>1,726,869</u>	<u>12,393,652</u>	<u>-</u>

3. Credit Risk (Cont'd.)

3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach

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

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

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

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

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

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

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

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

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

Group Exposure Class	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
30 June 2013								
On-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	3,547,859	1,030,798	1,369,226	-	-	-		5,947,883
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	860,310	45,721,128	-	-	867,409	-		47,448,847
- Public Sector Entities	-	613,017	-	-	-	-		613,017
- Corporates	-	10,112	-	-	-	-		10,112
	860,310	46,344,257	-	-	867,409	-		48,071,976
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	3,582,355	4,456,215	1,122,026	303,612	-	-		9,464,208
- Corporates	1,583,445	117,132	5,230	-	-	22,242		1,728,049
- Regulatory Retail	4,000	1,478	-	-	-	-		5,478
	5,169,800	4,574,825	1,127,256	303,612	-	22,242		11,197,735
Total Rated Exposures	9,577,969	51,949,880	2,496,482	303,612	867,409	22,242		65,217,594
(b) Total Unrated Exposures							213,176,488	213,176,488
	9,577,969	51,949,880	2,496,482	303,612	867,409	22,242	213,176,488	278,394,082

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

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

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

Group Exposure Class	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
30 June 2013								
Off-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	138,728	158,367	-	-	-	-		297,095
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	-	652,635	-	-	-	-		652,635
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	656,156	520,205	18,310	-	-	-		1,194,671
- Corporates	231,837	8,984	739	-	-	-		241,560
- Regulatory Retail	-	961	-	-	-	-		961
	887,993	530,150	19,049	-	-	-		1,437,192
Total Rated Exposures	1,026,721	1,341,152	19,049	-	-	-		2,386,922
(b) Total Unrated Exposures							20,015,011	20,015,011
	1,026,721	1,341,152	19,049	-	-	-	20,015,011	22,401,933
Total Credit Exposures before Credit Risk Mitigation	10,604,690	53,291,032	2,515,531	303,612	867,409	22,242	233,191,499	300,796,015

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

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

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

Group Exposure Class	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
31 December 2012 (Restated)								
On-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	3,472,719	1,003,765	1,324,944	-	-	-		5,801,428
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	6,345,934	36,723,458	-	-	793,525	-		43,862,917
- Public Sector Entities	-	614,621	-	-	-	-		614,621
- Corporates	-	15,172	-	-	-	-		15,172
	6,345,934	37,353,251	-	-	793,525	-		44,492,710
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	6,933,737	17,042,958	3,120,435	24,581	-	-		27,121,711
- Corporates	739,169	151,846	4,367	-	-	-		895,382
- Regulatory Retail	3,000	1,681	-	-	-	-		4,681
	7,675,906	17,196,485	3,124,802	24,581	-	-		28,021,774
Total Rated Exposures	17,494,559	55,553,501	4,449,746	24,581	793,525	-		78,315,912
(b) Total Unrated Exposures							179,072,544	179,072,544
	17,494,559	55,553,501	4,449,746	24,581	793,525	-	179,072,544	257,388,456

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

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

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

Group Exposure Class	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
31 December 2012 (Restated)								
Off-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	174,959	152,108	-	-	-	-		327,067
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	-	917	-	-	-	-		917
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	914,180	635,407	40,743	-	1,316	-		1,591,646
- Corporates	221,142	11,926	990	-	-	-		234,058
- Regulatory Retail	-	1,625	-	-	-	-		1,625
	1,135,322	648,958	41,733	-	1,316	-		1,827,329
Total Rated Exposures	1,310,281	801,983	41,733	-	1,316	-		2,155,313
(b) Total Unrated Exposures							18,194,882	18,194,882
	1,310,281	801,983	41,733	-	1,316	-	18,194,882	20,350,195
Total Credit Exposures before Credit Risk Mitigation	18,804,840	56,355,484	4,491,479	24,581	794,841	-	197,267,426	277,738,651

Under the RWCAF, exposures to and/or guaranteed by the Federal Government of Malaysia, BNM, overseas federal governments and central banks of their respective jurisdictions are accorded a preferential sovereign risk weight of 0%.

