

PILLAR 3 DISCLOSURE**As at 30 June 2015****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 2015		31 December 2014	
	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	211,650,176	16,932,014	200,875,562	16,070,045
Market Risk	2,767,034	221,363	2,554,845	204,387
Operational Risk	15,757,514	1,260,601	15,281,141	1,222,491
Total	230,174,724	18,413,978	218,711,548	17,496,923
Bank				
Credit Risk	175,080,107	14,006,408	168,570,558	13,485,645
Market Risk	3,297,765	263,821	3,027,889	242,231
Operational Risk	10,937,926	875,034	10,753,781	860,302
Total	189,315,798	15,145,263	182,352,228	14,588,178

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 for the Group and the Bank

	Group		Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Before deducting interim dividends*:				
Common equity tier I ("CET I") capital ratio	11.102%	11.328%	12.160%	12.686%
Tier I capital ratio	12.310%	12.776%	13.602%	14.397%
Total capital ratio	15.820%	16.384%	15.977%	16.324%
After deducting interim dividends*:				
CET I capital ratio	10.699%	10.781%	11.670%	12.029%
Tier I capital ratio	11.908%	12.228%	13.112%	13.740%
Total capital ratio	15.417%	15.836%	15.487%	15.668%

* 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 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 the Bank are computed in accordance with the BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) issued on 28 November 2012. The minimum regulatory capital adequacy ratios, as required under the BNM's Capital Adequacy Framework (Capital Components) which includes transitional arrangements for year 2015, are set out as follows:

Calendar Year	CET I Capital Ratio %	Tier I Capital Ratio %	Total Capital Ratio %
2015 onwards*	4.5	6.0	8.0

* Before including capital conservation buffer of 2.5%, counter-cyclical buffer and any other buffers to be introduced by BNM.

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 for 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
30 June 2015						
Before deducting interim dividends*:						
CET I capital ratio	10.828%	28.128%	N/A	13.638%	25.733%	N/A
Tier I capital ratio	10.828%	28.128%	28.028%	13.638%	25.733%	N/A
Total capital ratio	13.603%	28.619%	28.065%	14.822%	26.725%	19.563%
After deducting interim dividends*:						
CET I capital ratio	10.578%	28.128%	N/A	13.638%	23.441%	N/A
Tier I capital ratio	10.578%	28.128%	28.028%	13.638%	23.441%	N/A
Total capital ratio	13.353%	28.619%	28.065%	14.822%	24.432%	19.563%
31 December 2014						
Before deducting interim dividends*:						
CET I capital ratio	11.730%	44.638%	N/A	13.921%	26.449%	N/A
Tier I capital ratio	11.730%	44.638%	33.941%	13.921%	26.449%	N/A
Total capital ratio	14.580%	45.270%	33.980%	15.104%	27.425%	17.418%
After deducting interim dividends*:						
CET I capital ratio	11.007%	37.487%	N/A	13.921%	24.029%	N/A
Tier I capital ratio	11.007%	37.487%	33.941%	13.921%	24.029%	N/A
Total capital ratio	13.857%	38.119%	33.980%	15.104%	25.004%	17.418%

* 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 for the Banking Subsidiary Companies of the Group (Cont'd.)

- ¹ The risk-weighted assets of Public Islamic Bank Berhad 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) issued on 28 November 2012. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively for year 2015.
- ² The risk-weighted assets of Public Investment Bank Berhad 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) issued on 28 November 2012. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively for year 2015.
- 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, 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%.

PUBLIC BANK BERHAD (6463-H)

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 2015	31 December 2014	30 June 2015	31 December 2014
	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	5,631,067	5,453,501	5,017,987	4,945,825
Retained profits	12,528,818	11,872,792	11,323,145	10,668,300
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Qualifying non-controlling interests	623,872	566,877	-	-
Less: Goodwill and other intangible assets	(2,181,520)	(2,083,142)	(695,393)	(695,393)
Less: Deferred tax assets, net	(69,087)	(69,325)	-	-
Less: Defined benefit pension fund assets	(191,586)	(205,195)	(187,655)	(200,986)
Less: Investment in banking/insurance subsidiary companies and associated companies deducted from CET I capital	(56,902)	(28,451)	(1,705,915)	(852,957)
Total CET I capital	25,552,978	24,775,373	23,020,485	23,133,105
Innovative Tier I capital securities	1,268,120	1,449,280	1,268,120	1,449,280
Non-innovative Tier I stapled securities	1,461,600	1,670,400	1,461,600	1,670,400
Qualifying CET I and additional Tier I capital instruments held by third parties	52,714	46,764	-	-
Total Tier I capital	28,335,412	27,941,817	25,750,205	26,252,785
Tier II capital				
Collective assessment allowance and regulatory reserves #	2,645,627	2,495,677	2,106,752	1,978,560
Subordinated notes/sukuk murabahah - meeting all relevant criteria - subject to gradual phase-out treatment	2,448,382	2,448,162	1,949,395	1,949,302
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	70,285	62,352	-	-
Less: Investment in banking/insurance subsidiary companies and associated companies deducted from Tier II Capital	(85,353)	(113,804)	(2,558,872)	(3,411,830)
Total Tier II capital	8,077,895	7,891,094	4,496,229	3,514,739
Total capital	36,413,307	35,832,911	30,246,434	29,767,524

Excludes collective assessment allowance on impaired loans/financing restricted from Tier II capital of the Group and the Bank of RM605.8 million (31 December 2014: RM632.2 million) and RM447.1 million (31 December 2014: RM458.7 million) respectively.

