

PILLAR 3 DISCLOSURE**As at 30 June 2016****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 2016		31 December 2015	
	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				
Credit Risk	226,277,146	18,102,172	220,881,570	17,670,526
Market Risk	3,109,184	248,735	2,500,503	200,040
Operational Risk	16,852,369	1,348,189	16,321,153	1,305,692
Total	246,238,699	19,699,096	239,703,226	19,176,258
Bank				
Credit Risk	186,207,040	14,896,563	179,788,298	14,383,064
Market Risk	4,658,327	372,666	3,714,333	297,147
Operational Risk	11,464,960	917,197	10,911,444	872,915
Total	202,330,327	16,186,426	194,414,075	15,553,126

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.

PUBLIC BANK BERHAD (6463-H)

2. Capital Management

Capital Adequacy Ratios and Capital Structure

(a) Capital Adequacy Ratios

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

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

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

	Group		Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Before deducting interim dividends*:				
Common equity tier I ("CET I") capital ratio	11.459%	11.401%	11.426%	12.184%
Tier I capital ratio	12.432%	12.565%	12.583%	13.588%
Total capital ratio	15.787%	15.987%	15.090%	15.919%
After deducting interim dividends*:				
CET I capital ratio	11.051%	10.886%	10.930%	11.549%
Tier I capital ratio	12.024%	12.049%	12.087%	12.953%
Total capital ratio	15.379%	15.471%	14.594%	15.284%

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

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

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) reissued on 13 October 2015 which became effective from 1 January 2016. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer ("CCyB") for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

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2. Capital Management (Cont'd)

Capital Adequacy Ratios and Capital Structure (Cont'd)

(a) Capital Adequacy Ratios (Cont'd)

(i) Capital Adequacy Ratios of the Group and of the Bank (Cont'd)

Banking institutions are also required to maintain a capital conservation buffer of up to 2.5% and a CCyB above the minimum regulatory capital adequacy ratios above. Under the transition arrangements, capital conservation buffer will be phased-in as follows:

<u>Calendar Year</u>	<u>Capital Conservation Buffer</u>
2016	0.625%
2017	1.250%
2018	1.875%
2019 onwards	2.500%

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. With effect from 1 January 2016, the Group and the Bank have applied CCyB on its exposures in Hong Kong in line with Hong Kong Monetary Authority's requirement to maintain CCyB of 0.625% in Hong Kong. The Group and the Bank's CCyB determined based on the weighted average of prevailing CCyB rates of its Hong Kong exposures are insignificant due to its immaterial Hong Kong exposures. The CCyB which is in a range of between 0% and 2.5% is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

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2. Capital Management (Cont'd.)

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

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

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

	Public Islamic Bank Berhad¹	Public Investment Bank Berhad²	Public Bank (L) Ltd.³	Public Bank (Hong Kong) Limited⁴	Public Finance Limited⁴	Cambodian Public Bank Plc⁵	Public Bank Vietnam Limited⁶
30 June 2016							
Before deducting interim dividends*:							
CET I capital ratio	11.340%	29.943%	N/A	14.184%	25.369%	N/A	N/A
Tier I capital ratio	11.340%	29.943%	22.406%	14.184%	25.369%	N/A	N/A
Total capital ratio	13.948%	30.225%	22.429%	15.328%	26.369%	19.547%	50.178%
After deducting interim dividends*:							
CET I capital ratio	11.340%	29.943%	N/A	14.184%	23.240%	N/A	N/A
Tier I capital ratio	11.340%	29.943%	22.406%	14.184%	23.240%	N/A	N/A
Total capital ratio	13.948%	30.225%	22.429%	15.328%	24.241%	19.547%	50.178%
31 December 2015							
Before deducting interim dividends*:							
CET I capital ratio	10.771%	32.496%	N/A	14.306%	25.476%	N/A	N/A
Tier I capital ratio	10.771%	32.496%	25.121%	14.306%	25.476%	N/A	N/A
Total capital ratio	13.481%	32.941%	25.148%	15.483%	26.473%	20.214%	N/A
After deducting interim dividends*:							
CET I capital ratio	10.771%	30.416%	N/A	14.306%	23.143%	N/A	N/A
Tier I capital ratio	10.771%	30.416%	25.121%	14.306%	23.143%	N/A	N/A
Total capital ratio	13.481%	30.861%	25.148%	15.483%	24.140%	20.214%	N/A

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

PUBLIC BANK BERHAD (6463-H)

2. Capital Management (Cont'd.)

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

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

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

- ¹ The risk-weighted assets of Public Islamic Bank Berhad ("PIBB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-weighted Assets) reissued on 13 October 2015. The minimum regulatory capital adequacy requirement before including capital conservation buffer and countercyclical capital buffer ("CCyB") for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIBB is required to maintain a capital conservation buffer of up to 2.5% on transition arrangements and a CCyB of between 0% and 2.5% if this buffer is applied by regulators in countries which PIBB has exposures to.
- ² The risk-weighted assets of Public Investment Bank Berhad ("PIVB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) reissued on 13 October 2015. The minimum regulatory capital adequacy requirement before including capital conservation buffer and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIVB is required to maintain a capital conservation buffer of up to 2.5% on transition arrangements and a CCyB of between 0% and 2.5% if this buffer is applied by regulators in countries which PIVB has exposures to.
- 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 and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The capital adequacy ratios of these two subsidiary companies are computed in accordance with the provisions of the Banking (Amendment) Ordinance 2012 relating to Basel III capital standards and the amended Banking Capital Rules.
- ⁵ The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc ("Campu Bank"), which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with 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 Campu Bank's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.
- ⁶ The amount presented here is the Capital Adequacy Ratio of Public Bank Vietnam Limited ("PBVN"), which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with SBV Circular No.36/2014/TT-NHNN issued by the State Bank of Vietnam. This ratio is derived as PBVN's capital divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory capital adequacy ratio requirement is 9.0%.

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2. Capital Management (Cont'd.)

