

PILLAR 3 DISCLOSURE AS AT 30 JUNE 2012

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.

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

	30 June 2012		31 December 2011	
	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	158,676,736	12,694,139	148,664,399	11,893,152
Market Risk	2,116,869	169,350	1,670,798	133,664
Operational Risk	13,234,036	1,058,723	12,692,078	1,015,366
Total	174,027,641	13,922,212	163,027,275	13,042,182
Bank				
Credit Risk	132,280,550	10,582,444	123,065,342	9,845,227
Market Risk	3,157,990	252,639	2,774,099	221,928
Operational Risk	9,488,225	759,058	9,048,375	723,870
Total	144,926,765	11,594,141	134,887,816	10,791,025

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

2. Capital Management

Capital Adequacy Ratios

Tables (a)-(b) present the capital adequacy ratios for the following:

- (a) the Group and the Bank
- (b) the banking subsidiary companies of the Group

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

	Group		Bank	
	30 June 2012	31 December 2011 (Restated)	30 June 2012	31 December 2011 (Restated)
Before deducting interim dividends:				
Tier I capital ratio	11.0%	11.2%	13.2%	13.5%
Risk-weighted capital ratio	14.3%	15.6%	14.1%	15.6%
After deducting interim dividends:				
Tier I capital ratio	10.5%	10.6%	12.7%	12.8%
Risk-weighted capital ratio	13.9%	15.0%	13.6%	14.9%

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

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's RWCAF. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% (31 December 2011 - 8.0%) for the risk-weighted capital ratio.

The comparative capital adequacy ratios have been restated for the effects of changes in accounting policies as a result of convergence with the Malaysian Financial Reporting Standards ("MFRS") framework on 1 January 2012.

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

	Public Islamic Bank Berhad ¹	Public Investment Bank Berhad ²	Public Bank (L) Ltd. ³	Public Bank (Hong Kong) Limited ⁴	Public Finance Limited ⁴	Cambodian Public Bank Plc ⁵
30 June 2012						
Before deducting interim dividends*:						
Tier I capital ratio	12.5%	19.8%	22.5%	16.9%	27.0%	N/A
Risk-weighted capital ratio	13.3%	19.9%	23.0%	16.9%	28.1%	23.5%
After deducting interim dividends*:						
Tier I capital ratio	11.5%	19.8%	22.5%	16.9%	27.0%	N/A
Risk-weighted capital ratio	12.2%	19.9%	23.0%	16.9%	28.1%	23.5%

2. Capital Management (Cont'd.)

Capital Adequacy Ratios (Cont'd.)

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

	Public Islamic Bank Berhad ¹	Public Investment Bank Berhad ²	Public Bank (L) Ltd. ³	Public Bank (Hong Kong) Limited ⁴	Public Finance Limited ⁴	Cambodian Public Bank Plc ⁵
31 December 2011						
Before deducting interim dividends*:						
Tier I capital ratio	12.3% [#]	18.2% [#]	19.6%	16.1%	29.6%	N/A
Risk-weighted capital ratio	13.3% [#]	18.3% [#]	20.0%	16.1%	30.8%	22.8%
After deducting interim dividends*:						
Tier I capital ratio	10.9% [#]	16.9% [#]	19.6%	16.1%	27.0%	N/A
Risk-weighted capital ratio	11.9% [#]	17.0% [#]	20.0%	16.1%	28.1%	22.8%

* Refers to interim dividends which have been declared subsequent to the financial year end.

[#] Restated for the effects of the changes in accounting policies as a result of convergence with the MFRS framework on 1 January 2012.

¹ The capital adequacy ratios of Public Islamic Bank Berhad are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ("CAFIB"), which are based on the Basel II capital accord. Public Islamic Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

² The capital adequacy ratios of Public Investment Bank Berhad are computed in accordance with BNM's revised RWCAF, which are based on the Basel II capital accord. Public Investment Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

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 risk-weighted capital ratio respectively.

⁴ The capital adequacy ratios of these two subsidiary companies, which are located in Hong Kong SAR, are computed in accordance with the Banking ("Capital") Rules under section 98A of the Banking Ordinance issued by the Hong Kong Monetary Authority, which is based on the Basel II capital accord. 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 minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

⁵ The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-010-182, B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory Solvency Ratio requirement is 15.0%.

2. Capital Management (Cont'd.)

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

Capital Structure

	Group		Bank	
	30 June 2012	31 December 2011 (Restated)	30 June 2012	31 December 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Tier I capital				
Paid-up share capital	3,531,926	3,531,926	3,531,926	3,531,926
Share premium	1,073,310	1,073,310	1,073,310	1,073,310
Other reserves	3,955,738	3,955,307	3,523,040	3,522,609
Retained profits	8,088,845	7,276,808	7,935,233	7,083,862
Innovative Tier I capital securities	1,834,922	1,833,303	1,834,922	1,833,303
Non-innovative Tier I stapled securities	2,082,765	2,082,388	2,082,765	2,082,388
Treasury shares	(215,572)	(215,572)	(215,572)	(215,572)
Non-controlling interests	694,305	697,484	-	-
Less: Goodwill	(1,943,849)	(1,938,994)	(695,393)	(695,393)
Less: Deferred tax assets, net	(46,237)	(46,093)	-	-
	19,056,153	18,249,867	19,070,231	18,216,433
Tier II capital				
Collective assessment allowance #	999,124	1,073,337	671,401	721,913
Subordinated notes	4,869,811	6,138,306	4,869,811	6,138,306
	5,868,935	7,211,643	5,541,212	6,860,219
Total capital	24,925,088	25,461,510	24,611,443	25,076,652
Less: Investment in subsidiary companies and associated companies	(960)	(960)	(4,162,284)	(3,987,284)
Less: Holdings of other financial institutions' capital instruments	(46,988)	(44,468)	(46,988)	(44,468)
Capital base	24,877,140	25,416,082	20,402,171	21,044,900

Excludes collective assessment allowance on impaired loans restricted from Tier II capital by BNM of the Group and the Bank of RM501.0 million (31 December 2011: RM422.7 million) and RM374.3 million (31 December 2011: RM325.3 million) respectively.

The comparative amounts have been restated for the effects of the changes in accounting policies as a result of convergence with the MFRS framework on 1 January 2012.