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

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

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

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

Group Risk Weights	Credit Exposures after the Effect of Credit Risk Mitigation										Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000		
30 June 2013												
0%	39,620,227	613,017	-	-	15,167	-	-	-	1,851,605	-	42,100,016	-
20%	-	94,326	9,598,065	-	5,486,870	4,000	-	-	145,434	-	15,328,695	3,065,739
35%	-	-	-	-	-	-	36,690,904	-	-	-	36,690,904	12,841,816
50%	-	-	1,375,427	65,354	1,320,411	10,466	15,487,630	-	-	-	18,259,288	9,129,644
75%	-	-	-	-	-	107,979,507	1,460,615	-	-	-	109,440,122	82,080,092
100%	122,830	-	428,524	175,112	47,840,954	4,539,110	3,722,547	-	2,549,988	5,143,736	64,522,801	64,522,801
150%	-	-	-	2,010	72,785	1,237,158	13,160	125,374	-	-	1,450,487	2,175,731
Total	39,743,057	707,343	11,402,016	242,476	54,736,187	113,770,241	57,374,856	125,374	4,547,027	5,143,736	287,792,313	173,815,823
Risk-Weighted Assets by Exposures	122,830	18,865	3,035,851	210,804	49,707,712	87,385,510	25,423,379	188,061	2,579,075	5,143,736	173,815,823	
Average Risk Weights	0.3%	2.7%	26.6%	86.9%	90.8%	76.8%	44.3%	150.0%	56.7%	100.0%	60.4%	
Deduction from Total Capital			-							-		-

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

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

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

Group Risk Weights	← Credit Exposures after the Effect of Credit Risk Mitigation →											Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000			
31 December 2012 (Restated)													
0%	30,324,968	613,113	-	-	15,171	-	-	-	1,970,579	-	32,923,831	-	
20%	-	128,973	9,642,591	-	4,577,957	3,000	-	-	158,418	30,948	14,541,887	2,908,377	
35%	-	-	-	-	-	-	35,362,585	-	-	-	35,362,585	12,376,905	
50%	-	-	1,194,367	19,661	1,328,266	13,476	13,810,657	-	-	-	16,366,427	8,183,214	
75%	-	-	-	-	-	102,739,311	1,470,159	-	-	-	104,209,470	78,157,102	
100%	58,286	-	155,673	130,787	45,004,188	4,459,934	2,980,883	-	2,666,258	5,058,497	60,514,506	60,514,506	
150%	-	-	-	2,010	187,595	1,057,345	10,364	168,979	-	-	1,426,293	2,139,440	
Total	30,383,254	742,086	10,992,631	152,458	51,113,177	108,273,066	53,634,648	168,979	4,795,255	5,089,445	265,344,999	164,279,544	
Risk-Weighted Assets by Exposures	58,286	25,795	2,681,374	143,633	46,865,304	83,107,772	23,381,282	253,469	2,697,942	5,064,687	164,279,544		
Average Risk Weights	0.2%	3.5%	24.4%	94.2%	91.7%	76.8%	43.6%	150.0%	56.3%	99.5%	61.9%		
Deduction from Total Capital			46,834							-	46,834		

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

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

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

Bank Risk Weights	Credit Exposures after the Effect of Credit Risk Mitigation										Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000		
30 June 2013												
0%	30,732,585	312,451	-	-	10,112	-	-	-	1,741,808	-	32,796,956	-
20%	-	603	7,013,488	-	5,331,187	4,000	-	-	-	-	12,349,278	2,469,856
35%	-	-	-	-	-	-	30,877,121	-	-	-	30,877,121	10,806,992
50%	-	-	1,416,947	-	1,320,411	10,467	14,059,513	-	-	-	16,807,338	8,403,669
75%	-	-	-	-	-	87,381,634	1,313,921	-	-	-	88,695,555	66,521,666
100%	122,830	-	190,578	32,460	42,505,066	2,774,527	3,055,905	-	1,799,307	4,582,439	55,063,112	55,063,112
150%	-	-	-	2,010	113,388	976,773	10,658	113,083	-	-	1,215,912	1,823,868
1250%	-	-	-	-	-	-	-	-	92,497	-	92,497	1,156,213
Total	30,855,415	313,054	8,621,013	34,470	49,280,164	91,147,401	49,317,118	113,083	3,633,612	4,582,439	237,897,769	146,245,376
Risk-Weighted Assets by Exposures	122,830	121	2,301,749	35,475	44,401,591	69,781,945	21,894,081	169,625	2,955,520	4,582,439	146,245,376	
Average Risk Weights	0.4%	0.0%	26.7%	102.9%	90.1%	76.6%	44.4%	150.0%	81.3%	100.0%	61.5%	
Deduction from Total Capital			-							-		-