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

(b) Capital Structure

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

	Group		Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
CET I/Tier I capital				
Paid-up share capital	3,882,138	3,882,138	3,882,138	3,882,138
Share premium	5,535,515	5,535,515	5,535,515	5,535,515
Other reserves	5,767,685	5,808,689	5,114,539	5,121,669
Retained profits	15,245,715	14,262,317	12,823,986	11,984,176
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Qualifying non-controlling interests	670,184	706,192	-	-
Less: Goodwill and other intangible assets	(2,440,958)	(2,375,915)	(695,393)	(695,393)
Less: Deferred tax assets, net	(67,245)	(65,666)	-	-
Less: Defined benefit pension fund assets	(203,329)	(217,995)	(200,680)	(215,151)
Less: Investment in banking/insurance subsidiary companies and associated companies deducted from CET I capital	(24,576)	(56,902)	(3,191,665)	(1,775,915)
Total CET I capital	28,215,792	27,329,036	23,119,103	23,687,702
Innovative Tier I capital securities	1,086,960	1,268,120	1,086,960	1,268,120
Non-innovative Tier I stapled securities	1,252,800	1,461,600	1,252,800	1,461,600
Qualifying CET I and additional Tier I capital instruments held by third parties	57,324	59,175	-	-
Total Tier I capital	30,612,876	30,117,931	25,458,863	26,417,422
Tier II capital				
Collective assessment allowance and regulatory reserves #	2,828,464	2,761,020	2,327,588	2,247,354
Subordinated notes/sukuk murabahah - meeting all relevant criteria - subject to gradual phase-out treatment	2,448,827	2,448,606	1,949,582	1,949,489
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	76,432	78,900	-	-
Less: Investment in banking/insurance subsidiary companies and associated companies deducted from Tier II Capital	(16,384)	(85,353)	(2,127,776)	(2,663,872)
Total Tier II capital	8,261,139	8,202,379	5,073,194	4,532,177
Total capital	38,874,015	38,320,310	30,532,057	30,949,599

Excludes collective assessment allowance on impaired loans/financing restricted from Tier II capital of the Group and of the Bank of RM518.3 million (31 December 2015: RM560.4 million) and RM361.5 million (31 December 2015: RM399.9 million) respectively.

Includes the qualifying regulatory reserves for non-impaired loans/financing of the Group and of the Bank of RM1,853.9 million (31 December 2015: RM1,810.8 million) and RM1,710.7 million (31 December 2015: RM1,645.0 million) respectively.

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk

Minimum Regulatory Capital Requirements for Credit Risk

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

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 2016				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	48,351,832	44,122,047	345,970	27,678
Public Sector Entities	1,928,696	1,928,696	25,212	2,017
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	32,139,519	27,679,783	6,827,598	546,208
Insurance Companies, Securities Firms and Fund Managers	846,788	553,670	444,745	35,579
Corporates	77,158,901	75,631,483	66,017,909	5,281,433
Regulatory Retail	122,291,307	121,404,163	92,373,462	7,389,877
Residential Mortgages	86,872,044	86,765,533	36,125,311	2,890,025
Higher Risk Assets	68,855	68,851	103,277	8,262
Other Assets	5,175,185	5,175,185	3,130,927	250,474
Equity Exposures	881,040	881,040	881,040	70,483
Defaulted Exposures	1,283,995	1,283,200	1,806,310	144,505
	376,998,162	365,493,651	208,081,761	16,646,541
Off-Balance Sheet Exposures				
Credit-related Exposures	21,853,289	21,287,849	17,653,652	1,412,292
Derivative Financial Instruments	1,081,850	1,081,850	380,500	30,440
Other Treasury-related Exposures	1,342,719	1,342,719	151,040	12,083
Defaulted Exposures	7,515	7,515	10,193	816
	24,285,373	23,719,933	18,195,385	1,455,631
Total Credit Exposures	401,283,535	389,213,584	226,277,146	18,102,172

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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 2015				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	47,300,341	44,807,163	72,489	5,799
Public Sector Entities	1,890,166	1,890,166	21,168	1,693
Banks, DFIs and MDBs	24,080,461	22,224,982	6,204,520	496,362
Insurance Companies, Securities Firms and Fund Managers	374,786	344,545	175,940	14,075
Corporates	72,084,138	70,290,716	62,126,838	4,970,147
Regulatory Retail	120,374,231	119,549,009	90,924,375	7,273,950
Residential Mortgages	82,589,578	82,487,092	33,735,452	2,698,836
Higher Risk Assets	72,945	72,940	109,410	8,753
Other Assets	5,317,196	5,317,196	3,145,261	251,621
Equity Exposures	3,162,811	3,162,811	3,162,811	253,025
Defaulted Exposures	1,300,585	1,299,555	1,844,325	147,546
	358,547,238	351,446,175	201,522,589	16,121,807
Off-Balance Sheet Exposures				
Credit-related Exposures	22,844,037	22,301,165	18,605,064	1,488,405
Derivative Financial Instruments	1,496,158	1,496,158	568,943	45,516
Other Treasury-related Exposures	875,923	875,923	175,185	14,015
Defaulted Exposures	7,054	7,054	9,789	783
	25,223,172	24,680,300	19,358,981	1,548,719
Total Credit Exposures	383,770,410	376,126,475	220,881,570	17,670,526

PUBLIC BANK BERHAD (6463-H)

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 2016				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	31,991,847	28,401,229	64,480	5,158
Public Sector Entities	453,459	453,459	3,714	297
Banks, DFIs and MDBs	26,785,060	22,325,324	4,867,609	389,409
Insurance Companies, Securities Firms and Fund Managers	300,675	7,557	7,557	605
Corporates	64,092,434	63,008,307	54,417,357	4,353,389
Regulatory Retail	96,357,595	95,599,608	72,265,490	5,781,239
Residential Mortgages	71,809,666	71,714,754	29,749,570	2,379,966
Higher Risk Assets	61,674	61,674	92,511	7,401
Other Assets	3,739,164	3,739,164	2,973,669	237,893
Equity Exposures	5,143,668	5,143,668	5,143,668	411,493
Defaulted Exposures	1,023,893	1,023,262	1,433,203	114,656
	301,759,135	291,478,006	171,018,828	13,681,506
Off-Balance Sheet Exposures				
Credit-related Exposures	18,240,666	17,706,253	14,642,805	1,171,424
Derivative Financial Instruments	1,377,572	1,377,572	436,582	34,927
Other Treasury-related Exposures	1,096,877	1,096,877	101,871	8,150
Defaulted Exposures	5,345	5,345	6,954	556
	20,720,460	20,186,047	15,188,212	1,215,057
Total Credit Exposures	322,479,595	311,664,053	186,207,040	14,896,563

PUBLIC BANK BERHAD (6463-H)