3. Credit Risk

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

Minimum Regulatory Capital Requirements for Credit Risk

Group	Total Exposures before Credit Risk Mitigation	Total Exposures after Credit Risk Mitigation	Risk-Weighted Assets	Minimum Capital Requirement at 8%
30 June 2012	RM'000	RM'000	RM'000	RM'000
Exposure Class				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	37,339,340	30,864,812	107,722	8,618
Public Sector Entities	537,009	537,009	23,232	1,859
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	9,413,105	9,413,105	2,344,177	187,534
Insurance Companies, Securities Firms and Fund Managers	190,817	185,949	184,216	14,737
Corporates	45,204,182	43,671,807	39,079,883	3,126,391
Regulatory Retail	92,340,762	91,631,007	69,424,589	5,553,967
Residential Mortgages	48,817,083	48,759,257	21,704,025	1,736,322
Higher Risk Assets	141,756	141,716	212,574	17,006
Other Assets	4,468,018	4,468,018	2,673,238	213,859
Equity Exposures	5,011,517	5,011,517	4,986,759	398,941
Defaulted Exposures	1,417,350	1,404,248	1,985,944	158,875
	244,880,939	236,088,445	142,726,359	11,418,109
Off-Balance Sheet Exposures				
Credit-related Exposures	19,014,149	18,667,315	15,474,522	1,237,962
Derivative Financial Instruments	1,387,564	1,387,564	428,170	34,253
Other Treasury-related Exposures	541,845	541,845	26,583	2,127
Defaulted Exposures	14,173	14,173	21,102	1,688
	20,957,731	20,610,897	15,950,377	1,276,030
Total Credit Exposures	265,838,670	256,699,342	158,676,736	12,694,139

3. Credit Risk (Cont'd.)

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

Group 31 December 2011 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
On-Balance Sheet Exposures				
Sovereigns/Central Banks	37,523,662	28,233,329	112,930	9,034
Public Sector Entities	424,498	424,498	24,762	1,981
Banks, DFIs and MDBs	12,721,460	12,721,460	3,015,440	241,235
Insurance Companies, Securities Firms and Fund Managers	109,724	104,784	102,813	8,225
Corporates	43,974,265	42,348,014	37,923,462	3,033,877
Regulatory Retail	87,201,260	86,521,527	65,392,177	5,231,374
Residential Mortgages	45,825,233	45,768,814	19,859,501	1,588,760
Higher Risk Assets	144,825	144,740	217,110	17,369
Other Assets	4,480,250	4,480,250	2,660,468	212,838
Equity Exposures	4,940,117	4,940,117	4,915,359	393,229
Defaulted Exposures	1,516,051	1,502,443	2,114,628	169,170
	238,861,345	227,189,976	136,338,650	10,907,092
Off-Balance Sheet Exposures				
Credit-related Exposures	15,262,103	14,891,963	11,976,216	958,097
Derivative Financial Instruments	1,101,907	1,101,907	320,105	25,609
Other Treasury-related Exposures	39,362	39,362	5,837	467
Defaulted Exposures	15,800	15,800	23,591	1,887
	16,419,172	16,049,032	12,325,749	986,060
Total Credit Exposures	255,280,517	243,239,008	148,664,399	11,893,152

3. Credit Risk (Cont'd.)

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

Bank 30 June 2012 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
On-Balance Sheet Exposures				
Sovereigns/Central Banks	27,522,639	21,823,661	107,722	8,618
Public Sector Entities	120,700	120,700	100	8
Banks, DFIs and MDBs	7,457,671	7,457,671	1,880,849	150,468
Insurance Companies, Securities Firms and Fund Managers	13,513	13,513	13,513	1,081
Corporates	40,665,530	39,423,070	34,918,497	2,793,480
Regulatory Retail	72,258,598	71,575,630	53,977,052	4,318,164
Residential Mortgages	41,821,990	41,774,237	18,769,124	1,501,530
Higher Risk Assets	111,521	111,506	167,259	13,381
Other Assets	3,272,783	3,272,783	1,760,582	140,846
Equity Exposures	4,466,350	4,466,350	4,441,592	355,327
Defaulted Exposures	1,151,458	1,138,461	1,595,149	127,612
	198,862,753	191,177,582	117,631,439	9,410,515
Off-Balance Sheet Exposures				
Credit-related Exposures	17,400,849	17,088,267	14,178,521	1,134,282
Derivative Financial Instruments	1,460,353	1,460,353	442,729	35,418
Other Treasury-related Exposures	474,390	474,390	13,092	1,047
Defaulted Exposures	9,950	9,950	14,769	1,182
	19,345,542	19,032,960	14,649,111	1,171,929
Total Credit Exposures	218,208,295	210,210,542	132,280,550	10,582,444

3. Credit Risk (Cont'd.)

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

Bank	Total Exposures before Credit Risk Mitigation	Total Exposures after Credit Risk Mitigation	Risk-Weighted Assets	Minimum Capital Requirement at 8%
31 December 2011	RM'000	RM'000	RM'000	RM'000
Exposure Class				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	25,546,701	17,108,012	112,930	9,034
Public Sector Entities	368	368	74	6
Banks, DFIs and MDBs	12,419,174	12,419,174	2,891,695	231,336
Insurance Companies, Securities Firms and Fund Managers	522	522	522	42
Corporates	39,320,750	38,088,511	33,694,867	2,695,589
Regulatory Retail	66,927,938	66,279,997	49,888,839	3,991,107
Residential Mortgages	38,993,648	38,948,143	17,081,506	1,366,521
Higher Risk Assets	113,395	113,341	170,011	13,601
Other Assets	3,398,840	3,398,840	1,884,823	150,786
Equity Exposures	4,401,888	4,401,888	4,377,130	350,170
Defaulted Exposures	1,226,746	1,213,230	1,689,691	135,175
	<u>192,349,970</u>	<u>181,972,026</u>	<u>111,792,088</u>	<u>8,943,367</u>
Off-Balance Sheet Exposures				
Credit-related Exposures	13,880,612	13,589,298	10,937,859	875,029
Derivative Financial Instruments	1,099,473	1,099,473	319,619	25,569
Other Treasury-related Exposures	10,175	10,175	-	-
Defaulted Exposures	10,590	10,590	15,776	1,262
	<u>15,000,850</u>	<u>14,709,536</u>	<u>11,273,254</u>	<u>901,860</u>
Total Credit Exposures	<u>207,350,820</u>	<u>196,681,562</u>	<u>123,065,342</u>	<u>9,845,227</u>

PUBLIC BANK BERHAD (6463-H)

3. Credit Risk (Cont'd.)

3.1 Distribution of Credit Exposures

Tables (a)-(c) present the credit exposures of financial assets before the effect of credit risk mitigation of the Group, analysed by the following:

- (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	Financial Services	Transport & Business Services	Agriculture, Manufacturing, Wholesale & Retail Trade	Construction & Real Estate	Residential Mortgages	Motor Vehicle Financing	Other Consumer Loans	Total
30 June 2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On-Balance Sheet Exposures									
Cash and balances with banks	7,677,649	7,336,702	-	-	-	-	-	-	15,014,351
Reverse repurchase agreements	6,482,855	-	-	-	-	-	-	-	6,482,855
Financial assets held-for-trading	1,577,534	15,468,635	76,792	5,113	100,188	-	-	-	17,228,262
Derivative financial assets	-	599,002	-	-	-	-	-	-	599,002
Financial investments available-for-sale	13,903,906	5,047,463	900,644	869,415	1,323	-	-	-	20,722,751
Financial investments held-to-maturity	3,258,972	2,118,411	120,508	5,022	89,895	-	-	-	5,592,808
Gross loans, advances and financing	22,312	8,258,255	9,433,256	28,142,906	22,079,686	58,003,178	33,110,674	28,206,070	187,256,337
Statutory deposits with Central Banks	6,268,576	-	-	-	-	-	-	-	6,268,576
	39,191,804	38,828,468	10,531,200	29,022,456	22,271,092	58,003,178	33,110,674	28,206,070	259,164,942
Commitments and Contingencies									
Contingent liabilities	896	60,935	910,316	1,168,176	827,814	-	-	20,156	2,988,293
Commitments	910,374	1,290,489	3,950,915	10,804,939	8,529,787	11,077,411	10,399	12,319,164	48,893,478
	911,270	1,351,424	4,861,231	11,973,115	9,357,601	11,077,411	10,399	12,339,320	51,881,771
Total Credit Exposures	40,103,074	40,179,892	15,392,431	40,995,571	31,628,693	69,080,589	33,121,073	40,545,390	311,046,713

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 2011									
On-Balance Sheet Exposures									
Cash and balances with banks	10,153,521	8,480,262	-	-	-	-	-	-	18,633,783
Reverse repurchase agreements	9,287,255	-	-	-	-	-	-	-	9,287,255
Financial assets held-for-trading	973,724	9,531,842	50,621	59,896	40,742	-	-	-	10,656,825
Derivative financial assets	-	493,852	-	-	-	-	-	-	493,852
Financial investments available-for-sale	9,676,889	4,975,481	902,664	1,162,469	1,930	-	-	-	16,719,433
Financial investments held-to-maturity	2,775,545	4,675,898	103,268	34,579	39,943	-	-	-	7,629,233
Gross loans, advances and financing	23,386	8,366,389	9,614,971	27,012,019	20,564,038	53,919,242	32,057,664	26,136,308	177,694,017
Statutory deposits with Central Banks	5,597,801	-	-	-	-	-	-	-	5,597,801
	<u>38,488,121</u>	<u>36,523,724</u>	<u>10,671,524</u>	<u>28,268,963</u>	<u>20,646,653</u>	<u>53,919,242</u>	<u>32,057,664</u>	<u>26,136,308</u>	<u>246,712,199</u>
Commitments and Contingencies									
Contingent liabilities	851	58,424	896,507	1,151,018	801,768	-	-	14,847	2,923,415
Commitments	511,204	1,496,307	3,413,467	10,207,718	6,636,285	8,868,399	25,234	11,776,661	42,935,275
	<u>512,055</u>	<u>1,554,731</u>	<u>4,309,974</u>	<u>11,358,736</u>	<u>7,438,053</u>	<u>8,868,399</u>	<u>25,234</u>	<u>11,791,508</u>	<u>45,858,690</u>
Total Credit Exposures	<u>39,000,176</u>	<u>38,078,455</u>	<u>14,981,498</u>	<u>39,627,699</u>	<u>28,084,706</u>	<u>62,787,641</u>	<u>32,082,898</u>	<u>37,927,816</u>	<u>292,570,889</u>

3. Credit Risk (Cont'd.)

3.1 Distribution of Credit Exposures (Cont'd.)

(b) Geographical Analysis

Group	Malaysia RM'000	Hong Kong & China PRC RM'000	Cambodia RM'000	Other Countries RM'000	Total RM'000
30 June 2012					
On-Balance Sheet Exposures					
Cash and balances with banks	10,687,771	2,357,174	469,716	1,499,690	15,014,351
Reverse repurchase agreements	6,480,951	-	-	1,904	6,482,855
Financial assets held-for-trading	17,228,262	-	-	-	17,228,262
Derivative financial assets	437,430	4,949	-	156,623	599,002
Financial investments available-for-sale	20,710,384	2,792	80	9,495	20,722,751
Financial investments held-to-maturity	3,910,530	1,030,756	-	651,522	5,592,808
Gross loans, advances and financing	173,210,589	11,320,994	1,991,484	733,270	187,256,337
Statutory deposits with Central Banks	5,929,563	-	339,013	-	6,268,576
	238,595,480	14,716,665	2,800,293	3,052,504	259,164,942
Commitments and Contingencies					
Contingent liabilities	2,492,456	121,730	338,323	35,784	2,988,293
Commitments	47,045,018	1,476,831	343,856	27,773	48,893,478
	49,537,474	1,598,561	682,179	63,557	51,881,771
Total Credit Exposures	288,132,954	16,315,226	3,482,472	3,116,061	311,046,713
Group					
31 December 2011					
On-Balance Sheet Exposures					
Cash and balances with banks	14,390,682	2,389,180	507,687	1,346,234	18,633,783
Reverse repurchase agreements	9,272,886	-	-	14,369	9,287,255
Financial assets held-for-trading	10,656,825	-	-	-	10,656,825
Derivative financial assets	353,826	2,563	-	137,463	493,852
Financial investments available-for-sale	16,708,799	2,780	79	7,775	16,719,433
Financial investments held-to-maturity	6,132,644	773,919	-	722,670	7,629,233
Gross loans, advances and financing	163,132,849	11,899,217	1,940,890	721,061	177,694,017
Statutory deposits with Central Banks	5,275,421	-	322,380	-	5,597,801
	225,923,932	15,067,659	2,771,036	2,949,572	246,712,199
Commitments and Contingencies					
Contingent liabilities	2,402,832	145,702	344,384	30,497	2,923,415
Commitments	41,153,641	1,430,707	315,983	34,944	42,935,275
	43,556,473	1,576,409	660,367	65,441	45,858,690
Total Credit Exposures	269,480,405	16,644,068	3,431,403	3,015,013	292,570,889