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

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

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

Bank Risk Weights	Credit Exposures after the Effect of Credit Risk Mitigation										Total Exposures after Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000		
31 December 2012 (Restated)												
0%	22,444,583	312,506	-	-	10,114	-	-	-	1,792,859	-	24,560,062	-
20%	-	20,648	6,944,387	-	4,391,175	3,000	-	-	-	30,948	11,390,158	2,278,032
35%	-	-	-	-	-	-	29,772,681	-	-	-	29,772,681	10,420,438
50%	-	-	1,432,568	-	1,328,279	13,476	12,595,910	-	-	-	15,370,233	7,685,117
75%	-	-	-	-	-	83,623,043	1,314,853	-	-	-	84,937,896	63,703,422
100%	58,286	-	131,230	32,896	40,001,541	2,585,410	2,500,860	-	1,904,610	4,505,031	51,719,864	51,719,864
150%	-	-	-	2,010	129,752	831,477	9,332	137,023	-	-	1,109,594	1,664,392
Total	22,502,869	333,154	8,508,185	34,906	45,860,861	87,056,406	46,193,636	137,023	3,697,469	4,535,979	218,860,488	137,471,265
Risk-Weighted Assets by Exposures	58,286	4,130	2,236,391	35,911	41,738,544	66,557,246	20,219,391	205,535	1,904,610	4,511,221	137,471,265	
Average Risk Weights	0.3%	1.2%	26.3%	102.9%	91.0%	76.5%	43.8%	150.0%	51.5%	99.5%	62.8%	
Deduction from Total Capital			46,834							-	46,834	

3. Credit Risk (Cont'd.)

3.5 Credit Quality of Gross Loans, Advances and Financing

(a) Past Due But Not Impaired

Tables (i)-(ii) present the analysis of past due but not impaired loans, advances and financing of the Group, as follows:

(i) Economic purpose analysis

(ii) Geographical analysis

(i) Economic Purpose Analysis

Group	30 June 2013 RM'000	31 December 2012 RM'000
Purchase of securities	55,204	44,109
Purchase of transport vehicles	10,174,408	10,060,835
Purchase of landed properties	10,212,472	9,927,276
(Of which: - residential	7,674,586	7,539,305
- non-residential)	2,537,886	2,387,971
Purchase of fixed assets (excluding landed properties)	15,494	14,518
Personal use	615,343	641,216
Credit card	258,871	229,623
Purchase of consumer durables	1,186	2,731
Construction	26,647	79,083
Working capital	806,475	659,349
Other purpose	473,264	144,513
	22,639,364	21,803,253

(ii) Geographical Analysis

Group	30 June 2013 RM'000	31 December 2012 RM'000
Malaysia	22,213,819	21,329,633
Hong Kong & China	174,052	176,689
Cambodia	144,524	199,177
Other countries	106,969	97,754
	22,639,364	21,803,253

3. Credit Risk (Cont'd.)

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

(b) Impaired Loans, Advances and Financing

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

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

(i) Impaired Loans, Advances and Financing and the Related Impairment Allowances by Economic Purpose

Group	Impaired Loans, Advances and Financing RM'000	Individual Assessment Allowance at 1 January 2013 RM'000	Net Charge for the Period RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 30 June 2013 RM'000	Collective Assessment Allowance at 30 June 2013 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
30 June 2013							
Purchase of securities	5,489	2,471	-	-	2,471	12,489	14,960
Purchase of transport vehicles	318,204	7,850	238	11	8,099	475,658	483,757
Purchase of landed properties	606,144	25,881	(6,489)	(1,807)	17,585	807,939	825,524
(Of which: - residential	470,716	691	338	(95)	934	546,297	547,231
- non-residential)	135,428	25,190	(6,827)	(1,712)	16,651	261,642	278,293
Purchase of fixed assets (excluding landed properties)	6,159	460	230	(246)	444	1,809	2,253
Personal use	171,613	38,207	95,026	(95,659)	37,574	109,806	147,380
Credit card	24,677	-	-	-	-	17,368	17,368
Purchase of consumer durables	379	-	-	-	-	262	262
Construction	9,114	4,137	(80)	23	4,080	6,820	10,900
Mergers and acquisitions	-	-	-	-	-	417	417
Working capital	245,337	117,896	24,316	(46,160)	96,052	111,688	207,740
Other purpose	15,909	5,093	6	-	5,099	13,275	18,374
	1,403,025	201,995	113,247	(143,838)	171,404	1,557,531	1,728,935

3. Credit Risk (Cont'd.)

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

(b) Impaired Loans, Advances and Financing (Cont'd.)