Includes the qualifying regulatory reserves for non-impaired loan of the Group and the Bank of RM1,571.1 million (31 December 2014: RM1,445.8 million) and RM1,412.6 million (31 December 2014: RM1,293.3 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 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 2015				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	52,080,935	45,672,662	64,294	5,144
Public Sector Entities	1,372,871	1,372,871	17,080	1,366
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	22,176,009	17,016,499	4,835,143	386,812
Insurance Companies, Securities Firms and Fund Managers	1,052,534	548,622	366,189	29,295
Corporates	66,538,047	64,779,757	56,897,526	4,551,802
Regulatory Retail	116,518,824	115,671,583	87,554,624	7,004,370
Residential Mortgages	76,832,053	76,733,692	32,093,604	2,567,488
Higher Risk Assets	73,268	73,244	109,866	8,789
Other Assets	5,627,149	5,627,149	3,527,533	282,203
Equity Exposures	5,454,575	5,454,575	5,454,575	436,366
Defaulted Exposures	1,411,184	1,409,880	2,010,022	160,802
	349,137,449	334,360,534	192,930,456	15,434,437
Off-Balance Sheet Exposures				
Credit-related Exposures	22,507,122	21,987,525	17,965,766	1,437,261
Derivative Financial Instruments	1,542,295	1,542,295	530,452	42,436
Other Treasury-related Exposures	1,471,311	1,471,311	195,086	15,607
Defaulted Exposures	19,444	19,444	28,416	2,273
	25,540,172	25,020,575	18,719,720	1,497,577
Total Credit Exposures	374,677,621	359,381,109	211,650,176	16,932,014

PUBLIC BANK BERHAD (6463-H)

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 2014				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	50,809,170	45,543,822	98,637	7,891
Public Sector Entities	883,812	883,812	19,981	1,599
Banks, DFIs and MDBs	14,379,452	13,598,420	4,073,196	325,856
Insurance Companies, Securities Firms and Fund Managers	540,605	286,911	201,854	16,148
Corporates	62,587,458	60,683,663	53,246,505	4,259,720
Regulatory Retail	113,110,547	112,289,249	85,002,943	6,800,235
Residential Mortgages	71,387,116	71,292,533	29,363,000	2,349,040
Higher Risk Assets	74,348	74,321	111,482	8,919
Other Assets	4,997,773	4,997,773	2,606,124	208,490
Equity Exposures	5,369,203	5,369,203	5,369,203	429,536
Defaulted Exposures	1,614,033	1,612,049	2,331,315	186,505
	<u>325,753,517</u>	<u>316,631,756</u>	<u>182,424,240</u>	<u>14,593,939</u>
Off-Balance Sheet Exposures				
Credit-related Exposures	22,226,918	21,774,750	17,829,081	1,426,327
Derivative Financial Instruments	1,459,897	1,459,897	472,546	37,804
Other Treasury-related Exposures	1,059,113	1,059,113	122,278	9,782
Defaulted Exposures	18,517	18,517	27,417	2,193
	<u>24,764,445</u>	<u>24,312,277</u>	<u>18,451,322</u>	<u>1,476,106</u>
Total Credit Exposures	<u>350,517,962</u>	<u>340,944,033</u>	<u>200,875,562</u>	<u>16,070,045</u>

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 2015				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	36,184,567	30,473,947	64,294	5,144
Public Sector Entities	444,544	444,544	2,724	218
Banks, DFIs and MDBs	17,110,885	11,951,376	2,778,831	222,306
Insurance Companies, Securities Firms and Fund Managers	508,115	8,197	8,197	656
Corporates	57,184,180	56,079,564	48,678,181	3,894,254
Regulatory Retail	93,171,668	92,420,182	69,786,157	5,582,892
Residential Mortgages	64,924,728	64,835,517	27,180,761	2,174,461
Higher Risk Assets	62,445	62,430	93,646	7,492
Other Assets	4,443,552	4,443,552	3,537,208	282,977
Equity Exposures	4,985,591	4,985,591	4,985,591	398,847
Defaulted Exposures	1,154,664	1,153,793	1,635,503	130,840
	280,174,939	266,858,693	158,751,093	12,700,087
Off-Balance Sheet Exposures				
Credit-related Exposures	19,284,151	18,792,726	15,557,561	1,244,605
Derivative Financial Instruments	1,758,046	1,758,046	573,601	45,888
Other Treasury-related Exposures	1,358,420	1,358,420	172,508	13,801
Defaulted Exposures	17,346	17,346	25,344	2,027
	22,417,963	21,926,538	16,329,014	1,306,321
Total Credit Exposures	302,592,902	288,785,231	175,080,107	14,006,408