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 2012					
On-Balance Sheet Exposures					
Cash and balances with banks	15,014,351	-	-	-	15,014,351
Reverse repurchase agreements	6,482,855	-	-	-	6,482,855
Financial assets held-for-trading	16,607,926	119,528	238,916	261,892	17,228,262
Derivative financial assets	161,354	21,524	173,100	243,024	599,002
Financial investments available-for-sale	17,399,912	3,027,828	63,220	231,791	20,722,751
Financial investments held-to-maturity	3,563,186	1,601,004	243,507	185,111	5,592,808
Gross loans, advances and financing	28,094,502	18,410,938	19,407,694	121,343,203	187,256,337
Statutory deposits with Central Banks	-	-	-	6,268,576	6,268,576
Total On-Balance Sheet Exposures	87,324,086	23,180,822	20,126,437	128,533,597	259,164,942
Group					
31 December 2011					
On-Balance Sheet Exposures					
Cash and balances with banks	18,633,783	-	-	-	18,633,783
Reverse repurchase agreements	9,287,255	-	-	-	9,287,255
Financial assets held-for-trading	10,063,477	436,320	63,221	93,807	10,656,825
Derivative financial assets	130,168	44,675	135,693	183,316	493,852
Financial investments available-for-sale	14,041,708	1,787,515	781,827	108,383	16,719,433
Financial investments held-to-maturity	6,082,785	1,132,418	403,746	10,284	7,629,233
Gross loans, advances and financing	28,165,244	16,730,279	19,594,355	113,204,139	177,694,017
Statutory deposits with Central Banks	-	-	-	5,597,801	5,597,801
Total On-Balance Sheet Exposures	86,404,420	20,131,207	20,978,842	119,197,730	246,712,199

Approximately 34% (31 December 2011: 35%) of the Group's exposures to customers is short-term, having contractual maturity of one year or less. About 65% (31 December 2011: 64%) of the Group's gross loans, advances and financing have residual maturity of more than 5 years. The longer maturity is from the housing loans and hire purchase financing which made up 51% (31 December 2011: 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.

3. Credit Risk (Cont'd.)

3.2 Off-Balance Sheet Exposures and Counterparty Credit Risk

The following tables present the composition of off-balance sheet exposure of the Group and the Bank.

Composition of Off-Balance Sheet Exposures

Group 30 June 2012	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
Contingent Liabilities				
Direct credit substitutes	1,536,895		1,536,895	1,145,030
Transaction-related contingent items	971,362		485,681	322,996
Short-term self-liquidating trade-related contingencies	480,036		96,007	73,391
	2,988,293		2,118,583	1,541,417
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	24,131,375		12,065,687	9,953,998
- not exceeding one year	20,618,264		4,123,653	3,459,910
Unutilised credit card lines	3,601,994		720,399	540,299
Forward asset purchases	541,845		541,845	26,583
	48,893,478		17,451,584	13,980,790
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	12,273,657	149,179	277,426	102,884
- one year to less than five years	1,126,110	146	145,548	73,157
Interest rate related contracts:				
- less than one year	1,800,000	12,173	15,723	3,145
- one year to less than five years	6,545,760	182,808	381,338	128,613
- five years and above	5,303,460	243,024	544,667	108,933
Commodity related contracts:				
- less than one year	1,298	2	15	15
Equity related contracts:				
- one year to less than five years	139,709	11,670	22,847	11,423
	27,189,994	599,002	1,387,564	428,170
Total Off-Balance Sheet Exposures	79,071,765	599,002	20,957,731	15,950,377

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	Positive	Credit	Risk-
31 December 2011	Amount	Fair Value	Equivalent	Weighted
	RM'000	of Derivative	Amount	Assets
		Contracts	RM'000	RM'000
		RM'000		
Contingent Liabilities				
Direct credit substitutes	1,482,009		1,482,009	1,050,606
Transaction-related contingent items	900,696		450,347	296,295
Short-term self-liquidating trade-related contingencies	515,710		103,142	90,580
Obligations under an on-going underwriting agreement	25,000		12,500	12,500
	<u>2,923,415</u>		<u>2,047,998</u>	<u>1,449,981</u>
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	19,490,137		8,548,749	6,734,106
- not exceeding one year	19,919,554		3,983,912	3,292,787
Unutilised credit card lines	3,486,222		697,244	522,933
Forward asset purchases	39,362		39,362	5,837
	<u>42,935,275</u>		<u>13,269,267</u>	<u>10,555,663</u>
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	11,013,882	106,472	226,354	93,611
- one year to less than five years	6,514	109	435	435
Interest rate related contracts:				
- less than one year	2,058,803	23,619	26,247	5,249
- one year to less than five years	6,560,830	169,014	339,371	111,780
- five years and above	5,183,242	183,317	486,144	97,228
Commodity related contracts:				
- less than one year	16,896	77	247	247
Equity related contracts:				
- one year to less than five years	148,325	11,244	23,109	11,555
	<u>24,988,492</u>	<u>493,852</u>	<u>1,101,907</u>	<u>320,105</u>
Total Off-Balance Sheet Exposures	<u>70,847,182</u>	<u>493,852</u>	<u>16,419,172</u>	<u>12,325,749</u>

3. Credit Risk (Cont'd.)

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

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

Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
Bank (excluding Public Bank (L) Ltd.)				
Contingent Liabilities				
Direct credit substitutes	1,169,775		1,169,775	950,754
Transaction-related contingent items	842,007		421,004	268,633
Short-term self-liquidating trade-related contingencies	229,524		45,905	40,040
	2,241,306		1,636,684	1,259,427
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	22,491,294		11,245,646	9,273,376
- not exceeding one year	18,966,584		3,793,317	3,099,272
Unutilised credit card lines	3,477,540		695,508	521,631
Forward asset purchases	474,390		474,390	13,092
	45,409,808		16,208,861	12,907,371
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	11,750,611	144,512	271,640	101,728
- one year to less than five years	1,126,110	146	145,548	73,157
Interest rate related contracts:				
- less than one year	1,800,000	12,173	15,723	3,145
- one year to less than five years	6,011,650	182,808	366,656	125,104
- five years and above	5,708,000	254,600	624,560	124,912
Commodity related contracts:				
- less than one year	1,298	2	15	15
Equity related contracts:				
- one year to less than five years	139,709	11,670	22,847	11,423
	26,537,378	605,911	1,446,989	439,484
Total	74,188,492	605,911	19,292,534	14,606,282

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 30 June 2012	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
Public Bank (L) Ltd.				
Contingent Liabilities				
Direct credit substitutes	4,774		4,774	4,774
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	15,383		7,692	7,692
- not exceeding one year	135,890		27,178	27,118
	151,273		34,870	34,810
Derivative Financial Instruments				
Interest rate related contracts:				
- one year to less than five years	334,110	-	6,682	1,909
- five years and above	95,460	-	6,682	1,336
	429,570	-	13,364	3,245
Total	585,617	-	53,008	42,829
Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.	74,774,109	605,911	19,345,542	14,649,111