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 2015				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	33,226,148	31,371,440	72,489	5,799
Public Sector Entities	441,737	441,737	3,019	242
Banks, DFIs and MDBs	19,769,812	17,914,332	4,185,698	334,856
Insurance Companies, Securities Firms and Fund Managers	37,576	7,335	7,335	587
Corporates	60,430,613	59,248,605	51,549,374	4,123,950
Regulatory Retail	95,370,573	94,641,902	71,505,607	5,720,448
Residential Mortgages	68,486,371	68,394,145	27,972,763	2,237,821
Higher Risk Assets	66,318	66,318	99,477	7,958
Other Assets	4,102,437	4,102,437	3,182,376	254,590
Equity Exposures	3,036,923	3,036,923	3,036,923	242,954
Defaulted Exposures	1,051,317	1,050,728	1,483,641	118,691
	<u>286,019,825</u>	<u>280,275,902</u>	<u>163,098,702</u>	<u>13,047,896</u>
Off-Balance Sheet Exposures				
Credit-related Exposures	19,529,301	19,017,096	15,893,015	1,271,441
Derivative Financial Instruments	1,723,226	1,723,226	614,355	49,149
Other Treasury-related Exposures	875,084	875,084	175,017	14,001
Defaulted Exposures	5,323	5,323	7,209	577
	<u>22,132,934</u>	<u>21,620,729</u>	<u>16,689,596</u>	<u>1,335,168</u>
Total Credit Exposures	<u>308,152,759</u>	<u>301,896,631</u>	<u>179,788,298</u>	<u>14,383,064</u>

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.1 Distribution of Credit Exposures

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

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

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

(a) Industry Analysis

Group	Government and Central Banks RM'000	Financial Services RM'000	Transport & Business Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction & Real Estate RM'000	Residential Mortgages RM'000	Motor Vehicle Financing RM'000	Other Consumer Loans RM'000	Total RM'000
30 June 2016									
On-Balance Sheet Exposures									
Cash and balances with banks	5,628,718	13,307,013	-	-	-	-	-	-	18,935,731
Reverse repurchase agreements	8,969,684	-	-	-	-	-	-	-	8,969,684
Financial assets held-for-trading	644,292	546,121	20,224	-	29,900	-	-	-	1,240,537
Derivative financial assets	-	272,542	-	-	-	-	-	-	272,542
Financial investments available-for-sale*	15,656,640	14,339,072	383,728	410,431	242,752	-	-	-	31,032,623
Financial investments held-to-maturity	15,682,639	4,637,376	632,284	857,867	4,997	-	-	-	21,815,163
Gross loans, advances and financing	1,333,624	7,519,781	14,193,655	41,091,703	40,830,768	95,579,452	42,732,117	40,179,145	283,460,245
Statutory deposits with Central Banks	8,114,666	-	-	-	-	-	-	-	8,114,666
	<u>56,030,263</u>	<u>40,621,905</u>	<u>15,229,891</u>	<u>42,360,001</u>	<u>41,108,417</u>	<u>95,579,452</u>	<u>42,732,117</u>	<u>40,179,145</u>	<u>373,841,191</u>
Commitments and Contingencies									
Contingent liabilities	1,892	81,183	794,970	1,054,475	1,121,544	-	-	324,432	3,378,496
Commitments	1,095,325	2,767,657	4,104,058	11,139,431	12,994,993	11,383,224	858	14,522,318	58,007,864
	<u>1,097,217</u>	<u>2,848,840</u>	<u>4,899,028</u>	<u>12,193,906</u>	<u>14,116,537</u>	<u>11,383,224</u>	<u>858</u>	<u>14,846,750</u>	<u>61,386,360</u>
Total Credit Exposures	<u>57,127,480</u>	<u>43,470,745</u>	<u>20,128,919</u>	<u>54,553,907</u>	<u>55,224,954</u>	<u>106,962,676</u>	<u>42,732,975</u>	<u>55,025,895</u>	<u>435,227,551</u>

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 2015									
On-Balance Sheet Exposures									
Cash and balances with banks	4,346,660	10,484,399	-	-	-	-	-	-	14,831,059
Reverse repurchase agreements	4,379,161	-	-	-	-	-	-	-	4,379,161
Financial assets held-for-trading	20,302	2,048,087	-	-	1,034,372	-	-	-	3,102,761
Derivative financial assets	-	688,086	-	-	-	-	-	-	688,086
Financial investments available-for-sale*	15,809,246	13,622,055	7,768	345,973	-	-	-	-	29,785,042
Financial investments held-to-maturity	15,614,539	4,800,102	666,761	862,647	-	-	-	-	21,944,049
Gross loans, advances and financing	1,331,532	6,734,014	14,332,838	39,496,345	38,741,190	90,915,144	42,668,616	39,227,376	273,447,055
Statutory deposits with Central Banks	9,514,419	-	-	-	-	-	-	-	9,514,419
	<u>51,015,859</u>	<u>38,376,743</u>	<u>15,007,367</u>	<u>40,704,965</u>	<u>39,775,562</u>	<u>90,915,144</u>	<u>42,668,616</u>	<u>39,227,376</u>	<u>357,691,632</u>
Commitments and Contingencies									
Contingent liabilities	1,901	85,122	849,889	1,361,297	1,066,768	-	-	5,865	3,370,842
Commitments	510,796	2,708,620	5,278,110	11,701,948	14,497,027	12,036,055	9,221	12,871,830	59,613,607
	<u>512,697</u>	<u>2,793,742</u>	<u>6,127,999</u>	<u>13,063,245</u>	<u>15,563,795</u>	<u>12,036,055</u>	<u>9,221</u>	<u>12,877,695</u>	<u>62,984,449</u>
Total Credit Exposures	<u>51,528,556</u>	<u>41,170,485</u>	<u>21,135,366</u>	<u>53,768,210</u>	<u>55,339,357</u>	<u>102,951,199</u>	<u>42,677,837</u>	<u>52,105,071</u>	<u>420,676,081</u>

* Excluding equity securities of RM120.2 million (31 December 2015: RM122.7 million) which do not have any credit risk.

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.1 Distribution of Credit Exposures (Cont'd.)