(i) Impaired Loans, Advances and Financing and the Related Impairment Allowances by Economic Purpose (Cont'd.)

Group	Impaired Loans, Advances and Financing RM'000	Individual Assessment Allowance at 1 January 2012 RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December 2012 RM'000	Collective Assessment Allowance at 31 December 2012 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
31 December 2012							
Purchase of securities	5,852	767	1,704	-	2,471	9,189	11,660
Purchase of transport vehicles	263,313	15,914	(5,668)	(2,396)	7,850	425,694	433,544
Purchase of landed properties	591,758	27,474	4,897	(6,490)	25,881	843,510	869,391
(Of which: - residential	420,286	1,912	272	(1,493)	691	563,275	563,966
- non-residential)	171,472	25,562	4,625	(4,997)	25,190	280,235	305,425
Purchase of fixed assets (excluding landed properties)	6,168	451	333	(324)	460	808	1,268
Personal use	165,205	42,610	188,109	(192,512)	38,207	95,108	133,315
Credit card	23,421	-	-	-	-	16,778	16,778
Purchase of consumer durables	377	-	-	-	-	136	136
Construction	14,109	7,894	(3,667)	(90)	4,137	7,857	11,994
Mergers and acquisitions	-	-	-	-	-	417	417
Working capital	283,886	141,376	9,766	(33,246)	117,896	115,144	233,040
Other purpose	19,997	8,710	(609)	(3,008)	5,093	14,925	20,018
	1,374,086	245,196	194,865	(238,066)	201,995	1,529,566	1,731,561

3. Credit Risk (Cont'd.)

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

(b) Impaired Loans, Advances and Financing (Cont'd.)

(ii) Impaired Loans, Advances and Financing and the Related Impairment Allowances by Geographic Location

Group	Impaired Loans, Advances and Financing RM'000	Individual Assessment Allowance at 1 January 2013 RM'000	Net Charge for the Period RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 30 June 2013 RM'000	Collective Assessment Allowance at 30 June 2013 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
30 June 2013							
Malaysia	1,268,305	111,918	6,574	(24,887)	93,605	1,420,422	1,514,027
Hong Kong & China	66,184	49,063	95,527	(95,455)	49,135	89,891	139,026
Cambodia	41,490	39,271	12,665	(23,522)	28,414	40,184	68,598
Other countries	27,046	1,743	(1,519)	26	250	7,034	7,284
	1,403,025	201,995	113,247	(143,838)	171,404	1,557,531	1,728,935
31 December 2012							
Malaysia	1,188,727	137,345	(3,321)	(22,106)	111,918	1,396,912	1,508,830
Hong Kong & China	96,054	67,894	194,624	(213,455)	49,063	88,502	137,565
Cambodia	63,105	34,230	7,372	(2,331)	39,271	38,294	77,565
Other countries	26,200	5,727	(3,810)	(174)	1,743	5,858	7,601
	1,374,086	245,196	194,865	(238,066)	201,995	1,529,566	1,731,561

3. Credit Risk (Cont'd.)

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

(b) Impaired Loans, Advances and Financing (Cont'd.)

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

	30 June 2013 RM'000	31 December 2012 RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	1,529,566	1,496,044
Allowance made during the period/year	145,310	279,199
Amount written off	(118,853)	(243,996)
Exchange differences	1,508	(1,681)
Closing balance	<u>1,557,531</u>	<u>1,529,566</u>
<u>Individual Assessment Allowance</u>		
At 1 January	201,995	245,196
Net allowance made during the period/year	113,247	194,865
Allowance made during the period/year	118,513	246,919
Amount written back in respect of recoveries	(5,266)	(52,054)
Amount written off	(150,039)	(231,300)
Amount transferred to allowance for impairment loss on foreclosed properties	-	(1,404)
Exchange differences	6,201	(5,362)
Closing balance	<u>171,404</u>	<u>201,995</u>