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 2011				
Bank (excluding Public Bank (L) Ltd.)				
Contingent Liabilities				
Direct credit substitutes	1,120,615		1,120,615	914,111
Transaction-related contingent items	779,091		389,546	248,187
Short-term self-liquidating trade-related contingencies	221,038		44,207	37,543
Obligations under an on-going underwriting agreement	25,000		12,500	12,500
	<u>2,145,744</u>		<u>1,566,868</u>	<u>1,212,341</u>
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	18,177,027		7,937,651	6,243,252
- not exceeding one year	18,413,664		3,682,733	2,960,674
Unutilised credit card lines	3,330,591		666,118	499,589
Forward asset purchases	10,175		10,175	-
	<u>39,931,457</u>		<u>12,296,677</u>	<u>9,703,515</u>
Derivative Financial Instruments				
Foreign exchange related contracts:				
- less than one year	10,643,581	105,156	223,920	93,124
- one year to less than five years	6,514	109	435	435
Interest rate related contracts:				
- less than one year	2,058,803	23,619	26,247	5,249
- one year to less than five years	6,227,481	169,014	330,482	109,193
- five years and above	5,088,000	183,317	479,477	95,896
Commodity related contracts:				
- less than one year	16,896	77	247	247
Equity related contracts:				
- one year to less than five years	148,325	11,244	23,109	11,555
	<u>24,189,600</u>	<u>492,536</u>	<u>1,083,917</u>	<u>315,699</u>
Total	<u>66,266,801</u>	<u>492,536</u>	<u>14,947,462</u>	<u>11,231,555</u>

3. Credit Risk (Cont'd.)

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

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

Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
31 December 2011				
Public Bank (L) Ltd.				
Contingent Liabilities				
Direct credit substitutes	4,762		4,762	4,762
Commitments				
Other commitments such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	165,348		33,070	33,017
Derivative Financial Instruments				
Interest rate related contracts:				
- one year to less than five years	333,349	-	8,889	2,587
- five years and above	95,242	-	6,667	1,333
	428,591	-	15,556	3,920
Total	598,701	-	53,388	41,699
Total Off-Balance Sheet Exposures of the Bank and Public Bank (L) Ltd.	66,865,502	492,536	15,000,850	11,273,254

3. Credit Risk (Cont'd.)

3.3 Credit Risk Mitigation

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.

Credit Risk Mitigation Analysis

Group 30 June 2012 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
On-Balance Sheet Exposures				
Sovereigns/Central Banks	37,339,340	-	6,474,528	-
Public Sector Entities	537,009	420,848	-	-
Banks, DFIs and MDBs	9,413,105	-	-	-
Insurance Companies, Securities Firms and Fund Managers	190,817	-	4,868	-
Corporates	45,204,182	1,117,903	1,532,375	-
Regulatory Retail	92,340,762	6,080	709,755	-
Residential Mortgages	48,817,083	-	57,826	-
Higher Risk Assets	141,756	-	40	-
Other Assets	4,468,018	-	-	-
Equity Exposures	5,011,517	-	-	-
Defaulted Exposures	1,417,350	-	13,102	-
	<u>244,880,939</u>	<u>1,544,831</u>	<u>8,792,494</u>	<u>-</u>
Off-Balance Sheet Exposures				
Credit-related Exposures	19,014,149	242,991	346,834	-
Derivative Financial Instruments	1,387,564	-	-	-
Other Treasury-related Exposures	541,845	-	-	-
Defaulted Exposures	14,173	-	-	-
	<u>20,957,731</u>	<u>242,991</u>	<u>346,834</u>	<u>-</u>
Total Credit Exposures	<u>265,838,670</u>	<u>1,787,822</u>	<u>9,139,328</u>	<u>-</u>

3. Credit Risk (Cont'd.)

3.3 Credit Risk Mitigation (Cont'd.)

Credit Risk Mitigation Analysis (Cont'd.)

Group 31 December 2011 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
On-Balance Sheet Exposures				
Sovereigns/Central Banks	37,523,662	-	9,290,333	-
Public Sector Entities	424,498	300,687	-	-
Banks, DFIs and MDBs	12,721,460	-	-	-
Insurance Companies, Securities Firms and Fund Managers	109,724	-	4,940	-
Corporates	43,974,265	1,387,064	1,626,251	-
Regulatory Retail	87,201,260	3,089	679,733	-
Residential Mortgages	45,825,233	-	56,419	-
Higher Risk Assets	144,825	-	85	-
Other Assets	4,480,250	-	-	-
Equity Exposures	4,940,117	-	-	-
Defaulted Exposures	1,516,051	-	13,608	-
	<u>238,861,345</u>	<u>1,690,840</u>	<u>11,671,369</u>	<u>-</u>
Off-Balance Sheet Exposures				
Credit-related Exposures	15,262,103	271,046	370,140	-
Derivative Financial Instruments	1,101,907	-	-	-
Other Treasury-related Exposures	39,362	-	-	-
Defaulted Exposures	15,800	-	-	-
	<u>16,419,172</u>	<u>271,046</u>	<u>370,140</u>	<u>-</u>
Total Credit Exposures	<u>255,280,517</u>	<u>1,961,886</u>	<u>12,041,509</u>	<u>-</u>

3. Credit Risk (Cont'd.)

3.4 Assignment of Risk Weights for Portfolios Under the Standardised Approach

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

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

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

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

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

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3. Credit Risk (Cont'd.)

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

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

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

Group 30 June 2012 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		
On-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	3,341,902	1,688,041	1,378,498	-	-	-		6,408,441
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	765,650	35,772,838	-	-	659,555	-		37,198,043
- Public Sector Entities	-	421,053	-	-	-	-		421,053
- Corporates	-	25,199	-	-	-	-		25,199
	765,650	36,219,090	-	-	659,555	-		37,644,295
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	2,928,055	3,595,176	1,678,858	575	1,284	-		8,203,948
- Corporates	950,099	157,765	4,544	-	-	-		1,112,408
- Regulatory Retail	1,000	4,787	-	-	-	-		5,787
	3,879,154	3,757,728	1,683,402	575	1,284	-		9,322,143
Total Rated Exposures	7,986,706	41,664,859	3,061,900	575	660,839	-		53,374,879
(b) Total Unrated Exposures							191,506,060	191,506,060
	7,986,706	41,664,859	3,061,900	575	660,839	-	191,506,060	244,880,939

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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 30 June 2012 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		
Off-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	58,578	4,958	-	-	-	-		63,536
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	-	415,137	-	-	-	-		415,137
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	919,637	548,042	58,147	-	-	-		1,525,826
- Corporates	218,406	19,470	935	-	-	-		238,811
- Regulatory Retail	-	1,789	-	-	-	-		1,789
	1,138,043	569,301	59,082	-	-	-		1,766,426
Total Rated Exposures	1,196,621	989,396	59,082	-	-	-		2,245,099
(b) Total Unrated Exposures							18,712,632	18,712,632
	1,196,621	989,396	59,082	-	-	-	18,712,632	20,957,731
Total Credit Exposures before Credit Risk Mitigation	9,183,327	42,654,255	3,120,982	575	660,839	-	210,218,692	265,838,670