(b) Geographical Analysis

Group	Malaysia RM'000	Hong Kong & China RM'000	Cambodia RM'000	Other Countries RM'000	Total RM'000
30 June 2016					
On-Balance Sheet Exposures					
Cash and balances with banks	11,834,979	3,786,014	1,317,566	1,997,172	18,935,731
Reverse repurchase agreements	8,967,762	-	-	1,922	8,969,684
Financial assets held-for-trading	1,240,537	-	-	-	1,240,537
Derivative financial assets	207,899	14,219	-	50,424	272,542
Financial investments available-for-sale*	31,018,833	-	-	13,790	31,032,623
Financial investments held-to-maturity	18,696,363	1,830,733	44,311	1,243,756	21,815,163
Gross loans, advances and financing	260,971,103	15,228,742	3,913,304	3,347,096	283,460,245
Statutory deposits with Central Banks	7,428,590	-	594,807	91,269	8,114,666
	340,366,066	20,859,708	5,869,988	6,745,429	373,841,191
Commitments and Contingencies					
Contingent liabilities	2,834,455	71,985	361,367	110,689	3,378,496
Commitments	55,306,874	1,686,911	674,011	340,068	58,007,864
	58,141,329	1,758,896	1,035,378	450,757	61,386,360
Total Credit Exposures	398,507,395	22,618,604	6,905,366	7,196,186	435,227,551
31 December 2015					
On-Balance Sheet Exposures					
Cash and balances with banks	9,151,220	2,729,277	1,422,972	1,527,590	14,831,059
Reverse repurchase agreements	4,373,866	-	-	5,295	4,379,161
Financial assets held-for-trading	3,102,761	-	-	-	3,102,761
Derivative financial assets	615,363	13,894	-	58,829	688,086
Financial investments available-for-sale*	29,785,042	-	-	-	29,785,042
Financial investments held-to-maturity	18,917,734	2,147,614	-	878,701	21,944,049
Gross loans, advances and financing	251,508,332	16,466,468	4,113,061	1,359,194	273,447,055
Statutory deposits with Central Banks	8,831,954	-	634,560	47,905	9,514,419
	326,286,272	21,357,253	6,170,593	3,877,514	357,691,632
Commitments and Contingencies					
Contingent liabilities	2,807,642	128,312	389,075	45,813	3,370,842
Commitments	56,841,823	2,099,208	588,828	83,748	59,613,607
	59,649,465	2,227,520	977,903	129,561	62,984,449
Total Credit Exposures	385,935,737	23,584,773	7,148,496	4,007,075	420,676,081

* Excluding equity securities of RM120.2 million (31 December 2015: RM122.7 million) which do not have any credit risk.

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.1 Distribution of Credit Exposures (Cont'd.)

(c) Maturity Analysis

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 2016					
On-Balance Sheet Exposures					
Cash and balances with banks	18,935,731	-	-	-	18,935,731
Reverse repurchase agreements	8,969,684	-	-	-	8,969,684
Financial assets held-for-trading	1,240,537	-	-	-	1,240,537
Derivative financial assets	193,360	51,035	27,434	713	272,542
Financial investments available-for-sale*	12,133,001	7,079,709	6,854,686	4,965,227	31,032,623
Financial investments held-to-maturity	2,873,081	9,294,410	5,149,305	4,498,367	21,815,163
Gross loans, advances and financing	30,188,064	26,045,318	27,157,176	200,069,687	283,460,245
Statutory deposits with Central Banks	-	-	-	8,114,666	8,114,666
Total On-Balance Sheet Exposures	74,533,458	42,470,472	39,188,601	217,648,660	373,841,191
31 December 2015					
On-Balance Sheet Exposures					
Cash and balances with banks	14,831,059	-	-	-	14,831,059
Reverse repurchase agreements	4,379,161	-	-	-	4,379,161
Financial assets held-for-trading	3,102,761	-	-	-	3,102,761
Derivative financial assets	614,465	17,944	47,275	8,402	688,086
Financial investments available-for-sale*	11,903,363	7,078,852	4,688,775	6,114,052	29,785,042
Financial investments held-to-maturity	3,200,923	6,104,728	6,430,276	6,208,122	21,944,049
Gross loans, advances and financing	30,141,088	23,815,757	26,592,749	192,897,461	273,447,055
Statutory deposits with Central Banks	-	-	-	9,514,419	9,514,419
Total On-Balance Sheet Exposures	68,172,820	37,017,281	37,759,075	214,742,456	357,691,632

* Excluding equity securities of RM120.2 million (31 December 2015: RM122.7 million) which do not have any credit risk.

Approximately 20% (31 December 2015: 19%) of the Group's exposures to customers and counterparties are short-term, having contractual maturity of one year or less. About 71% (31 December 2015: 71%) 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 51% (31 December 2015: 51%) of the portfolio and are traditionally longer term in nature and well secured.

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

PUBLIC BANK BERHAD (6463-H)

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 exposures of the Group and of the Bank. All derivative financial instruments are at their notional amounts.

Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
30 June 2016				
Contingent Liabilities				
Direct credit substitutes	1,348,211		1,348,211	976,324
Transaction-related contingent items	1,618,925		809,463	478,743
Short-term self-liquidating trade-related contingencies	411,360		82,272	69,707
	3,378,496		2,239,946	1,524,774
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	27,626,096		13,813,048	11,442,077
- not exceeding one year	23,200,985		4,640,197	3,822,710
Unutilised credit card lines	5,838,064		1,167,613	874,284
Forward asset purchases	1,342,719		1,342,719	151,040
	58,007,864		20,963,577	16,290,111
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	29,725,375	183,910	566,275	210,414
- one year to less than five years	1,813,987	28	161,222	80,657
Interest/profit rate related contracts:				
- less than one year	2,460,050	9,446	13,338	4,524
- one year to less than five years	11,467,238	78,441	304,142	70,265
- five years and above	514,062	713	36,841	14,608
Commodity related contracts:				
- less than one year	2,823	4	32	32
	45,983,535	272,542	1,081,850	380,500
Total Off-Balance Sheet Exposures	107,369,895	272,542	24,285,373	18,195,385

PUBLIC BANK BERHAD (6463-H)

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 2015				
Contingent Liabilities				
Direct credit substitutes	1,421,426		1,421,426	992,109
Transaction-related contingent items	1,550,912		775,456	471,690
Short-term self-liquidating trade-related contingencies	398,504		79,701	55,559
	<u>3,370,842</u>		<u>2,276,583</u>	<u>1,519,358</u>
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	29,423,236		14,711,618	12,307,414
- not exceeding one year	24,131,630		4,826,326	4,010,658
Unutilised credit card lines	5,182,818		1,036,564	777,423
Forward asset purchases	875,923		875,923	175,185
	<u>59,613,607</u>		<u>21,450,431</u>	<u>17,270,680</u>
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	27,931,563	587,095	893,726	363,215
- one year to less than five years	3,017,152	68	217,530	109,030
Interest/profit rate related contracts:				
- less than one year	1,559,400	27,369	31,267	14,433
- one year to less than five years	11,571,310	65,151	309,602	65,988
- five years and above	469,226	8,402	44,031	16,275
Commodity related contracts:				
- less than one year	169	1	2	2
	<u>44,548,820</u>	<u>688,086</u>	<u>1,496,158</u>	<u>568,943</u>
Total Off-Balance Sheet Exposures	<u>107,533,269</u>	<u>688,086</u>	<u>25,223,172</u>	<u>19,358,981</u>

PUBLIC BANK BERHAD (6463-H)

