

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Group		Bank	
		30 June	31 December	30 June	31 December
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and balances with banks		15,283,466	14,740,218	9,439,416	9,416,853
Reverse repurchase agreements		1,093,680	200,881	1,093,680	-
Financial assets at fair value through profit or loss	A8	2,787,573	2,380,134	2,452,839	2,293,636
Derivative financial assets	A27	130,380	185,891	197,521	193,101
Financial investments at fair value through other comprehensive income	A9	37,326,913	42,342,483	23,429,133	29,070,703
Financial investments at amortised cost	A10	27,903,341	27,018,444	20,688,110	20,572,364
Loans, advances and financing	A11	321,699,445	315,259,166	251,886,667	247,690,397
Other assets	A12	2,440,384	2,393,887	2,322,818	2,366,764
Statutory deposits with Central Banks		11,133,233	10,279,227	7,946,471	7,258,452
Deferred tax assets		79,166	81,374	-	-
Collective investments		-	-	5,620,438	5,517,109
Investment in subsidiary companies		-	-	6,499,394	5,955,494
Investment in associated companies		72,454	70,416	45,000	45,000
Investment properties		757,571	719,207	-	-
Right-of-use assets		1,046,843	-	1,320,577	-
Property and equipment		1,466,649	1,567,199	613,364	711,274
Intangible assets		2,457,015	2,454,755	695,393	695,393
TOTAL ASSETS		425,678,113	419,693,282	334,250,821	331,786,540
LIABILITIES					
Deposits from customers	A13	349,099,445	339,159,892	265,348,799	258,877,559
Deposits from banks	A14	9,117,919	9,483,154	11,666,167	12,487,063
Obligations on securities sold under repurchase agreements		198,502	4,045,605	147,639	4,045,605
Bills and acceptances payable		216,522	214,592	216,199	214,388
Recourse obligations on loans sold to Cagamas		5,500,003	5,500,003	5,500,003	5,500,003
Derivative financial liabilities	A27	255,698	297,664	236,229	289,995
Debt securities issued and other borrowed funds	B9	10,735,375	13,436,794	9,137,476	11,341,598
Lease liabilities		1,113,696	-	1,397,350	-
Other liabilities	A15	5,229,192	4,975,470	3,879,025	3,416,816
Provision for tax expense and zakat		500,342	341,697	426,675	249,207
Deferred tax liabilities		146,717	141,948	100,809	84,502
TOTAL LIABILITIES		382,113,411	377,596,819	298,056,371	296,506,736

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Group		Bank	
		30 June	31 December	30 June	31 December
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital		9,417,653	9,417,653	9,417,653	9,417,653
Regulatory reserves		1,898,607	1,806,123	1,560,709	1,461,892
Other reserves		1,681,562	1,431,367	962,307	849,167
Retained profits		29,410,727	28,317,913	24,253,781	23,551,092
Equity attributable to equity holders of the Bank		42,408,549	40,973,056	36,194,450	35,279,804
Non-controlling interests		1,156,153	1,123,407	-	-
TOTAL EQUITY		43,564,702	42,096,463	36,194,450	35,279,804
TOTAL LIABILITIES AND EQUITY					
		425,678,113	419,693,282	334,250,821	331,786,540
COMMITMENTS AND CONTINGENCIES					
	A26	94,519,284	96,368,336	85,908,370	88,123,035
CAPITAL ADEQUACY					
	A29				
<u>Before deducting interim dividends</u> *					
Common Equity Tier I Capital Ratio		13.649%	13.628%	12.431%	12.657%
Tier I Capital Ratio		14.030%	14.270%	12.878%	13.428%
Total Capital Ratio		16.456%	16.840%	15.375%	15.963%
<u>After deducting interim dividends</u> *					
Common Equity Tier I Capital Ratio		13.184%	13.092%	11.851%	11.989%
Tier I Capital Ratio		13.565%	13.734%	12.298%	12.760%
Total Capital Ratio		15.992%	16.304%	14.795%	15.295%
Net assets per share attributable to ordinary equity holders of the Bank (RM)					
		10.92	10.55	9.32	9.09

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

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PUBLIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2019