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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 31 December 2011 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		
On-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	3,331,167	1,345,601	1,377,128	20,381	-	-		6,074,277
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	859,079	35,832,717	-	-	685,013	-		37,376,809
- Public Sector Entities	-	300,687	-	-	-	-		300,687
- Corporates	-	10,115	-	-	-	-		10,115
	859,079	36,143,519	-	-	685,013	-		37,687,611
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	6,185,686	3,514,109	1,182,392	1,066	-	-		10,883,253
- Corporates	1,268,932	107,466	5,172	-	-	-		1,381,570
- Regulatory Retail	-	2,797	-	-	-	-		2,797
	7,454,618	3,624,372	1,187,564	1,066	-	-		12,267,620
Total Rated Exposures	11,644,864	41,113,492	2,564,692	21,447	685,013	-		56,029,508
(b) Total Unrated Exposures							182,831,837	182,831,837
	11,644,864	41,113,492	2,564,692	21,447	685,013	-	182,831,837	238,861,345

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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 31 December 2011 Exposure Class	Rating Categories							Total RM'000
	1 RM'000	2 RM'000	3 RM'000	4 RM'000	5 RM'000	6 RM'000	Unrated RM'000	
Off-Balance Sheet Exposures								
(a) Rated Exposures								
(i) Exposures risk-weighted using ratings of Corporates								
- Corporates	60,797	4,097	-	-	-	-		64,894
(ii) Exposures risk-weighted using ratings of Sovereigns and Central Banks #								
- Sovereigns and Central Banks	-	10,175	-	-	-	-		10,175
(iii) Exposures risk-weighted using ratings of Banking Institutions								
- Banks, DFIs and MDBs	778,334	324,025	35,745	-	-	-		1,138,104
- Corporates	211,330	55,573	449	-	-	-		267,352
- Regulatory Retail	-	1,251	-	-	-	-		1,251
	989,664	380,849	36,194	-	-	-		1,406,707
Total Rated Exposures	1,050,461	395,121	36,194	-	-	-		1,481,776
(b) Total Unrated Exposures							14,937,396	14,937,396
	1,050,461	395,121	36,194	-	-	-	14,937,396	16,419,172
Total Credit Exposures before Credit Risk Mitigation	12,695,325	41,508,613	2,600,886	21,447	685,013	-	197,769,233	255,280,517

Under the RWCAF, exposures to and/or guaranteed by the Federal Government of Malaysia, Bank Negara Malaysia, 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.)

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

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

Group	← Credit Exposures after the Effect of Credit Risk Mitigation →										Total Exposures after Credit Risk Mitigation	Total Risk-Weighted Assets
	Sovereigns/ Central Banks	Public Sector Entities	Banks, DFIs and MDBs	Insurance Companies, Securities Firms and Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Equity Exposures		
30 June 2012 Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	31,272,238	420,848	-	-	25,199	-	-	-	1,688,736	-	33,407,021	-
20%	-	116,304	9,166,576	-	5,269,850	1,000	-	-	132,556	30,948	14,717,234	2,943,447
35%	-	-	-	-	-	-	31,042,390	-	-	-	31,042,390	10,864,836
50%	-	-	1,628,448	3,466	1,177,096	17,142	13,231,734	-	-	-	16,057,886	8,028,943
75%	-	-	-	-	-	98,114,048	3,106,940	-	-	-	101,220,988	75,915,741
100%	107,722	-	130,051	202,518	44,032,860	3,914,234	2,899,251	-	2,646,727	4,980,569	58,913,932	58,913,932
150%	-	-	-	2,011	150,549	1,013,334	16,231	157,766	-	-	1,339,891	2,009,837
Total	31,379,960	537,152	10,925,075	207,995	50,655,554	103,059,758	50,296,546	157,766	4,468,019	5,011,517	256,699,342	158,676,736
Risk-Weighted Assets by Exposures	107,722	23,261	2,777,590	207,268	45,901,201	79,028,542	22,734,506	236,649	2,673,238	4,986,759	158,676,736	
Average Risk Weights	0.3%	4.3%	25.4%	99.7%	90.6%	76.7%	45.2%	150.0%	59.8%	99.5%	61.8%	
Deduction from Capital Base			46,988							-	46,988	

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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 (Cont'd.)

Group	← 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 2011													
Risk Weights													
0%	28,230,585	300,688	-	-	25,214	-	-	-	1,727,933	-	30,284,420	-	
20%	-	123,867	12,245,869	-	4,872,224	-	-	-	114,811	30,948	17,387,719	3,477,544	
35%	-	-	-	-	-	-	30,342,394	-	-	-	30,342,394	10,619,838	
50%	-	-	1,487,899	3,942	1,525,145	14,428	11,638,971	-	-	-	14,670,385	7,335,193	
75%	-	-	-	-	-	92,894,073	3,248,853	-	-	-	96,142,926	72,107,195	
100%	112,930	-	130,377	120,165	40,498,929	2,740,309	1,834,849	-	2,637,506	4,909,169	52,984,234	52,984,234	
150%	-	-	-	2,011	196,889	1,052,413	15,109	160,508	-	-	1,426,930	2,140,395	
Total	28,343,515	424,555	13,864,145	126,118	47,118,401	96,701,223	47,080,176	160,508	4,480,250	4,940,117	243,239,008	148,664,399	
Risk-Weighted Assets by Exposures	112,930	24,773	3,323,500	125,153	42,531,280	73,996,698	20,733,476	240,762	2,660,468	4,915,359	148,664,399		
Average Risk Weights	0.4%	5.8%	24.0%	99.2%	90.3%	76.5%	44.0%	150.0%	59.4%	99.5%	61.1%		
Deduction from Capital Base			44,468							-	44,468		

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 30 June 2012 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		
0%	22,231,087	120,201	-	-	10,112	-	-	-	1,512,201	-	23,873,601	-
20%	-	642	7,457,009	-	4,980,086	1,000	-	-	-	30,948	12,469,685	2,493,937
35%	-	-	-	-	-	-	25,717,195	-	-	-	25,717,195	9,001,018
50%	-	-	1,483,587	-	1,177,106	17,142	12,161,162	-	-	-	14,838,997	7,419,499
75%	-	-	-	-	-	79,163,260	2,725,970	-	-	-	81,889,230	61,416,923
100%	107,722	-	129,889	33,548	39,234,864	2,148,467	2,516,683	-	1,760,582	4,435,402	50,367,157	50,367,157
150%	-	-	-	2,011	104,798	807,254	14,859	125,755	-	-	1,054,677	1,582,016
Total	22,338,809	120,843	9,070,485	35,559	45,506,966	82,137,123	43,135,869	125,755	3,272,783	4,466,350	210,210,542	132,280,550
Risk-Weighted Assets by Exposures	107,722	128	2,363,084	36,565	40,976,632	62,740,564	19,665,048	188,633	1,760,582	4,441,592	132,280,550	
Average Risk Weights	0.5%	0.1%	26.1%	102.8%	90.0%	76.4%	45.6%	150.0%	53.8%	99.4%	62.9%	
Deduction from Capital Base			46,988							-	46,988	