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 2016				
Bank (excluding Public Bank (L) Ltd.)				
Contingent Liabilities				
Direct credit substitutes	1,248,972		1,248,972	901,653
Transaction-related contingent items	1,381,828		690,914	389,347
Short-term self-liquidating trade-related contingencies	141,266		28,253	25,068
	2,772,066		1,968,139	1,316,068
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	22,134,575		11,067,288	9,206,713
- not exceeding one year	20,329,232		4,065,847	3,264,934
Unutilised credit card lines	5,649,882		1,129,976	847,482
Forward asset purchases	1,096,877		1,096,877	101,871
	49,210,566		17,359,988	13,421,000
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	29,169,264	179,411	559,333	205,965
- one year to less than five years	1,813,987	28	161,222	80,657
Interest rate related contracts:				
- less than one year	2,260,050	8,771	12,163	4,289
- one year to less than five years	12,295,825	88,713	331,466	73,676
- five years and above	2,720,000	45,380	282,379	56,476
Commodity related contracts:				
- less than one year	2,823	4	32	32
	48,261,949	322,307	1,346,595	421,095
Total	100,244,581	322,307	20,674,722	15,158,163

PUBLIC BANK BERHAD (6463-H)

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 2016				
Public Bank (L) Ltd.				
Contingent Liabilities				
Direct credit substitutes	6,044		6,044	6,044
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of: - not exceeding one year	43,589		8,717	8,518
Derivative Financial Instruments				
Interest rate related contracts:				
- one year to less than five years	201,413	-	6,848	3,423
- five years and above	294,062	-	24,129	12,064
	495,475	-	30,977	15,487
Total	545,108	-	45,738	30,049
Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.	100,789,689	322,307	20,720,460	15,188,212

PUBLIC BANK BERHAD (6463-H)

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 2015				
Bank (excluding Public Bank (L) Ltd.)				
Contingent Liabilities				
Direct credit substitutes	1,215,305		1,215,305	893,325
Transaction-related contingent items	1,350,813		675,407	391,785
Short-term self-liquidating trade-related contingencies	153,589		30,718	27,854
	2,719,707		1,921,430	1,312,964
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	24,777,773		12,388,887	10,427,188
- not exceeding one year	20,985,806		4,197,160	3,385,882
Unutilised credit card lines	5,054,881		1,010,976	758,232
Forward asset purchases	875,084		875,084	175,017
	51,693,544		18,472,107	14,746,319
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	26,632,334	584,954	877,442	359,958
- one year to less than five years	3,017,152	68	217,530	109,030
Interest rate related contracts:				
- less than one year	1,559,400	27,369	31,267	14,433
- one year to less than five years	12,272,400	58,750	323,535	67,614
- five years and above	2,720,000	6,488	244,688	48,938
Commodity related contracts:				
- less than one year	169	1	2	2
	46,201,455	677,630	1,694,464	599,975
Total	100,614,706	677,630	22,088,001	16,659,258

PUBLIC BANK BERHAD (6463-H)

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 2015				
Public Bank (L) Ltd.				
Contingent Liabilities				
Direct credit substitutes	6,445		6,445	6,445
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	48,630		9,726	9,513
Derivative Financial Instruments				
Interest rate related contracts:				
- one year to less than five years	128,910	-	3,867	1,934
- five years and above	249,226	2,466	24,895	12,446
	378,136	2,466	28,762	14,380
Total	433,211	2,466	44,933	30,338
Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.	101,047,917	680,096	22,132,934	16,689,596

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.3 Credit Risk Mitigation

Credit Risk Mitigation Analysis

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

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 2016				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	48,351,832	-	4,229,785	-
Public Sector Entities	1,928,696	1,802,636	-	-
Banks, DFIs and MDBs	32,139,519	435,465	4,459,736	-
Insurance Companies, Securities Firms and Fund Managers	846,788	-	293,118	-
Corporates	77,158,901	2,772,979	1,527,418	-
Regulatory Retail	122,291,307	2,450	887,144	-
Residential Mortgages	86,872,044	-	106,511	-
Higher Risk Assets	68,855	-	4	-
Other Assets	5,175,185	-	-	-
Equity Exposures	881,040	-	-	-
Defaulted Exposures	1,283,995	-	795	-
	376,998,162	5,013,530	11,504,511	-
Off-Balance Sheet Exposures				
Credit-related Exposures	21,853,289	95,170	565,440	-
Derivative Financial Instruments	1,081,850	-	-	-
Other Treasury-related Exposures	1,342,719	-	-	-
Defaulted Exposures	7,515	-	-	-
	24,285,373	95,170	565,440	-
Total Credit Exposures	401,283,535	5,108,700	12,069,951	-

PUBLIC BANK BERHAD (6463-H)

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 2015				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	47,300,341	-	2,493,178	-
Public Sector Entities	1,890,166	1,784,327	-	-
Banks, DFIs and MDBs	24,080,461	435,520	1,855,479	-
Insurance Companies, Securities				
Firms and Fund Managers	374,786	-	30,241	-
Corporates	72,084,138	2,483,164	1,793,422	-
Regulatory Retail	120,374,231	3,799	825,222	-
Residential Mortgages	82,589,578	-	102,486	-
Higher Risk Assets	72,945	-	5	-
Other Assets	5,317,196	-	-	-
Equity Exposures	3,162,811	-	-	-
Defaulted Exposures	1,300,585	-	1,030	-
	<u>358,547,238</u>	<u>4,706,810</u>	<u>7,101,063</u>	<u>-</u>
Off-Balance Sheet Exposures				
Credit-related Exposures	22,844,037	129,079	542,872	-
Derivative Financial Instruments	1,496,158	-	-	-
Other Treasury-related Exposures	875,923	-	-	-
Defaulted Exposures	7,054	-	-	-
	<u>25,223,172</u>	<u>129,079</u>	<u>542,872</u>	<u>-</u>
Total Credit Exposures	<u>383,770,410</u>	<u>4,835,889</u>	<u>7,643,935</u>	<u>-</u>

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach

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

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

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

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

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

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

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

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

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

Group Exposure Class	Rating Categories						Unrated RM'000	Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000		
30 June 2016								
On-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	8,480,029	546,348	-	-	-	-		9,026,377
- Regulatory Retail	3,661	-	-	-	-	-		3,661
	8,483,690	546,348	-	-	-	-		9,030,038
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks [#]								
- Sovereigns and Central Banks	1,113,197	45,935,579	-	338,677	918,267	-		48,305,720
- Public Sector Entities	-	1,802,636	-	-	-	-		1,802,636
- Banks, DFIs and MDBs	-	4,895,201	-	-	-	-		4,895,201
- Insurance Companies, Securities Firms and Fund Managers	-	293,118	-	-	-	-		293,118
- Corporates	-	1,968,379	-	-	-	-		1,968,379
	1,113,197	54,894,913	-	338,677	918,267	-		57,265,054
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	14,826,911	5,727,478	4,454,849	375,121	186,203	-		25,570,562
- Corporates	677,668	84,724	4,834	-	-	-		767,226
- Regulatory Retail	1,928	158	409	-	-	-		2,495
	15,506,507	5,812,360	4,460,092	375,121	186,203	-		26,340,283
(iv) Exposures risk-weighted using ratings of Public Sector Entities								
- Public Sector Entities	45,251	-	-	-	-	-		45,251
Total Rated Exposures	25,148,645	61,253,621	4,460,092	713,798	1,104,470	-		92,680,626
(b) Total Unrated Exposures							284,317,536	284,317,536
	25,148,645	61,253,621	4,460,092	713,798	1,104,470	-	284,317,536	376,998,162

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3. Credit Risk (Cont'd.)