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 2014				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	38,355,592	33,839,876	98,636	7,891
Public Sector Entities	441,088	441,088	2,734	219
Banks, DFIs and MDBs	12,358,269	11,577,237	2,832,716	226,617
Insurance Companies, Securities Firms and Fund Managers	259,127	9,067	9,067	725
Corporates	54,941,299	53,640,761	46,651,717	3,732,137
Regulatory Retail	90,241,385	89,493,475	67,572,195	5,405,776
Residential Mortgages	60,717,280	60,631,717	24,993,398	1,999,472
Higher Risk Assets	63,393	63,375	95,062	7,605
Other Assets	4,038,780	4,038,780	2,913,140	233,051
Equity Exposures	4,900,545	4,900,545	4,900,545	392,044
Defaulted Exposures	1,318,820	1,317,487	1,896,453	151,716
	<u>267,635,578</u>	<u>259,953,408</u>	<u>151,965,663</u>	<u>12,157,253</u>
Off-Balance Sheet Exposures				
Credit-related Exposures	19,921,040	19,496,802	15,977,915	1,278,233
Derivative Financial Instruments	1,618,286	1,618,286	504,222	40,338
Other Treasury-related Exposures	875,083	875,083	99,404	7,952
Defaulted Exposures	15,804	15,804	23,354	1,869
	<u>22,430,213</u>	<u>22,005,975</u>	<u>16,604,895</u>	<u>1,328,392</u>
Total Credit Exposures	<u>290,065,791</u>	<u>281,959,383</u>	<u>168,570,558</u>	<u>13,485,645</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 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 2015									
On-Balance Sheet Exposures									
Cash and balances with banks	7,365,653	14,152,821	-	-	-	-	-	-	21,518,474
Reverse repurchase agreements	12,059,893	-	-	-	-	-	-	-	12,059,893
Financial assets held-for-trading	1,171,096	11,699,881	-	-	49,903	-	-	-	12,920,880
Derivative financial assets	-	574,232	-	-	-	-	-	-	574,232
Financial investments available-for-sale*	13,770,521	7,205,619	7,831	297,584	-	-	-	-	21,281,555
Financial investments held-to-maturity	16,874,250	4,317,770	678,897	862,588	-	-	-	-	22,733,505
Gross loans, advances and financing	830,126	6,215,139	14,422,502	38,245,895	34,895,210	85,477,982	40,779,728	37,940,003	258,806,585
Statutory deposits with Central Banks	8,577,995	-	-	-	-	-	-	-	8,577,995
	60,649,534	44,165,462	15,109,230	39,406,067	34,945,113	85,477,982	40,779,728	37,940,003	358,473,119
Commitments and Contingencies									
Contingent liabilities	1,900	80,201	838,614	1,017,463	1,163,664	-	-	317,435	3,419,277
Commitments	1,508,176	2,701,887	4,837,759	11,411,465	13,765,547	11,447,116	18,575	13,141,379	58,831,904
	1,510,076	2,782,088	5,676,373	12,428,928	14,929,211	11,447,116	18,575	13,458,814	62,251,181
Total Credit Exposures	62,159,610	46,947,550	20,785,603	51,834,995	49,874,324	96,925,098	40,798,303	51,398,817	420,724,300

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 2014									
On-Balance Sheet Exposures									
Cash and balances with banks	4,951,253	11,865,585	-	-	-	-	-	-	16,816,838
Reverse repurchase agreements	6,314,493	-	-	-	-	-	-	-	6,314,493
Financial assets held-for-trading	2,194,271	16,127,977	-	-	41,770	-	-	-	18,364,018
Derivative financial assets	-	703,072	-	-	-	-	-	-	703,072
Financial investments available-for-sale*	17,853,342	6,573,461	150,773	762,072	-	-	-	-	25,339,648
Financial investments held-to-maturity	15,115,058	3,910,464	651,341	737,524	-	-	-	-	20,414,387
Gross loans, advances and financing	30,558	6,870,851	13,923,206	35,805,473	33,047,391	80,711,425	39,199,835	35,455,314	245,044,053
Statutory deposits with Central Banks	8,063,746	-	-	-	-	-	-	-	8,063,746
	<u>54,522,721</u>	<u>46,051,410</u>	<u>14,725,320</u>	<u>37,305,069</u>	<u>33,089,161</u>	<u>80,711,425</u>	<u>39,199,835</u>	<u>35,455,314</u>	<u>341,060,255</u>
Commitments and Contingencies									
Contingent liabilities	1,916	81,295	912,409	1,218,350	1,043,118	-	-	32,944	3,290,032
Commitments	960,005	1,896,421	5,276,859	11,238,050	13,315,813	11,381,257	20,675	13,142,317	57,231,397
	<u>961,921</u>	<u>1,977,716</u>	<u>6,189,268</u>	<u>12,456,400</u>	<u>14,358,931</u>	<u>11,381,257</u>	<u>20,675</u>	<u>13,175,261</u>	<u>60,521,429</u>
Total Credit Exposures	<u>55,484,642</u>	<u>48,029,126</u>	<u>20,914,588</u>	<u>49,761,469</u>	<u>47,448,092</u>	<u>92,092,682</u>	<u>39,220,510</u>	<u>48,630,575</u>	<u>401,581,684</u>

* Excluding equity securities of RM119.3 million (31 December 2014: RM119.2 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 2015					
On-Balance Sheet Exposures					
Cash and balances with banks	14,410,571	3,682,555	1,365,637	2,059,711	21,518,474
Reverse repurchase agreements	12,057,492	-	-	2,401	12,059,893
Financial assets held-for-trading	12,920,880	-	-	-	12,920,880
Derivative financial assets	478,829	22,492	-	72,911	574,232
Financial investments available-for-sale*	21,281,555	-	-	-	21,281,555
Financial investments held-to-maturity	20,082,280	2,065,877	-	585,348	22,733,505
Gross loans, advances and financing	240,015,008	14,321,164	3,321,725	1,148,688	258,806,585
Statutory deposits with Central Banks	7,982,063	-	556,906	39,026	8,577,995
	329,228,678	20,092,088	5,244,268	3,908,085	358,473,119
Commitments and Contingencies					
Contingent liabilities	2,889,419	122,495	370,185	37,178	3,419,277
Commitments	56,176,278	2,015,016	595,529	45,081	58,831,904
	59,065,697	2,137,511	965,714	82,259	62,251,181
Total Credit Exposures	388,294,375	22,229,599	6,209,982	3,990,344	420,724,300
31 December 2014					
On-Balance Sheet Exposures					
Cash and balances with banks	10,939,472	2,205,873	1,227,091	2,444,402	16,816,838
Reverse repurchase agreements	6,278,649	-	-	35,844	6,314,493
Financial assets held-for-trading	18,364,018	-	-	-	18,364,018
Derivative financial assets	643,428	1,672	-	57,972	703,072
Financial investments available-for-sale*	25,339,648	-	-	-	25,339,648
Financial investments held-to-maturity	18,161,017	1,710,621	-	542,749	20,414,387
Gross loans, advances and financing	227,888,060	12,991,337	2,990,387	1,174,269	245,044,053
Statutory deposits with Central Banks	7,480,240	-	547,968	35,538	8,063,746
	315,094,532	16,909,503	4,765,446	4,290,774	341,060,255
Commitments and Contingencies					
Contingent liabilities	2,789,877	127,022	337,395	35,738	3,290,032
Commitments	54,760,075	2,039,383	394,057	37,882	57,231,397
	57,549,952	2,166,405	731,452	73,620	60,521,429
Total Credit Exposures	372,644,484	19,075,908	5,496,898	4,364,394	401,581,684