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 31 December 2011 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		
0%	17,105,269	-	-	-	10,113	-	-	-	1,514,017	-	18,629,399	-
20%	-	423	12,121,649	-	4,623,031	-	-	-	-	30,948	16,776,051	3,355,210
35%	-	-	-	-	-	-	24,948,894	-	-	-	24,948,894	8,732,113
50%	-	-	1,374,339	-	1,573,158	14,427	10,729,406	-	-	-	13,691,330	6,845,665
75%	-	-	-	-	-	73,419,415	2,830,678	-	-	-	76,250,093	57,187,570
100%	112,930	-	129,615	19,845	35,708,009	1,395,383	1,646,273	-	1,884,823	4,370,940	45,267,818	45,267,818
150%	-	-	-	2,011	139,111	837,286	12,364	127,205	-	-	1,117,977	1,676,966
Total	17,218,199	423	13,625,603	21,856	42,053,422	75,666,511	40,167,615	127,205	3,398,840	4,401,888	196,681,562	123,065,342
Risk-Weighted Assets by Exposures	112,930	85	3,241,114	22,862	37,627,861	57,723,087	17,884,642	190,808	1,884,823	4,377,130	123,065,342	
Average Risk Weights	0.7%	20.0%	23.8%	104.6%	89.5%	76.3%	44.5%	150.0%	55.5%	99.4%	62.6%	
Deduction from Capital Base			44,468							-	44,468	

3. Credit Risk (Cont'd.)

3.5 Credit Quality of Gross Loans, Advances and Financing

(a) Past Due But Not Impaired

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

- (i) Economic purpose
- (ii) Geographical analysis

(i) Past Due But Not Impaired Loans, Advances and Financing by Economic Purpose

Group	30 June 2012 RM'000	31 December 2011 RM'000
Purchase of securities	5,668	1,371
Purchase of transport vehicles	9,529,941	9,466,747
Purchase of landed properties	9,116,483	9,073,125
(Of which: - residential	6,896,801	6,836,082
- non-residential)	2,219,682	2,237,043
Purchase of fixed assets (excluding landed properties)	10,020	15,590
Personal use	663,805	679,036
Credit card	231,063	236,932
Purchase of consumer durables	1,494	1,122
Construction	314,933	66,556
Working capital	2,474,367	1,099,923
Other purpose	65,956	72,154
	22,413,730	20,712,556

(ii) Past Due But Not Impaired Loans, Advances and Financing by Geographical Analysis

Group	30 June 2012 RM'000	31 December 2011 RM'000
Malaysia	21,841,091	20,205,091
Hong Kong & China PRC	247,327	167,775
Cambodia	241,256	251,862
Other countries	84,056	87,828
	22,413,730	20,712,556

3. Credit Risk (Cont'd.)

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

(b) Impaired Loans, Advances and Financing

Table (i)-(iii) present analysis of the impaired loans, advances and financing of the Group and the related impairment allowances of the Group:

(i) Analysis by economic purpose

(ii) Analysis by geographic areas

(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 30 June 2012	Impaired Loans, Advances and Financing RM'000	Individual Assessment Allowance at 1 January 2012 RM'000	Net Charge for the Period RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 30 June 2012 RM'000	Collective Assessment Allowance at 30 June 2012 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
Purchase of securities	5,958	767	200	-	967	8,001	8,968
Purchase of transport vehicles	254,535	15,914	(538)	(735)	14,641	397,899	412,540
Purchase of landed properties	606,544	27,474	2,677	(2,689)	27,462	810,548	838,010
(Of which: - residential	426,974	1,912	(4)	(198)	1,710	560,092	561,802
- non-residential)	179,570	25,562	2,681	(2,491)	25,752	250,456	276,208
Purchase of fixed assets (excluding landed properties)	6,131	451	(1)	-	450	900	1,350
Personal use	162,925	42,610	96,260	(98,680)	40,190	117,219	157,409
Credit card	23,167	-	-	-	-	16,101	16,101
Purchase of consumer durables	119	-	-	-	-	408	408
Construction	32,603	7,894	560	6	8,460	7,808	16,268
Mergers and acquisitions	-	-	-	-	-	476	476
Working capital	284,866	141,376	(10,854)	(5,539)	124,983	128,702	253,685
Other purpose	23,935	8,710	(1,278)	(3,008)	4,424	12,082	16,506
	1,400,783	245,196	87,026	(110,645)	221,577	1,500,144	1,721,721

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	Individual Assessment Allowance at 1 January 2011	Net Charge for the Year	Amounts Written Off/Other Movements	Individual Assessment Allowance at 31 December 2011	Collective Assessment Allowance at 31 December 2011 (Restated)	Total Impairment Allowances for Loans, Advances and Financing (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2011							
Purchase of securities	5,892	1,529	276	(1,038)	767	6,988	7,755
Purchase of transport vehicles	267,817	40,399	5,311	(29,796)	15,914	397,878	413,792
Purchase of landed properties	660,005	31,919	(2,456)	(1,989)	27,474	799,195	826,669
(Of which: - residential	466,238	1,356	1,076	(520)	1,912	556,482	558,394
- non-residential)	193,767	30,563	(3,532)	(1,469)	25,562	242,713	268,275
Purchase of fixed assets (excluding landed properties)	6,187	515	(64)	-	451	752	1,203
Personal use	176,834	43,878	177,193	(178,461)	42,610	117,528	160,138
Credit card	22,284	-	-	-	-	15,064	15,064
Purchase of consumer durables	13	-	-	-	-	392	392
Construction	33,652	6,772	2,047	(925)	7,894	7,014	14,908
Mergers and acquisitions	-	-	-	-	-	416	416
Working capital	329,539	130,767	37,693	(27,084)	141,376	136,598	277,974
Other purpose	27,434	9,155	510	(955)	8,710	14,219	22,929
	<u>1,529,657</u>	<u>264,934</u>	<u>220,510</u>	<u>(240,248)</u>	<u>245,196</u>	<u>1,496,044</u>	<u>1,741,240</u>

The comparative amounts have been restated for the effects of the changes in accounting policies as a result of convergence with the MFRS framework on 1 January 2012.