Group	Note	2nd Quarter Ended		Half Year Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Operating revenue		5,598,364	5,435,938	11,166,313	10,785,091
Interest income	A16	4,092,117	4,025,760	8,187,260	7,918,599
Interest expense	A17	(2,240,829)	(2,146,029)	(4,456,700)	(4,141,476)
Net interest income		1,851,288	1,879,731	3,730,560	3,777,123
Net income from Islamic banking business	A31 (b)	268,511	262,561	543,220	528,308
		2,119,799	2,142,292	4,273,780	4,305,431
Fee and commission income	A18 (a)	644,275	647,522	1,260,213	1,324,053
Fee and commission expense	A18 (b)	(183,530)	(203,634)	(380,225)	(423,951)
Net fee and commission income	A18	460,745	443,888	879,988	900,102
Net gains and losses on financial instruments	A19	55,410	6,254	113,323	26,070
Other operating income	A20	118,388	83,730	226,381	202,417
Net income		2,754,342	2,676,164	5,493,472	5,434,020
Other operating expenses	A21	(956,525)	(898,333)	(1,881,383)	(1,797,593)
Operating profit		1,797,817	1,777,831	3,612,089	3,636,427
Allowance for impairment on loans, advances and financing	A22	(65,256)	(17,497)	(62,004)	(85,955)
Allowance for impairment on other assets		(836)	(1,120)	(1,202)	(1,953)
		1,731,725	1,759,214	3,548,883	3,548,519
Share of (loss) / profit after tax of equity accounted associated companies		(1,151)	(1,488)	951	3,166
Profit before tax expense and zakat		1,730,574	1,757,726	3,549,834	3,551,685
Tax expense and zakat	B5	(377,378)	(342,214)	(769,429)	(713,394)
Profit for the period		1,353,196	1,415,512	2,780,405	2,838,291
Profit for the period attributable to:					
- Equity holders of the Bank		1,332,946	1,396,220	2,743,039	2,801,600
- Non-controlling interests		20,250	19,292	37,366	36,691
		1,353,196	1,415,512	2,780,405	2,838,291
Earnings per share:					
- basic / diluted (sen)	B12	34.3	36.1	70.7	72.5

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PUBLIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2019

Group	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Profit for the period	<u>1,353,196</u>	<u>1,415,512</u>	<u>2,780,405</u>	<u>2,838,291</u>
Other comprehensive income / (loss):				
<u>Items that will not be reclassified to profit or loss:</u>				
Net change in revaluation of				
- Equity instruments	251	-	251	-
- Property and equipment	2,110	-	2,110	-
Gain on disposal of equity instruments	5	-	5	-
	<u>2,366</u>	<u>-</u>	<u>2,366</u>	<u>-</u>
<u>Items that may be reclassified to profit or loss:</u>				
Currency translation differences in respect of:				
- Foreign operations	102,526	276,305	1,773	(53,491)
- Net investment hedge	(67,916)	(162,393)	(6,622)	(2,029)
Net change in revaluation of financial investments at fair value through other comprehensive income	147,889	(98,166)	302,566	(162,108)
Net change in cash flow hedges	(50,888)	25,120	(90,942)	92,157
	<u>131,611</u>	<u>40,866</u>	<u>206,775</u>	<u>(125,471)</u>
Income tax effect	(18,361)	15,685	(38,656)	14,563
Share of changes in associated companies' reserves	777	(258)	1,087	(221)
Other comprehensive income / (loss) for the period, net of tax	<u>116,393</u>	<u>56,293</u>	<u>171,572</u>	<u>(111,129)</u>
Total comprehensive income for the period	<u>1,469,589</u>	<u>1,471,805</u>	<u>2,951,977</u>	<u>2,727,162</u>
Total comprehensive income for the period attributable to:				
- Equity holders of the Bank	1,431,757	1,414,781	2,910,514	2,699,997
- Non-controlling interests	37,832	57,024	41,463	27,165
	<u>1,469,589</u>	<u>1,471,805</u>	<u>2,951,977</u>	<u>2,727,162</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2019

<u>Bank</u>	Note	2nd Quarter Ended		Half Year Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Operating revenue		4,010,848	3,810,139	8,126,862	7,891,936
Interest income	A16	3,622,784	3,607,150	7,266,335	7,094,522
Interest expense	A17	(2,159,509)	(2,084,963)	(4,294,504)	(4,018,863)
Net interest income		1,463,275	1,522,187	2,971,831	3,075,659
Fee and commission income	A18 (a)	269,406	254,762	522,918	525,869
Fee and commission expense	A18 (b)	(77,980)	(83,317)	(171,902)	(174,965)
Net fee and commission income	A18	191,426	171,445	351,016	350,904
Net gains and losses on financial instruments	A19	52,542	5,440	107,570	25,302
Other operating income	A20	345,562	271,264	617,907	650,286
Net income		2,052,805	1,970,336	4,048,324	4,102,151
Other operating expenses	A21	(607,028)	(571,507)	(1,198,858)	(1,151,279)
Operating profit		1,445,777	1,398,829	2,849,466	2,950,872
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	A22	(23,940)	6,319	10,029	(23,247)
Allowance for impairment on other assets		(641)	(868)	(1,101)	(793)
Profit before tax expense and zakat		1,421,196	1,404,280	2,858,394	2,926,832
Tax expense and zakat	B5	(268,927)	(231,007)	(577,599)	(555,302)
Profit for the period		1,152,269	1,173,273	2,280,795	2,371,530