* Excluding equity securities of RM119.3 million (31 December 2014: RM119.2 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 2015					
On-Balance Sheet Exposures					
Cash and balances with banks	21,518,474	-	-	-	21,518,474
Reverse repurchase agreements	12,059,893	-	-	-	12,059,893
Financial assets held-for-trading	12,920,880	-	-	-	12,920,880
Derivative financial assets	432,139	67,607	60,445	14,041	574,232
Financial investments available-for-sale*	2,589,243	7,817,273	3,505,988	7,369,051	21,281,555
Financial investments held-to-maturity	4,015,889	5,374,192	5,926,976	7,416,448	22,733,505
Gross loans, advances and financing	31,245,607	22,040,519	23,660,840	181,859,619	258,806,585
Statutory deposits with Central Banks	-	-	-	8,577,995	8,577,995
Total On-Balance Sheet Exposures	84,782,125	35,299,591	33,154,249	205,237,154	358,473,119
31 December 2014					
On-Balance Sheet Exposures					
Cash and balances with banks	16,816,838	-	-	-	16,816,838
Reverse repurchase agreements	6,314,493	-	-	-	6,314,493
Financial assets held-for-trading	18,364,018	-	-	-	18,364,018
Derivative financial assets	560,733	33,055	55,391	53,893	703,072
Financial investments available-for-sale*	10,708,633	6,113,903	2,788,186	5,728,926	25,339,648
Financial investments held-to-maturity	3,722,655	4,292,186	5,028,207	7,371,339	20,414,387
Gross loans, advances and financing	33,519,550	19,854,855	22,993,262	168,676,386	245,044,053
Statutory deposits with Central Banks	-	-	-	8,063,746	8,063,746
Total On-Balance Sheet Exposures	90,006,920	30,293,999	30,865,046	189,894,290	341,060,255

* Excluding equity securities of RM119.3 million (31 December 2014: RM119.2 million) which do not have any credit risk.

Approximately 24% (31 December 2014: 26%) of the Group's exposures to customers and counterparties are short-term, having contractual maturity of one year or less. About 70% (31 December 2014: 69%) 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 2014: 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 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.

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 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 2015				
Contingent Liabilities				
Direct credit substitutes	1,571,383		1,571,383	1,089,219
Transaction-related contingent items	1,404,734		702,367	411,760
Short-term self-liquidating trade-related contingencies	443,160		88,632	60,671
	3,419,277		2,362,382	1,561,650
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	28,973,551		14,486,776	11,810,265
- not exceeding one year	23,734,582		4,746,916	3,924,398
Unutilised credit card lines	4,652,460		930,492	697,869
Forward asset purchases	1,471,311		1,471,311	195,086
	58,831,904		21,635,495	16,627,618
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	29,503,302	432,139	832,995	297,559
- one year to less than five years	2,645,690	5	213,382	106,830
Interest/profit rate related contracts:				
- less than one year	56,576	-	57	28
- one year to less than five years	13,009,903	128,047	449,279	109,171
- five years and above	423,674	14,041	46,572	16,854
Commodity related contracts:				
- less than one year	970	-	10	10
	45,640,115	574,232	1,542,295	530,452
Total Off-Balance Sheet Exposures	107,891,296	574,232	25,540,172	18,719,720

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 2014				
Contingent Liabilities				
Direct credit substitutes	1,598,096		1,598,096	1,084,355
Transaction-related contingent items	1,285,971		642,986	392,068
Short-term self-liquidating trade-related contingencies	405,965		81,193	57,341
	<u>3,290,032</u>		<u>2,322,275</u>	<u>1,533,764</u>
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	28,962,346		14,481,173	11,869,596
- not exceeding one year	23,074,157		4,614,831	3,832,771
Unutilised credit card lines	4,135,781		827,156	620,367
Forward asset purchases	1,059,113		1,059,113	122,278
	<u>57,231,397</u>		<u>20,982,273</u>	<u>16,445,012</u>
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	21,082,468	560,733	771,143	239,032
- one year to less than five years	2,449,762	4	241,416	120,743
Interest/profit rate related contracts:				
- less than one year	821,971	-	901	450
- one year to less than five years	10,716,883	134,790	423,491	107,731
- five years and above	220,000	7,545	22,945	4,589
Commodity related contracts:				
- less than one year	148	-	1	1
	<u>35,291,232</u>	<u>703,072</u>	<u>1,459,897</u>	<u>472,546</u>
Total Off-Balance Sheet Exposures	<u>95,812,661</u>	<u>703,072</u>	<u>24,764,445</u>	<u>18,451,322</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 2015				
Bank (excluding Public Bank (L) Ltd.)				
Contingent Liabilities				
Direct credit substitutes	1,214,865		1,214,865	913,027
Transaction-related contingent items	1,234,555		617,277	341,111
Short-term self-liquidating trade-related contingencies	208,912		41,782	35,358
	2,658,332		1,873,924	1,289,496
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	24,674,727		12,337,364	10,264,545
- not exceeding one year	20,857,426		4,171,485	3,337,285
Unutilised credit card lines	4,539,143		907,829	680,871
Forward asset purchases	1,358,420		1,358,420	172,508
	51,429,716		18,775,098	14,455,209
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	28,227,534	431,267	820,141	294,988
- one year to less than five years	2,645,690	5	213,382	106,830
Interest rate related contracts:				
- less than one year	56,576	-	57	28
- one year to less than five years	13,726,750	124,451	473,358	112,629
- five years and above	2,220,000	7,244	221,444	44,289
Commodity related contracts:				
- less than one year	970	-	10	10
	46,877,520	562,967	1,728,392	558,774
Total	100,965,568	562,967	22,377,414	16,303,479