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

Credit Exposures 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 2016								
Off-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	375,717	16,844	-	-	-	-		392,561
- Regulatory Retail	320	-	-	-	-	-		320
	376,037	16,844	-	-	-	-		392,881
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks [#]								
- Sovereigns and Central Banks	-	587,520	-	-	-	-		587,520
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	530,921	844,720	261,937	679	3,147	-		1,641,404
- Corporates	47,676	12,796	399	-	-	-		60,871
- Regulatory Retail	1,206	138	71	-	-	-		1,415
	579,803	857,654	262,407	679	3,147	-		1,703,690
Total Rated Exposures	955,840	1,462,018	262,407	679	3,147	-		2,684,091
(b) Total Unrated Exposures							21,601,282	21,601,282
	955,840	1,462,018	262,407	679	3,147	-	21,601,282	24,285,373
Total Credit Exposures before Credit Risk Mitigation								
	26,104,485	62,715,639	4,722,499	714,477	1,107,617	-	305,918,818	401,283,535

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3. Credit Risk (Cont'd.)

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

Credit Exposures 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 2015								
On-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	6,481,332	1,050,610	-	-	-	-		7,531,942
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks [#]								
- Sovereigns and Central Banks	1,154,753	44,979,690	-	-	1,050,159	-		47,184,602
- Public Sector Entities	-	1,784,328	-	-	-	-		1,784,328
- Banks, DFIs and MDBs	-	2,291,114	-	-	-	-		2,291,114
- Insurance Companies, Securities Firms and Fund Managers	-	30,241	-	-	-	-		30,241
- Corporates	-	1,917,862	-	-	-	-		1,917,862
	1,154,753	51,003,235	-	-	1,050,159	-		53,208,147
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	8,945,147	5,702,926	4,191,240	379,305	-	-		19,218,618
- Corporates	546,710	64,161	5,156	-	-	-		616,027
- Regulatory Retail	3,316	483	-	-	-	-		3,799
	9,495,173	5,767,570	4,196,396	379,305	-	-		19,838,444
Total Rated Exposures	17,131,258	57,821,415	4,196,396	379,305	1,050,159	-		80,578,533
(b) Total Unrated Exposures								
							277,968,705	277,968,705
	17,131,258	57,821,415	4,196,396	379,305	1,050,159	-	277,968,705	358,547,238

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3. Credit Risk (Cont'd.)

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

Credit Exposures 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 2015								
Off-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	334,083	207,711	-	-	-	-		541,794
- Regulatory Retail	-	320	-	-	-	-		320
	<u>334,083</u>	<u>208,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>542,114</u>
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks [#]								
- Sovereigns and Central Banks	-	12,891	-	-	-	-		12,891
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	509,330	1,678,394	159,620	-	-	-		2,347,344
- Corporates	100,507	12,817	425	-	-	-		113,749
- Regulatory Retail	182	1,611	-	-	-	-		1,793
	<u>610,019</u>	<u>1,692,822</u>	<u>160,045</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>2,462,886</u>
Total Rated Exposures	<u>944,102</u>	<u>1,913,744</u>	<u>160,045</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>3,017,891</u>
(b) Total Unrated Exposures							22,205,281	22,205,281
	<u>944,102</u>	<u>1,913,744</u>	<u>160,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,205,281</u>	<u>25,223,172</u>
Total Credit Exposures before Credit Risk Mitigation	<u>18,075,360</u>	<u>59,735,159</u>	<u>4,356,441</u>	<u>379,305</u>	<u>1,050,159</u>	<u>-</u>	<u>300,173,986</u>	<u>383,770,410</u>

[#] 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%.

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3. Credit Risk (Cont'd.)

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

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

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

Group Risk Weights	Credit Exposures after the Effect of Credit Risk Mitigation										Total Exposures after Credit Risk Mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIs and MDBs RM'000	Insurance Companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000		
30 June 2016												
0%	44,384,443	1,802,636	441,142	-	1,969,467	-	-	-	2,040,214	-	50,637,902	-
20%	98,954	128,236	25,033,540	-	9,581,090	7,115	-	-	5,055	-	34,853,990	6,970,798
35%	-	-	-	-	-	-	63,978,580	-	-	-	63,978,580	22,392,503
50%	-	-	3,552,430	217,851	671,956	2,169	19,103,408	-	-	-	23,547,814	11,773,907
75%	-	-	-	-	-	125,963,160	523,890	-	-	-	126,487,050	94,865,288
100%	326,179	-	580,097	357,429	72,198,626	6,331,172	4,770,986	-	3,129,916	881,040	88,575,445	88,575,445
150%	-	-	-	-	176,080	864,869	16,328	75,526	-	-	1,132,803	1,699,205
Total	44,809,576	1,930,872	29,607,209	575,280	84,597,219	133,168,485	88,393,192	75,526	5,175,185	881,040	389,213,584	226,277,146
Risk-Weighted Assets by Exposures	345,970	25,647	7,363,020	466,355	74,714,943	102,103,353	37,132,603	113,288	3,130,927	881,040	226,277,146	
Average Risk Weights	0.8%	1.3%	24.9%	81.1%	88.3%	76.7%	42.0%	150.0%	60.5%	100.0%	58.1%	
Deduction from Total Capital				-						-		-