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2019

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Profit for the period	1,152,269	1,173,273	2,280,795	2,371,530
Other comprehensive income / (loss):				
<u>Items that will not be reclassified to profit or loss:</u>				
Net change in revaluation of				
- Equity instruments	251	-	251	-
Gain on disposal of equity instruments	5	-	5	-
	256	-	256	-
<u>Items that may be reclassified to profit or loss:</u>				
Currency translation differences in respect of foreign operations	4,224	13,052	1,326	(3,029)
Net change in revaluation of financial investments at fair value through other comprehensive income	87,641	(83,592)	182,746	(133,676)
Net change in cash flow hedges	(23,833)	17,108	(35,951)	79,433
	68,032	(53,432)	148,121	(57,272)
Income tax effect	(15,411)	15,956	(35,232)	13,018
Other comprehensive income / (loss) for the period, net of tax	52,877	(37,476)	113,145	(44,254)
Total comprehensive income for the period	1,205,146	1,135,797	2,393,940	2,327,276

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PUBLIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2019

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

<u>Group</u>	<u>Non-distributable Reserves</u>				<u>Distributable Reserves</u>		<u>Total Shareholders' Equity</u> RM'000	<u>Non-controlling Interests</u> RM'000	<u>Total Equity</u> RM'000
	<u>Share Capital</u> RM'000	<u>Regulatory Reserves</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Profits</u> RM'000	<u>Retained Profits</u> RM'000	<u>Shareholders' Equity</u> RM'000			
At 1 January 2019									
- as previously stated	9,417,653	1,806,123	1,431,367	28,317,913	40,973,056	1,123,407	42,096,463		
- effects of changes in accounting policies (Note A32)	-	-	-	(38,630)	(38,630)	(931)	(39,561)		
At 1 January 2019, as restated	9,417,653	1,806,123	1,431,367	28,279,283	40,934,426	1,122,476	42,056,902		
Profit for the period	-	-	-	2,743,039	2,743,039	37,366	2,780,405		
Other comprehensive income for the period	-	-	167,470	5	167,475	4,097 *	171,572		
Total comprehensive income for the period	-	-	167,470	2,743,044	2,910,514	41,463	2,951,977		
Transactions with owners / other equity movements:									
Transfer to regulatory reserves	-	92,484	-	(92,484)	-	-	-		
Transfer to general reserves	-	-	82,725	(82,725)	-	-	-		
Dividends paid	-	-	-	(1,436,391)	(1,436,391)	(7,786)	(1,444,177)		
	-	92,484	82,725	(1,611,600)	(1,436,391)	(7,786)	(1,444,177)		
At 30 June 2019	9,417,653	1,898,607	1,681,562	29,410,727	42,408,549	1,156,153	43,564,702		

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

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2019

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

Group	<u>Non-distributable Reserves</u>			<u>Distributable Reserves</u>		Total Shareholders' Equity	Non-controlling Interests	Total Equity
	Share Capital	Regulatory Reserves	Other Reserves	Retained Profits	Treasury Shares			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	9,417,653	1,658,994	1,295,847	25,193,187	(149,337)	37,416,344	1,067,695	38,484,039
Profit for the period	-	-	-	2,801,600	-	2,801,600	36,691	2,838,291
Other comprehensive loss for the period	-	-	(101,603)	-	-	(101,603)	(9,526) *	(111,129)
Total comprehensive (loss) / income for the period	-	-	(101,603)	2,801,600	-	2,699,997	27,165	2,727,162
Transactions with owners / other equity movements:								
Disposal of treasury shares	-	-	-	325,120	149,337	474,457	-	474,457
Transfer to regulatory reserves	-	84,601	-	(84,601)	-	-	-	-
Transfer to general reserves	-	-	80,745	(80,745)	-	-	-	-
Dividends paid	-	-	-	(1,312,908)	-	(1,312,908)	(7,560)	(1,320,468)
	-	84,601	80,745	(1,153,134)	149,337	(838,451)	(7,560)	(846,011)
At 30 June 2018	<u>9,417,653</u>	<u>1,743,595</u>	<u>1,274,989</u>	<u>26,841,653</u>	<u>-</u>	<u>39,277,890</u>	<u>1,087,300</u>	<u>40,365,190</u>