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 2015				
Public Bank (L) Ltd.				
Contingent Liabilities				
Direct credit substitutes	5,656		5,656	5,656
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	26,196		5,239	5,052
Derivative Financial Instruments				
Interest rate related contracts:				
- one year to less than five years	113,153	-	4,526	2,263
- five years and above	203,674	-	25,128	12,564
	316,827	-	29,654	14,827
Total	348,679	-	40,549	25,535
Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.	101,314,247	562,967	22,417,963	16,329,014

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 2014				
Bank (excluding Public Bank (L) Ltd.)				
Contingent Liabilities				
Direct credit substitutes	1,237,889		1,237,889	903,951
Transaction-related contingent items	1,121,989		560,995	324,428
Short-term self-liquidating trade-related contingencies	296,586		59,317	42,465
	<u>2,656,464</u>		<u>1,858,201</u>	<u>1,270,844</u>
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	26,380,852		13,190,426	10,844,167
- not exceeding one year	20,356,377		4,071,275	3,271,423
Unutilised credit card lines	4,038,701		807,740	605,805
Forward asset purchases	875,083		875,083	99,404
	<u>51,651,013</u>		<u>18,944,524</u>	<u>14,820,799</u>
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	20,782,159	559,754	767,611	238,326
- one year to less than five years	2,449,762	4	241,416	120,743
Interest rate related contracts:				
- less than one year	577,129	-	656	328
- one year to less than five years	11,211,950	123,711	431,215	108,016
- five years and above	1,720,000	7,545	172,945	34,589
Commodity related contracts:				
- less than one year	148	-	1	1
	<u>36,741,148</u>	<u>691,014</u>	<u>1,613,844</u>	<u>502,003</u>
Total	<u>91,048,625</u>	<u>691,014</u>	<u>22,416,569</u>	<u>16,593,646</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
31 December 2014				
Public Bank (L) Ltd.				
Contingent Liabilities				
Direct credit substitutes	5,247		5,247	5,247
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	19,774		3,955	3,783
Derivative Financial Instruments				
Interest rate related contracts:				
- less than one year	244,842	-	245	122
- one year to less than five years	104,933	-	4,197	2,097
	349,775	-	4,442	2,219
Total	374,796	-	13,644	11,249
Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.	91,423,421	691,014	22,430,213	16,604,895

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 2015				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	52,080,935	-	6,408,273	-
Public Sector Entities	1,372,871	1,287,472	-	-
Banks, DFIs and MDBs	22,176,009	435,465	5,159,510	-
Insurance Companies, Securities Firms and Fund Managers	1,052,534	-	503,912	-
Corporates	66,538,047	2,419,870	1,758,290	-
Regulatory Retail	116,518,824	825	847,241	-
Residential Mortgages	76,832,053	-	98,361	-
Higher Risk Assets	73,268	-	24	-
Other Assets	5,627,149	-	-	-
Equity Exposures	5,454,575	-	-	-
Defaulted Exposures	1,411,184	-	1,304	-
	349,137,449	4,143,632	14,776,915	-
Off-Balance Sheet Exposures				
Credit-related Exposures	22,507,122	211,856	519,597	-
Derivative Financial Instruments	1,542,295	-	-	-
Other Treasury-related Exposures	1,471,311	-	-	-
Defaulted Exposures	19,444	-	-	-
	25,540,172	211,856	519,597	-
Total Credit Exposures	374,677,621	4,355,488	15,296,512	-

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 2014				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	50,809,170	-	5,265,348	-
Public Sector Entities	883,812	783,909	-	-
Banks, DFIs and MDBs	14,379,452	435,548	781,032	-
Insurance Companies, Securities Firms and Fund Managers	540,605	-	253,694	-
Corporates	62,587,458	2,296,005	1,903,795	-
Regulatory Retail	113,110,547	700	821,298	-
Residential Mortgages	71,387,116	-	94,583	-
Higher Risk Assets	74,348	-	27	-
Other Assets	4,997,773	-	-	-
Equity Exposures	5,369,203	-	-	-
Defaulted Exposures	1,614,033	-	1,984	-
	<u>325,753,517</u>	<u>3,516,162</u>	<u>9,121,761</u>	<u>-</u>
Off-Balance Sheet Exposures				
Credit-related Exposures	22,226,918	204,433	452,168	-
Derivative Financial Instruments	1,459,897	-	-	-
Other Treasury-related Exposures	1,059,113	-	-	-
Defaulted Exposures	18,517	-	-	-
	<u>24,764,445</u>	<u>204,433</u>	<u>452,168</u>	<u>-</u>
Total Credit Exposures	<u>350,517,962</u>	<u>3,720,595</u>	<u>9,573,929</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 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 three months or less which are denominated and funded 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 2015								
On-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	5,924,574	1,632,342	-	-	-	-		7,556,916
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks [#]								
- Sovereigns and Central Banks	1,141,145	49,997,651	-	-	843,012	-		51,981,808
- Public Sector Entities	53,919	1,287,472	-	-	-	-		1,341,391
- Banks, DFIs and MDBs	-	435,465	-	-	-	-		435,465
- Corporates	-	1,866,857	-	-	-	-		1,866,857
	1,195,064	53,587,445	-	-	843,012	-		55,625,521
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	6,838,372	10,129,531	2,043,184	623,938	621	-		19,635,646
- Corporates	526,485	72,214	4,526	-	-	-		603,225
- Regulatory Retail	-	825	-	-	-	-		825
	7,364,857	10,202,570	2,047,710	623,938	621	-		20,239,696
Total Rated Exposures	14,484,495	65,422,357	2,047,710	623,938	843,633	-		83,422,133
(b) Total Unrated Exposures							265,715,316	265,715,316
	14,484,495	65,422,357	2,047,710	623,938	843,633	-	265,715,316	349,137,449