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 Areas

	Impaired Loans, Advances and Financing RM'000	Individual Assessment Allowance at 1 January 2012 RM'000	Net Charge for the Period RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 30 June 2012 RM'000	Collective Assessment Allowance at 30 June 2012 RM'000	Total Impairment Allowances for Loans, Advances and Financing RM'000
Group 30 June 2012							
Malaysia	1,208,623	137,345	(3,881)	(10,655)	122,809	1,367,474	1,490,283
Hong Kong & China PRC	115,867	67,894	97,417	(98,856)	66,455	89,163	155,618
Cambodia	45,655	34,230	(5,464)	(1,118)	27,648	37,353	65,001
Other countries	30,638	5,727	(1,046)	(16)	4,665	6,154	10,819
	1,400,783	245,196	87,026	(110,645)	221,577	1,500,144	1,721,721
	Impaired Loans, Advances and Financing RM'000	Individual Assessment Allowance at 1 January 2011 RM'000	Net Charge for the Year RM'000	Amounts Written Off/Other Movements RM'000	Individual Assessment Allowance at 31 December 2011 RM'000	Collective Assessment Allowance (Restated) at 31 December 2011 RM'000	Total Impairment Allowances for Loans, Advances and Financing (Restated) RM'000
Group 31 December 2011							
Malaysia	1,320,603	168,245	2,877	(33,777)	137,345	1,364,334	1,501,679
Hong Kong & China PRC	118,278	68,090	189,795	(189,991)	67,894	89,311	157,205
Cambodia	58,911	22,157	28,714	(16,641)	34,230	36,428	70,658
Other countries	31,865	6,442	(876)	161	5,727	5,971	11,698
	1,529,657	264,934	220,510	(240,248)	245,196	1,496,044	1,741,240

The comparative amounts have been restated for the effects of the changes in accounting policies as a result of convergence with the MFRS framework on 1 January 2012.

3. Credit Risk (Cont'd.)

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

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

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

	30 June 2012	31 December 2011 (Restated)
	RM'000	RM'000
<u>Collective Assessment Allowance</u>		
At 1 January		
- as previously stated	2,644,535	2,296,158
- effect of change in accounting policy	<u>(1,148,491)</u>	<u>(881,185)</u>
At 1 January, as restated	1,496,044	1,414,973
Allowance made during the period/year	125,382	335,845
Amount written off	(121,264)	(256,031)
Exchange differences	(18)	1,257
Closing balance	<u>1,500,144</u>	<u>1,496,044</u>
<u>Individual Assessment Allowance</u>		
At 1 January	245,196	264,934
Net allowance made during the period/year	87,026	220,510
Allowance made during the period/year	115,904	269,634
Amount written back in respect of recoveries	(28,878)	(49,124)
Amount written off	(113,318)	(253,135)
Exchange differences	2,673	12,887
Closing balance	<u>221,577</u>	<u>245,196</u>

The comparative amounts have been restated for the effects of the changes in accounting policies as a result of convergence with the MFRS framework on 1 January 2012.

4. Market Risk

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

Minimum Regulatory Capital Requirements for Market Risk

	Long Position RM'000	Short Position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Group				
30 June 2012				
Interest rate/rate of return risk	30,388,080	(12,363,439)	1,302,814	104,226
Foreign exchange risk	812,991	(788,232)	812,991	65,039
Equity risk	851	-	1,064	85
Total	31,201,922	(13,151,671)	2,116,869	169,350
31 December 2011				
Interest rate/rate of return risk	22,849,408	(11,343,971)	802,907	64,233
Foreign exchange risk	754,363	(866,881)	866,881	69,350
Equity risk	808	-	1,010	81
Total	23,604,579	(12,210,852)	1,670,798	133,664
Bank				
30 June 2012				
Interest rate risk	26,710,433	(12,165,441)	1,120,264	89,621
Foreign exchange risk	1,210,841	(2,036,661)	2,036,662	162,933
Equity risk	851	-	1,064	85
Total	27,922,125	(14,202,102)	3,157,990	252,639
31 December 2011				
Interest rate risk	21,796,868	(11,413,106)	721,598	57,728
Foreign exchange risk	1,180,297	(2,051,491)	2,051,491	164,119
Equity risk	808	-	1,010	81
Total	22,977,973	(13,464,597)	2,774,099	221,928

4. Market Risk (Cont'd.)

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

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

Interest Rate/Rate of Return Risk Sensitivity Analysis

Group Impact on Net Interest/ Profit Income ("NII/NPI")	30 June 2012		31 December 2011	
	-100 bps	+100 bps	-100 bps	+100 bps
	Increase/(Decrease)		Increase/(Decrease)	
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	(156,308)	81,884	(106,612)	35,488
United States Dollars	6,243	(24,985)	5,209	(21,232)
Hong Kong Dollars	(2,849)	2,549	(3,016)	3,540
Other Currencies	(4,828)	3,148	(5,076)	3,760
Total	(157,742)	62,596	(109,495)	21,556

Group Impact on Economic Value of Equity ("EVE")	30 June 2012		31 December 2011	
	-100 bps	+100 bps	-100 bps	+100 bps
	Increase/(Decrease)		Increase/(Decrease)	
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	1,159,184	(1,158,347)	1,258,693	(1,257,898)
United States Dollars	8,415	(27,985)	5,547	(18,488)
Hong Kong Dollars	1,638	(5,323)	862	(2,874)
Other Currencies	(3,451)	3,470	(3,260)	3,275
Total	1,165,786	(1,188,185)	1,261,842	(1,275,985)

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

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

5. Equity Exposures in the Banking Book

The following tables present the minimum regulatory capital requirements for the equity exposures in the banking book of the Group.

Minimum Regulatory Capital Requirements for Equity Exposures in the Banking Book

Group	30 June 2012		31 December 2011	
	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	4,886,996	4,886,996	4,816,786	4,816,786
Holdings of equity investments	36,754	36,754	36,091	36,091
	4,923,750	4,923,750	4,852,877	4,852,877
<u>Privately held</u>				
For socio-economic purposes	87,767	63,009	87,240	62,482
Not for socio-economic purposes	38,242	57,363	38,196	57,294
	126,009	120,372	125,436	119,776
Total	5,049,759	5,044,122	4,978,313	4,972,653

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

Gains and Losses on Equity Exposures in the Banking Book

Group	30 June 2012 RM'000	31 December 2011 RM'000
Realised gains recognised in the income statement		
- Publicly traded equity investments	(128)	736
Unrealised gains/(losses) recognised in revaluation reserve		
- Investments in unit trust funds	30,701	31,814
- Publicly traded equity investments	2,388	(8,423)
	33,089	23,391

6. Operational Risk

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

Minimum Regulatory Capital Requirements for Operational Risk

	30 June 2012		31 December 2011	
	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	13,234,036	1,058,723	12,692,078	1,015,366
Bank	9,488,225	759,058	9,048,375	723,870

7. Shariah Non-Compliance Risk and Governance

There is no Shariah non-compliant income nor events during the period under review.