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

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

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

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 2015												
0%	44,817,732	1,784,327	445,826	-	1,917,335	-	-	-	2,171,040	-	51,136,260	-
20%	37,302	108,756	18,687,710	-	7,462,190	3,498	-	-	1,119	-	26,300,575	5,260,115
35%	-	-	-	-	-	-	62,514,038	-	-	-	62,514,038	21,879,913
50%	-	-	4,666,214	337,210	1,475,523	5,532	16,899,852	-	-	-	23,384,331	11,692,166
75%	-	-	-	-	-	124,888,714	442,723	-	-	-	125,331,437	93,998,578
100%	65,029	-	860,129	28,594	69,312,707	5,900,704	3,802,895	-	3,145,037	3,162,811	86,277,906	86,277,906
150%	-	-	-	-	126,890	956,980	17,850	80,208	-	-	1,181,928	1,772,892
Total	44,920,063	1,893,083	24,659,879	365,804	80,294,645	131,755,428	83,677,358	80,208	5,317,196	3,162,811	376,126,475	220,881,570
Risk-Weighted Assets by Exposures	72,489	21,751	6,930,778	197,199	71,733,242	101,006,175	34,491,552	120,312	3,145,261	3,162,811	220,881,570	
Average Risk Weights	0.2%	1.1%	28.1%	53.9%	89.3%	76.7%	41.2%	150.0%	59.2%	100.0%	58.7%	
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		
30 June 2016												
0%	28,945,113	434,890	329,164	-	1,641,976	-	-	-	1,800,449	-	33,151,592	-
20%	98,956	20,745	22,481,894	-	8,689,108	7,115	-	-	-	-	31,297,818	6,259,564
35%	-	-	-	-	-	-	52,767,759	-	-	-	52,767,759	18,468,716
50%	-	-	1,235,358	-	671,850	1,267	16,000,651	-	-	-	17,909,126	8,954,563
75%	-	-	-	-	-	101,555,416	431,112	-	-	-	101,986,528	76,489,896
100%	44,689	-	342,028	29,167	59,464,223	3,059,739	3,632,766	-	1,848,719	5,143,668	73,564,999	73,564,999
150%	-	-	-	-	162,559	652,828	12,883	67,965	-	-	896,235	1,344,352
1250%	-	-	-	-	-	-	-	-	89,996	-	89,996	1,124,950
Total	29,088,758	455,635	24,388,444	29,167	70,629,716	105,276,365	72,845,171	67,965	3,739,164	5,143,668	311,664,053	186,207,040
Risk-Weighted Assets by Exposures	64,480	4,149	5,456,086	29,167	61,781,808	80,207,600	30,444,466	101,947	2,973,669	5,143,668	186,207,040	
Average Risk Weights	0.2%	0.9%	22.4%	100.0%	87.5%	76.2%	41.8%	150.0%	79.5%	100.0%	59.7%	
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 2015												
0%	31,382,011	426,643	329,204	-	1,599,997	-	-	-	1,955,015	-	35,692,870	-
20%	37,301	18,011	17,702,030	-	7,203,989	3,498	-	-	-	-	24,964,829	4,992,966
35%	-	-	-	-	-	-	51,490,661	-	-	-	51,490,661	18,021,731
50%	-	-	2,253,941	-	1,474,947	4,226	14,340,208	-	-	-	18,073,322	9,036,661
75%	-	-	-	-	-	101,406,137	381,018	-	-	-	101,787,155	76,340,366
100%	65,029	-	329,416	28,594	57,543,671	2,786,477	3,002,610	-	2,057,426	3,036,923	68,850,146	68,850,146
150%	-	-	-	-	122,585	741,596	10,674	72,797	-	-	947,652	1,421,478
1250%	-	-	-	-	-	-	-	-	89,996	-	89,996	1,124,950
Total	31,484,341	444,654	20,614,591	28,594	67,945,189	104,941,934	69,225,171	72,797	4,102,437	3,036,923	301,896,631	179,788,298
Risk-Weighted Assets by Exposures	72,489	3,602	4,996,792	28,594	59,905,821	79,956,286	28,496,220	109,195	3,182,376	3,036,923	179,788,298	
Average Risk Weights	0.2%	0.8%	24.2%	100.0%	88.2%	76.2%	41.2%	150.0%	77.6%	100.0%	59.6%	
Deduction from Total Capital			-							-	-	

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.5 Credit Quality of Gross Loans, Advances and Financing

(a) Past Due But Not 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 2016 RM'000	31 December 2015 RM'000
Purchase of securities	3,429	6,941
Purchase of transport vehicles	10,751,600	11,285,310
Purchase of landed properties	11,912,352	11,968,334
(Of which: - residential	8,580,252	8,725,832
- non-residential)	3,332,100	3,242,502
Purchase of fixed assets (excluding landed properties)	12,497	9,018
Personal use	664,677	651,208
Credit card	286,321	300,956
Purchase of consumer durables	452	82
Construction	59,591	190,088
Working capital	1,112,488	1,136,430
Other purpose	72,711	62,312
	24,876,118	25,610,679

(ii) Geographical Analysis

Group	30 June 2016 RM'000	31 December 2015 RM'000
Malaysia	24,030,074	24,737,460
Hong Kong & China	235,092	217,557
Cambodia	315,178	317,832
Other countries	295,774	337,830
	24,876,118	25,610,679

PUBLIC BANK BERHAD (6463-H)

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 2016 RM'000	Net Charge for the Period RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 30 June 2016 RM'000	Collective Assessment Allowance at 30 June 2016 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
30 June 2016							
Purchase of securities	3,826	841	505	-	1,346	1,549	2,895
Purchase of transport vehicles	320,082	11,621	(6,920)	(484)	4,217	569,307	573,524
Purchase of landed properties	611,284	17,823	(154)	(2,406)	15,263	670,933	686,196
(Of which: - residential	458,407	2,680	3,547	(739)	5,488	445,567	451,055
- non-residential)	152,877	15,143	(3,701)	(1,667)	9,775	225,366	235,141
Purchase of fixed assets (excluding landed properties)	7,807	253	114	(282)	85	2,733	2,818
Personal use	129,884	42,757	99,976	(104,536)	38,197	85,931	124,128
Credit card	23,304	-	-	-	-	23,443	23,443
Purchase of consumer durables	65	-	-	-	-	91	91
Construction	20,876	5,932	205	462	6,599	12,252	18,851
Mergers and acquisitions	-	-	-	-	-	217	217
Working capital	237,360	40,167	11,181	(6,919)	44,429	115,615	160,044
Other purpose	28,463	2,553	3,626	(469)	5,710	10,775	16,485
	1,382,951	121,947	108,533	(114,634)	115,846	1,492,846	1,608,692