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 2015								
Off-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	171,956	352,659	-	-	-	-		524,615
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks [#]								
- Sovereigns and Central Banks	-	495,879	-	-	-	-		495,879
- Public Sector Entities	-	500,000	-	-	-	-		500,000
	-	995,879	-	-	-	-		995,879
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	1,427,590	880,172	106,795	-	-	-		2,414,557
- Corporates	185,613	12,423	373	-	-	-		198,409
- Regulatory Retail	12	1,460	-	-	-	-		1,472
	1,613,215	894,055	107,168	-	-	-		2,614,438
Total Rated Exposures	1,785,171	2,242,593	107,168	-	-	-		4,134,932
(b) Total Unrated Exposures							21,405,240	21,405,240
	1,785,171	2,242,593	107,168	-	-	-	21,405,240	25,540,172
Total Credit Exposures before Credit Risk Mitigation	16,269,666	67,664,950	2,154,878	623,938	843,633	-	287,120,556	374,677,621

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 2014								
On-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	5,610,760	1,554,449	795,108	-	-	-		7,960,317
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks [#]								
- Sovereigns and Central Banks	972,371	48,839,423	-	-	938,145	-		50,749,939
- Public Sector Entities	-	783,909	-	-	-	-		783,909
- Banks, DFIs and MDBs	-	435,586	-	-	-	-		435,586
- Corporates	-	1,651,349	-	-	-	-		1,651,349
	972,371	51,710,267	-	-	938,145	-		53,620,783
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	3,386,693	5,507,152	2,954,442	683,458	471	-		12,532,216
- Corporates	597,062	97,948	-	-	-	-		695,010
- Regulatory Retail	-	700	-	-	-	-		700
	3,983,755	5,605,800	2,954,442	683,458	471	-		13,227,926
Total Rated Exposures	10,566,886	58,870,516	3,749,550	683,458	938,616	-		74,809,026
(b) Total Unrated Exposures							250,944,491	250,944,491
	10,566,886	58,870,516	3,749,550	683,458	938,616	-	250,944,491	325,753,517

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 2014								
Off-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	177,688	399,130	-	-	-	-		576,818
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	-	447,723	-	-	-	-		447,723
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	971,335	857,545	133,474	-	-	-		1,962,354
- Corporates	169,328	22,299	346	-	-	-		191,973
- Regulatory Retail	44	1,186	-	-	-	-		1,230
	1,140,707	881,030	133,820	-	-	-		2,155,557
Total Rated Exposures	1,318,395	1,727,883	133,820	-	-	-		3,180,098
(b) Total Unrated Exposures							21,584,347	21,584,347
	1,318,395	1,727,883	133,820	-	-	-	21,584,347	24,764,445
Total Credit Exposures before Credit Risk Mitigation	11,885,281	60,598,399	3,883,370	683,458	938,616	-	272,528,838	350,517,962