4. Market Risk

Minimum Regulatory Capital Requirements for Market Risk

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

Group	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
30 June 2013				
Interest rate/rate of return risk	27,695,262	(13,466,444)	749,015	59,922
Foreign exchange risk	1,005,680	(627,478)	1,005,680	80,454
Equity risk	228	-	456	36
Total	28,701,170	(14,093,922)	1,755,151	140,412
31 December 2012				
Interest rate/rate of return risk	29,334,637	(11,849,784)	823,535	65,883
Foreign exchange risk	888,109	(682,774)	888,109	71,049
Equity risk	879	-	1,432	115
Total	30,223,625	(12,532,558)	1,713,076	137,047
Bank				
30 June 2013				
Interest rate risk	23,736,097	(12,940,220)	601,105	48,089
Foreign exchange risk	1,317,718	(1,953,530)	1,953,530	156,282
Equity risk	228	-	456	36
Total	25,054,043	(14,893,750)	2,555,091	204,407
31 December 2012				
Interest rate risk	25,439,745	(11,843,023)	658,938	52,715
Foreign exchange risk	1,230,972	(1,919,351)	1,919,351	153,548
Equity risk	879	-	1,432	115
Total	26,671,596	(13,762,374)	2,579,721	206,378

4. Market Risk (Cont'd.)

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

The following tables present the projected Group's sensitivity to a 100 basis point parallel rate movement across all maturities applied on the Group's interest rate/rate of return sensitivity gap as at reporting date. Where the current interest rate/rate of return is lower than 1%, the downward rate shock applied is restricted to the prevailing interest rate/rate of return.

Interest Rate/Rate of Return Risk Sensitivity Analysis

Group	30 June 2013		31 December 2012	
	-100 bps ←	+100 bps Increase/(Decrease)	-100 bps	+100 bps →
	RM'000	RM'000	RM'000	RM'000
Impact on Net Interest/ Profit Income ("NII/NPI")				
Ringgit Malaysia	(238,617)	158,482	(161,036)	86,044
United States Dollars	5,181	(24,117)	5,973	(25,345)
Hong Kong Dollars	(3,609)	3,659	(2,209)	436
Other Currencies	(3,529)	1,347	(6,535)	4,711
Total	(240,574)	139,371	(163,807)	65,846

Impact on Economic Value
of Equity ("EVE")

Ringgit Malaysia	847,314	(500,066)	914,808	(574,068)
United States Dollars	4,542	(3,058)	4,281	(4,069)
Hong Kong Dollars	246	13,468	6	9,475
Other Currencies	(2,782)	5,855	(4,377)	6,930
Total	849,320	(483,801)	914,718	(561,732)

The reported amounts do not take into account actions that would be taken by treasury operations or business units to mitigate the impact of this interest rate/rate of return risk. In reality, treasury operations seek to proactively change the interest rate/rate of return risk profile to minimise losses and maximise net revenue. The projection assumes that the interest rate/rate of return of all maturities move by the same amount and, therefore, does not reflect the potential impact on the NII/NPI and EVE of some rates changing while others remain unchanged. The projection also assumes a constant statements of financial position and that all positions run to maturity.

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

5. Equity Exposures in the Banking Book

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

(a) Equity Exposures in the Banking Book

Group	30 June 2013		31 December 2012	
	Gross Credit Exposure RM'000	Risk-Weighted Assets RM'000	Gross Credit Exposure RM'000	Risk-Weighted Assets RM'000
<u>Publicly traded</u>				
Investments in unit trust funds	5,033,790	5,033,790	4,962,875	4,962,875
Holdings of equity investments	22,180	22,180	38,805	38,805
	5,055,970	5,055,970	5,001,680	5,001,680
<u>Privately held</u>				
For socio-economic purposes	87,766	87,766	87,765	63,007
Not for socio-economic purposes	18,165	27,248	37,313	55,970
	105,931	115,014	125,078	118,977
Total	5,161,901	5,170,984	5,126,758	5,120,657

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

Group	30 June 2013 RM'000	31 December 2012 RM'000
Realised gains/(losses) recognised in the income statement		
- Publicly traded equity investments	1,719	(64)
Unrealised gains/(losses) recognised in revaluation reserve		
- Investments in unit trust funds	20,361	21,997
- Publicly traded equity investments	10,849	9,627
	31,210	31,624

6. Operational Risk

Minimum Regulatory Capital Requirements for Operational Risk

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

	30 June 2013		31 December 2012	
	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Group	14,170,694	1,133,655	13,733,324	1,098,666
Bank	10,126,876	810,150	9,915,430	793,234

7. Shariah Non-Compliance Risk

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

Under the Shariah-based funds managed by Public Mutual Berhad, a non-permissible income of RM1,019,276 (2012: RM2,099,143) arising from the disposal of Shariah-compliant securities subsequently classified as Shariah non-compliant, has been channelled to charitable bodies as approved by the Shariah Adviser.