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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 2015 RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December 2015 RM'000	Collective Assessment Allowance at 31 December 2015 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
31 December 2015							
Purchase of securities	4,029	2,715	(1,874)	-	841	3,638	4,479
Purchase of transport vehicles	358,329	10,221	1,320	80	11,621	594,907	606,528
Purchase of landed properties	599,821	12,274	12,182	(6,633)	17,823	664,760	682,583
(Of which: - residential	445,406	178	4,282	(1,780)	2,680	443,201	445,881
- non-residential)	154,415	12,096	7,900	(4,853)	15,143	221,559	236,702
Purchase of fixed assets (excluding landed properties)	523	3	636	(386)	253	958	1,211
Personal use	138,792	34,155	198,787	(190,185)	42,757	85,240	127,997
Credit card	23,694	-	-	-	-	23,629	23,629
Purchase of consumer durables	57	-	-	-	-	83	83
Construction	13,418	5,445	(91)	578	5,932	11,006	16,938
Mergers and acquisitions	-	-	-	-	-	241	241
Working capital	198,036	70,582	(7,220)	(23,195)	40,167	117,412	157,579
Other purpose	15,117	4,691	(2,138)	-	2,553	8,763	11,316
	<u>1,351,816</u>	<u>140,086</u>	<u>201,602</u>	<u>(219,741)</u>	<u>121,947</u>	<u>1,510,637</u>	<u>1,632,584</u>

PUBLIC BANK BERHAD (6463-H)

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 2016 RM'000	Net Charge for the Period RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 30 June 2016 RM'000	Collective Assessment Allowance at 30 June 2016 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
30 June 2016							
Malaysia	1,153,785	34,837	(6,528)	(6,030)	22,279	1,326,901	1,349,180
Hong Kong & China	96,396	59,033	103,743	(107,877)	54,899	84,931	139,830
Cambodia	27,952	28,077	2,572	(4,208)	26,441	56,801	83,242
Other countries	104,818	-	8,746	3,481	12,227	24,213	36,440
	1,382,951	121,947	108,533	(114,634)	115,846	1,492,846	1,608,692

Group	Impaired Loans, Advances and Financing RM'000	Individual Assessment Allowance at 1 January 2015 RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December 2015 RM'000	Collective Assessment Allowance at 31 December 2015 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
31 December 2015							
Malaysia	1,190,592	62,467	(7,030)	(20,600)	34,837	1,349,289	1,384,126
Hong Kong & China	104,900	38,864	209,946	(189,777)	59,033	86,190	145,223
Cambodia	30,461	38,755	(1,314)	(9,364)	28,077	59,145	87,222
Other countries	25,863	-	-	-	-	16,013	16,013
	1,351,816	140,086	201,602	(219,741)	121,947	1,510,637	1,632,584

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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

Group	30 June 2016	31 December 2015
	RM'000	RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	1,510,637	1,682,128
Allowance made during the period/year	132,249	169,085
Amount written off	(153,891)	(351,911)
Amount arising from acquisition of Public Bank Vietnam Limited (formerly known as VID Public Bank)	7,742	-
Exchange differences	(3,891)	11,335
Closing balance	1,492,846	1,510,637
<u>Individual Assessment Allowance</u>		
At 1 January	121,947	140,086
Allowance made during the period/year	121,023	228,695
Amount written back in respect of recoveries	(12,490)	(27,093)
Amount written off	(110,352)	(256,744)
Amount arising from acquisition of Public Bank Vietnam Limited (formerly known as VID Public Bank)	3,372	-
Amount transferred to allowance for impairment loss on foreclosed properties	(639)	(1,612)
Exchange differences	(7,015)	38,615
Closing balance	115,846	121,947

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4. Market Risk

Minimum Regulatory Capital Requirements for Market Risk

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

Group	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
30 June 2016				
Interest rate/rate of return risk	29,738,171	(28,020,194)	852,568	68,206
Foreign exchange risk	2,256,613	(1,421,230)	2,256,616	180,529
Total	31,994,784	(29,441,424)	3,109,184	248,735
31 December 2015				
Interest rate/rate of return risk	30,924,503	(27,366,985)	597,882	47,830
Foreign exchange risk	1,902,621	(935,466)	1,902,621	152,210
Total	32,827,124	(28,302,451)	2,500,503	200,040
Bank				
30 June 2016				
Interest rate risk	27,887,210	(27,617,500)	819,180	65,534
Foreign exchange risk	2,770,331	(3,839,147)	3,839,147	307,132
Total	30,657,541	(31,456,647)	4,658,327	372,666
31 December 2015				
Interest rate risk	27,814,812	(26,577,465)	535,038	42,803
Foreign exchange risk	2,128,762	(3,179,295)	3,179,295	254,344
Total	29,943,574	(29,756,760)	3,714,333	297,147

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4. Market Risk (Cont'd.)

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

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

Interest Rate/Rate of Return Risk Sensitivity Analysis

Group	30 June 2016		31 December 2015	
	-100 bps	+100 bps	-100 bps	+100 bps
	Increase/(Decrease)			
	RM'000	RM'000	RM'000	RM'000
Impact on Net Interest/ Profit Income ("NII/NPI")				
Ringgit Malaysia	(279,135)	266,319	(201,107)	189,246
United States Dollars	12,907	(34,066)	12,766	(33,428)
Hong Kong Dollars	(4,361)	16,098	(3,444)	10,654
Other Currencies	(20,441)	18,441	(14,414)	13,604
Total	(291,030)	266,792	(206,199)	180,076

Impact on Economic Value of Equity ("EVE")

Ringgit Malaysia	1,914,855	(1,552,187)	2,007,306	(1,647,975)
United States Dollars	3,876	(422)	8,194	(14,357)
Hong Kong Dollars	684	12,185	2,967	4,761
Other Currencies	6,428	(446)	(1,658)	6,034
Total	1,925,843	(1,540,870)	2,016,809	(1,651,537)

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

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

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5. Equity Exposures in the Banking Book

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

(a) Equity Exposures in the Banking Book

Group	30 June 2016		31 December 2015	
	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	789,566	789,566	3,071,182	3,071,182
Holdings of equity investments	3,589	3,589	3,730	3,730
	793,155	793,155	3,074,912	3,074,912
<u>Privately held</u>				
For socio-economic purposes	87,885	87,885	87,899	87,899
Not for socio-economic purposes	28,771	43,157	31,036	46,554
	116,656	131,042	118,935	134,453
Total	909,811	924,197	3,193,847	3,209,365

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

Group	30 June 2016 RM'000	31 December 2015 RM'000
Realised (losses)/gains recognised in the statement of profit or loss		
- Investments in unit trust funds	(1,761)	8,755
Unrealised gains recognised in other comprehensive income		
- Investments in unit trust funds	174	1,219
- Publicly traded equity investments	3,590	3,731
	3,764	4,950

6. Operational Risk

Minimum Regulatory Capital Requirements for Operational Risk

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

	30 June 2016		31 December 2015	
	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	16,852,369	1,348,189	16,321,153	1,305,692
Bank	11,464,960	917,197	10,911,444	872,915

7. Shariah Non-Compliance Risk

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

Under the Shariah-based funds managed by Public Mutual Berhad, a non-permissible income of RM325,885.53 (2015: RM1,276,055) 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.