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 2015												
0%	46,177,244	1,537,472	444,493	-	1,866,842	-	-	-	2,085,801	-	52,111,852	-
20%	33,765	88,232	14,982,696	-	6,808,628	12	-	-	17,269	-	21,930,602	4,386,120
35%	-	-	-	-	-	-	53,756,131	-	-	-	53,756,131	18,814,646
50%	-	-	3,311,079	364,867	2,083,305	4,076	20,264,424	-	-	-	26,027,751	13,013,876
75%	-	-	-	-	-	122,446,158	645,352	-	-	-	123,091,510	92,318,633
100%	57,541	-	912,383	206,432	63,466,568	3,979,641	3,554,767	-	3,524,079	5,454,575	81,155,986	81,155,986
150%	-	-	-	-	125,222	1,090,017	12,054	79,984	-	-	1,307,277	1,960,915
Total	46,268,550	1,625,704	19,650,651	571,299	74,350,565	127,519,904	78,232,728	79,984	5,627,149	5,454,575	359,381,109	211,650,176
Risk-Weighted Assets by Exposures	64,294	17,646	5,564,462	388,866	66,057,779	97,451,325	33,003,720	119,976	3,527,533	5,454,575	211,650,176	
Average Risk Weights	0.1%	1.1%	28.3%	68.1%	88.8%	76.4%	42.2%	150.0%	62.7%	100.0%	58.9%	
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 2014												
0%	45,678,968	783,909	440,382	-	1,671,719	-	-	-	2,324,537	-	50,899,515	-
20%	392,438	102,731	11,473,617	-	6,534,183	44	-	-	83,890	-	18,586,903	3,717,381
35%	-	-	-	-	-	-	51,039,489	-	-	-	51,039,489	17,863,821
50%	-	-	2,962,122	170,114	2,053,182	7,089	18,545,122	-	-	-	23,737,629	11,868,815
75%	-	-	-	-	-	119,490,308	612,269	-	-	-	120,102,577	90,076,933
100%	20,149	-	890,787	139,701	59,610,981	3,777,077	2,639,291	-	2,589,346	5,369,203	75,036,535	75,036,535
150%	-	-	-	-	134,324	1,310,233	14,112	82,716	-	-	1,541,385	2,312,077
Total	46,091,555	886,640	15,766,908	309,815	70,004,389	124,584,751	72,850,283	82,716	4,997,773	5,369,203	340,944,033	200,875,562
Risk-Weighted Assets by Exposures	98,637	20,546	4,666,571	224,758	62,145,895	95,363,711	30,256,043	124,074	2,606,124	5,369,203	200,875,562	
Average Risk Weights	0.2%	2.3%	29.6%	72.5%	88.8%	76.5%	41.5%	150.0%	52.1%	100.0%	58.9%	
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 2015												
0%	30,978,531	430,923	329,163	-	1,549,535	-	-	-	1,940,951	-	35,229,103	-
20%	33,764	16,454	12,661,469	-	6,460,952	12	-	-	-	-	19,172,651	3,834,530
35%	-	-	-	-	-	-	44,965,027	-	-	-	44,965,027	15,737,759
50%	-	-	1,387,689	-	2,083,306	4,075	17,482,823	-	-	-	20,957,893	10,478,947
75%	-	-	-	-	-	99,405,548	574,221	-	-	-	99,979,769	74,984,827
100%	57,541	-	345,631	30,874	54,013,292	2,548,994	2,938,969	-	2,412,635	4,985,591	67,333,527	67,333,527
150%	-	-	-	-	123,305	855,948	9,632	68,410	-	-	1,057,295	1,585,942
1250%	-	-	-	-	-	-	-	-	89,966	-	89,966	1,124,575
Total	31,069,836	447,377	14,723,952	30,874	64,230,390	102,814,577	65,970,672	68,410	4,443,552	4,985,591	288,785,231	175,080,107
Risk-Weighted Assets by Exposures	64,294	3,291	3,571,769	30,874	56,532,093	78,389,117	27,863,254	102,614	3,537,210	4,985,591	175,080,107	
Average Risk Weights	0.2%	0.7%	24.3%	100.0%	88.0%	76.2%	42.2%	150.0%	79.6%	100.0%	60.6%	
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 2014												
0%	33,905,365	427,420	329,225	-	1,378,929	-	-	-	2,160,247	-	38,201,186	-
20%	392,438	16,496	11,440,529	-	6,196,779	44	-	-	-	-	18,046,286	3,609,257
35%	-	-	-	-	-	-	43,136,023	-	-	-	43,136,023	15,097,608
50%	-	-	1,751,682	-	2,053,182	7,089	16,093,353	-	-	-	19,905,306	9,952,653
75%	-	-	-	-	-	97,126,610	543,450	-	-	-	97,670,060	73,252,545
100%	20,149	-	319,916	31,971	52,032,199	2,380,575	2,189,907	-	1,788,567	4,900,545	63,663,829	63,663,829
150%	-	-	-	-	128,637	1,036,434	10,791	70,865	-	-	1,246,727	1,870,091
1250%	-	-	-	-	-	-	-	-	89,966	-	89,966	1,124,575
Total	34,317,952	443,916	13,841,352	31,971	61,789,726	100,550,752	61,973,524	70,865	4,038,780	4,900,545	281,959,383	168,570,558
Risk-Weighted Assets by Exposures	98,637	3,299	3,483,863	31,971	54,491,101	76,783,737	25,757,966	106,297	2,913,142	4,900,545	168,570,558	
Average Risk Weights	0.3%	0.7%	25.2%	100.0%	88.2%	76.4%	41.6%	150.0%	72.1%	100.0%	59.8%	
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 2015 RM'000	31 December 2014 RM'000
Purchase of securities	3,440	6,301
Purchase of transport vehicles	10,665,328	10,905,530
Purchase of landed properties	11,317,715	11,269,657
(Of which: - residential	8,344,640	8,385,236
- non-residential)	2,973,075	2,884,421
Purchase of fixed assets (excluding landed properties)	8,810	3,682
Personal use	617,158	617,552
Credit card	284,384	303,145
Purchase of consumer durables	113	359
Construction	40,861	110,827
Working capital	2,079,977	670,059
Other purpose	59,407	107,544
	25,077,193	23,994,656

(ii) Geographical Analysis

Group	30 June 2015 RM'000	31 December 2014 RM'000
Malaysia	24,472,991	23,426,570
Hong Kong & China	172,643	168,870
Cambodia	183,967	171,726
Other countries	247,592	227,490
	25,077,193	23,994,656

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 2015 RM'000	Net Charge for the Period RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 30 June 2015 RM'000	Collective Assessment Allowance at 30 June 2015 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
30 June 2015							
Purchase of securities	3,432	2,715	(1,875)	-	840	3,730	4,570
Purchase of transport vehicles	384,673	10,221	1,276	(16)	11,481	609,472	620,953
Purchase of landed properties	626,248	12,274	4,305	(2,833)	13,746	799,908	813,654
(Of which: - residential	459,160	178	407	(36)	549	535,210	535,759
- non-residential)	167,088	12,096	3,898	(2,797)	13,197	264,698	277,895
Purchase of fixed assets (excluding landed properties)	60	3	84	(1)	86	584	670
Personal use	138,465	34,155	92,059	(91,890)	34,324	101,986	136,310
Credit card	20,834	-	-	-	-	24,169	24,169
Purchase of consumer durables	1	-	-	-	-	26	26
Construction	13,334	5,445	(1,074)	145	4,516	10,177	14,693
Mergers and acquisitions	-	-	-	-	-	271	271
Working capital	189,485	70,582	(9,367)	(9,081)	52,134	121,430	173,564
Other purpose	16,850	4,691	(2,009)	-	2,682	8,511	11,193
	1,393,382	140,086	83,399	(103,676)	119,809	1,680,264	1,800,073

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.)