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2019

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

	<u>Non-distributable Reserves</u>			<u>Distributable Reserves</u>	Total Equity RM'000
	Share Capital RM'000	Regulatory Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000	
<u>Bank</u>					
At 1 January 2019					
- as previously stated	9,417,653	1,461,892	849,167	23,551,092	35,279,804
- effects of changes in accounting policies (Note A32)	-	-	-	(42,903)	(42,903)
At 1 January 2019, as restated	9,417,653	1,461,892	849,167	23,508,189	35,236,901
Profit for the period	-	-	-	2,280,795	2,280,795
Other comprehensive income for the period	-	-	113,140	5	113,145
Total comprehensive income for the period	-	-	113,140	2,280,800	2,393,940
Transactions with owners / other equity movements:					
Transfer to regulatory reserves	-	98,817	-	(98,817)	-
Dividends paid	-	-	-	(1,436,391)	(1,436,391)
	-	98,817	-	(1,535,208)	(1,436,391)
At 30 June 2019	9,417,653	1,560,709	962,307	24,253,781	36,194,450

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2019

	<----- Attributable to Equity Holders of the Bank ----->					
		<u>Non-distributable Reserves</u>			<u>Distributable Reserves</u>	
<u>Bank</u>	Share Capital RM'000	Regulatory Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total Equity RM'000
At 1 January 2018	9,417,653	1,373,080	782,664	21,319,203	(149,337)	32,743,263
Profit for the period	-	-	-	2,371,530	-	2,371,530
Other comprehensive loss for the period	-	-	(44,254)	-	-	(44,254)
Total comprehensive (loss) / income for the period	<u>-</u>	<u>-</u>	<u>(44,254)</u>	<u>2,371,530</u>	<u>-</u>	<u>2,327,276</u>
Transactions with owners / other equity movements:						
Disposal of treasury shares	-	-	-	325,120	149,337	474,457
Transfer to regulatory reserves	-	57,059	-	(57,059)	-	-
Dividends paid	-	-	-	(1,312,908)	-	(1,312,908)
	<u>-</u>	<u>57,059</u>	<u>-</u>	<u>(1,044,847)</u>	<u>149,337</u>	<u>(838,451)</u>
At 30 June 2018	<u>9,417,653</u>	<u>1,430,139</u>	<u>738,410</u>	<u>22,645,886</u>	<u>-</u>	<u>34,232,088</u>

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PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2019

	Group		Bank	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Cash Flows from Operating Activities				
Profit before tax expense and zakat	3,549,834	3,551,685	2,858,394	2,926,832
Adjustments for non-cash items:				
Share of profit after tax of equity				
accounted associated companies	(951)	(3,166)	-	-
Allowance for impairment on loans and financing	175,607	195,085	59,087	86,009
Depreciation of right-of-use assets and				
property and equipment	170,275	110,152	135,730	87,465
Net gain on financial instruments	(97,211)	(23,867)	(91,874)	(23,815)
Dividend income	(1,125)	(622)	(456,952)	(489,142)
Allowance for impairment on other assets	1,202	1,953	1,101	793
Other non-cash items	(37,439)	(11,111)	(4,526)	2,041
Operating profit before working capital changes	<u>3,760,192</u>	<u>3,820,109</u>	<u>2,500,960</u>	<u>2,590,183</u>
Changes in working capital:				
Increase in operating assets	(9,418,194)	(8,992,152)	(6,675,207)	(5,354,444)
Increase in operating liabilities	5,968,373	8,598,017	2,210,355	6,473,208
Cash generated from / (used in) operations	<u>310,371</u>	<u>3,425,974</u>	<u>(1,963,892)</u>	<u>3,708,947</u>
Tax expense and zakat paid	(610,384)	(626,179)	(405,506)	(460,525)
Net cash (used in) / generated from				
operating activities	<u>(300,013)</u>	<u>2,799,795</u>	<u>(2,369,398)</u>	<u>3,248,422</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	(87,640)	(65,992)	(58,087)	(46,042)
Proceeds from disposal of properties	16,367	4,299	14,012	4,007
Net sale / (purchase) of financial investments	4,536,134	(5,908,138)	5,785,425	(4,063,525)
Investment in collective investments	-	-	(103,329)	(96,342)
Additional investment in a subsidiary company	-	-	(543,900)	-
Dividends received	1,125	622	529,999	494,268
Net cash generated from / (used in)				
investing activities	<u>4,465,986</u>	<u>(5,969,209)</u>	<u>5,624,120</u>	<u>(3,707,634)</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the year ended 31 December 2018.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2019