(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 2014 RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December 2014 RM'000	Collective Assessment Allowance at 31 December 2014 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
31 December 2014							
Purchase of securities	3,434	2,471	244	-	2,715	4,082	6,797
Purchase of transport vehicles	412,764	8,153	2,590	(522)	10,221	607,809	618,030
Purchase of landed properties	668,989	16,924	(4,422)	(228)	12,274	809,467	821,741
(Of which: - residential	504,808	230	(63)	11	178	543,300	543,478
- non-residential)	164,181	16,694	(4,359)	(239)	12,096	266,167	278,263
Purchase of fixed assets (excluding landed properties)	164	467	(239)	(225)	3	360	363
Personal use	146,527	39,891	167,536	(173,272)	34,155	95,643	129,798
Credit card	25,409	-	-	-	-	25,869	25,869
Purchase of consumer durables	75	-	-	-	-	92	92
Construction	12,841	4,757	706	(18)	5,445	8,369	13,814
Mergers and acquisitions	-	-	-	-	-	372	372
Working capital	202,794	90,645	964	(21,027)	70,582	120,616	191,198
Other purpose	15,702	4,617	322	(248)	4,691	9,449	14,140
	1,488,699	167,925	167,701	(195,540)	140,086	1,682,128	1,822,214

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 2015 RM'000	Net Charge for the Period RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 30 June 2015 RM'000	Collective Assessment Allowance at 30 June 2015 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
30 June 2015							
Malaysia	1,269,094	62,467	(7,619)	(13,859)	40,989	1,528,477	1,569,466
Hong Kong & China	72,698	38,864	94,248	(92,221)	40,891	87,651	128,542
Cambodia	40,143	38,755	(3,230)	2,404	37,929	51,182	89,111
Other countries	11,447	-	-	-	-	12,954	12,954
	1,393,382	140,086	83,399	(103,676)	119,809	1,680,264	1,800,073

Group	Impaired Loans, Advances and Financing RM'000	Individual Assessment Allowance at 1 January 2014 RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December 2014 RM'000	Collective Assessment Allowance at 31 December 2014 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
31 December 2014							
Malaysia	1,375,695	81,231	(7,252)	(11,512)	62,467	1,537,243	1,599,710
Hong Kong & China	62,326	50,474	166,254	(177,864)	38,864	86,087	124,951
Cambodia	38,549	34,494	10,227	(5,966)	38,755	47,881	86,636
Other countries	12,129	1,726	(1,528)	(198)	-	10,917	10,917
	1,488,699	167,925	167,701	(195,540)	140,086	1,682,128	1,822,214

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 2015 RM'000	31 December 2014 RM'000
<u>Collective Assessment Allowance</u>		
At 1 January	1,682,128	1,592,085
Allowance made during the period/year	168,053	358,852
Amount written off	(173,822)	(271,729)
Exchange differences	3,905	2,920
Closing balance	<u>1,680,264</u>	<u>1,682,128</u>
<u>Individual Assessment Allowance</u>		
At 1 January	140,086	167,925
Allowance made during the period/year	103,449	190,432
Amount written back in respect of recoveries	(20,050)	(22,731)
Amount written off	(112,644)	(211,043)
Amount transferred to allowance for impairment loss on foreclosed properties	(612)	(1,667)
Exchange differences	9,580	17,170
Closing balance	<u>119,809</u>	<u>140,086</u>

PUBLIC BANK BERHAD (6463-H)

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 2015				
Interest rate/rate of return risk	40,489,583	(28,757,274)	1,194,250	95,540
Foreign exchange risk	1,572,784	(307,012)	1,572,784	125,823
Total	42,062,367	(29,064,286)	2,767,034	221,363
31 December 2014				
Interest rate/rate of return risk	39,894,395	(20,770,570)	1,229,355	98,348
Foreign exchange risk	1,325,490	(356,242)	1,325,490	106,039
Total	41,219,885	(21,126,812)	2,554,845	204,387
Bank				
30 June 2015				
Interest rate risk	39,065,633	(28,072,842)	1,124,145	89,931
Foreign exchange risk	1,781,418	(2,173,620)	2,173,620	173,890
Total	40,847,051	(30,246,462)	3,297,765	263,821
31 December 2014				
Interest rate risk	35,182,988	(20,704,056)	991,299	79,304
Foreign exchange risk	1,605,032	(2,036,590)	2,036,590	162,927
Total	36,788,020	(22,740,646)	3,027,889	242,231

PUBLIC BANK BERHAD (6463-H)

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 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 2015		31 December 2014	
	-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	(275,894)	263,091	(217,985)	212,732
United States Dollars	11,723	(31,961)	6,938	(19,582)
Hong Kong Dollars	(5,271)	20,221	(2,871)	3,397
Other Currencies	(10,853)	9,955	(9,843)	9,260
Total	(280,295)	261,306	(223,761)	205,807

Impact on Economic Value of Equity ("EVE")

Ringgit Malaysia	1,839,687	(1,485,017)	1,706,211	(1,351,040)
United States Dollars	15,624	(38,773)	10,086	(20,727)
Hong Kong Dollars	1,125	9,665	2,688	(4,151)
Other Currencies	1,235	2,059	4,462	(1,801)
Total	1,857,671	(1,512,066)	1,723,447	(1,377,719)

The reported amounts do not take into account actions that would be taken by the Assets & Liabilities Management Committee ("ALCO") to mitigate the impact of this interest rate/rate of return risk. In reality, the ALCO seek 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.

PUBLIC BANK BERHAD (6463-H)

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 2015		31 December 2014	
	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	5,361,893	5,361,893	5,274,346	5,274,346
Holdings of equity investments	4,809	4,809	7,086	7,086
	5,366,702	5,366,702	5,281,432	5,281,432
<u>Privately held</u>				
For socio-economic purposes	87,872	87,872	87,771	87,771
Not for socio-economic purposes	26,622	39,933	23,994	35,991
	114,494	127,805	111,765	123,762
Total	5,481,196	5,494,507	5,393,197	5,405,194

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

Group	30 June 2015 RM'000	31 December 2014 RM'000
Realised gains recognised in the statement of profit or loss		
- Publicly traded equity investments	-	250
Unrealised gains recognised in other comprehensive income		
- Investments in unit trust funds	9,325	9,230
- Publicly traded equity investments	4,808	7,086
	14,133	16,316

6. Operational Risk

Minimum Regulatory Capital Requirements for Operational Risk

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

	30 June 2015		31 December 2014	
	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	15,757,514	1,260,601	15,281,141	1,222,491
Bank	10,937,926	875,034	10,753,781	860,302

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 RM439,197.45 (2014: RM1,650,065) 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.