	Group		Bank	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Cash Flows from Financing Activities				
Dividends paid	(1,444,177)	(1,320,468)	(1,436,391)	(1,312,908)
Net proceeds from disposal of treasury shares	-	474,457	-	474,457
Net proceeds from issuance of debt securities	-	1,898,600	-	1,898,600
Net drawdown / (repayment) of borrowings	749	(4,511)	-	-
Repayment of lease liabilities	(62,798)	-	(49,449)	-
Redemption of debt securities	(2,700,000)	(400,000)	(2,200,000)	(400,000)
Net cash (used in) / generated from financing activities	<u>(4,206,226)</u>	<u>648,078</u>	<u>(3,685,840)</u>	<u>660,149</u>
Net change in cash and cash equivalents	(40,253)	(2,521,336)	(431,118)	200,937
Cash and cash equivalents at beginning of the year	13,320,248	12,898,446	9,416,853	6,385,151
Exchange differences on translation of opening balances	(3,792)	(42,146)	-	-
Cash and cash equivalents at end of the period	<u>13,276,203</u>	<u>10,334,964</u>	<u>8,985,735</u>	<u>6,586,088</u>
Note:				
Cash and balances with banks	15,283,466	11,050,277	9,439,416	6,626,088
Less: Balances with banks with original maturity more than three months	(2,007,263)	(715,313)	(453,681)	(40,000)
Cash and cash equivalents at end of the period	<u>13,276,203</u>	<u>10,334,964</u>	<u>8,985,735</u>	<u>6,586,088</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the year ended 31 December 2018.

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Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting Issued by Bank Negara Malaysia

A1. Basis of Preparation

The unaudited condensed interim financial statements for the 2nd quarter and financial half year ended 30 June 2019 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss ("FVTPL"), financial investments at fair value through other comprehensive income ("FVOCI"), derivative financial instruments and investment properties.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2018. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2018.

The unaudited condensed interim financial statements incorporated those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2018, except for the adoption of the following MFRS and Amendments to MFRS during the current financial period:

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16 Leases
- Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 Employee Benefits)

The main effects of the adoption of MFRS and Amendments to MFRS above are summarised below:

- (a) **MFRS 16 Leases** - MFRS 16 'Leases' supersedes MFRS 117 'Leases' and its related interpretations. MFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases by the lessee as either finance leases (on-balance sheet) or operating leases (off-balance sheet). The details and financial effects of the adoption of MFRS 16 are discussed in Note A32 Changes in Accounting Policies
- (b) **Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 Employee Benefits)** - The amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset). As there are no proposed changes in the terms or membership of the Group's defined benefit plan which may result in plan amendment, curtailment or settlement, the adoption of the amendments did not have any financial impact on the financial statements of the Group and of the Bank.

The following MFRS has been issued by MASB but are not yet effective to the Group and the Bank:

Effective for annual periods commencing on or after 1 January 2021

- MFRS 17 Insurance Contracts

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A1. Basis of Preparation (continued)

The following MFRS has been issued by MASB but are not yet effective to the Group and the Bank (continued):

MFRS 17 Insurance Contracts - MFRS 17 introduces consistent accounting for all insurance contracts based on a current measurement model. Under MFRS 17, the general model requires entities to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. The adoption of MFRS 17 is not expected to have any material financial impact on the financial statements of the Group as the Group's insurance business is immaterial.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2018 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the 2nd quarter and financial half year ended 30 June 2019.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the 2nd quarter and financial half year ended 30 June 2019.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 2nd quarter and financial half year ended 30 June 2019.

A6. Debt and Equity Securities

Saved as disclosed below, there were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Group and the Bank.

a) **RM20.0 Billion Senior Medium Term Notes ("Senior MTNs") Programme**

The Bank had redeemed the third and fourth tranche of Senior MTNs with a total of RM1,000 million in nominal value on the maturity dates during the current period.

b) **RM5.0 Billion Non-Innovative Tier I Stapled Securities Programme**

The Bank had early redeemed the first tranche of Stapled Securities of RM1,200 million together with accrued interest during the current period.

c) **RM5.0 Billion Sukuk Murabahah Programme**

The Bank's wholly-owned subsidiary company, Public Islamic Bank Berhad had early redeemed the first tranche of Subordinated Sukuk Murabahah of RM500 million in nominal value under the Sukuk Murabahah Programme during the current period.

A7. Dividends Paid and Distributed

During the financial half year ended 30 June 2019, a second interim dividend of 37.0 sen per share in respect of the financial year ended 31 December 2018, amounting to RM1,436,391,188 was paid on 14 March 2019.

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	87,611	-	87,611	-
Malaysian Government Securities	1,123,553	286,951	1,123,553	286,951
Malaysian Government Investment Issues	832,195	100,964	821,735	70,654
Bank Negara Malaysia Monetary Notes	-	1,536,341	-	1,536,341
	<u>2,043,359</u>	<u>1,924,256</u>	<u>2,032,899</u>	<u>1,893,946</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>298,786</u>	-	-	-
Non-money market instruments:				
Equity securities:				
- Unquoted shares in Malaysia	445,428	423,949	419,940	399,690
Debt securities:				
- Unquoted corporate bonds / sukuk	-	31,929	-	-
	<u>445,428</u>	<u>455,878</u>	<u>419,940</u>	<u>399,690</u>
Total financial assets at FVTPL	<u>2,787,573</u>	<u>2,380,134</u>	<u>2,452,839</u>	<u>2,293,636</u>

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Securities	10,222,165	12,265,159	9,877,334	11,895,739
Malaysian Government Investment Issues	20,301,578	21,653,696	10,414,031	12,288,291
Other foreign government securities	154,650	58,125	-	-
	30,678,393	33,976,980	20,291,365	24,184,030
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	1,369,626	3,051,128	1,319,670	2,910,720
Non-money market instruments:				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	1,907	2,204	-	-
- Unquoted shares	345,034	344,996	338,525	338,498
Debt securities:				
- Cagamas bonds	203,972	390,528	101,639	289,423
- Unquoted corporate bonds / sukuk	4,715,335	4,563,691	1,377,934	1,348,032
Unit trust funds	12,646	12,956	-	-
	5,278,894	5,314,375	1,818,098	1,975,953
Total financial investments at FVOCI	37,326,913	42,342,483	23,429,133	29,070,703

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

The following expected credit losses ("ECL") for debt instruments are not recognised in the statement of financial position as the carrying amount of debt instruments at FVOCI is equivalent to their fair value:

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Group				
At 1 January 2019	7,371	1,225	-	8,596
New financial investments purchased	4,173	-	-	4,173
Net allowance written back	(277)	-	-	(277)
Amount derecognised	(4,812)	(1)	-	(4,813)
Exchange differences	-	(13)	-	(13)
At 30 June 2019	<u>6,455</u>	<u>1,211</u>	<u>-</u>	<u>7,666</u>
At 1 January 2018	6,375	-	-	6,375
New financial investments purchased	7,728	1,207	-	8,935
Net allowance written back	(314)	-	-	(314)
Amount derecognised	(6,427)	-	-	(6,427)
Exchange differences	9	18	-	27
At 31 December 2018	<u>7,371</u>	<u>1,225</u>	<u>-</u>	<u>8,596</u>
Bank				
At 1 January 2019	4,860	-	-	4,860
New financial investments purchased	3,159	-	-	3,159
Net allowance written back	(295)	-	-	(295)
Amount derecognised	(3,852)	-	-	(3,852)
At 30 June 2019	<u>3,872</u>	<u>-</u>	<u>-</u>	<u>3,872</u>
At 1 January 2018	4,470	-	-	4,470
New financial investments purchased	6,342	-	-	6,342
Net allowance written back	(348)	-	-	(348)
Amount derecognised	(5,604)	-	-	(5,604)
At 31 December 2018	<u>4,860</u>	<u>-</u>	<u>-</u>	<u>4,860</u>

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A10. Financial Investments at Amortised Cost

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
At amortised cost				
Government securities and treasury bills:				
Malaysian Government Securities	1,125,826	1,125,105	1,125,826	1,125,105
Malaysian Government Investment Issues	6,591,410	6,512,720	4,034,370	4,078,918
Foreign Government Treasury Bills	1,182,267	1,019,500	32,283	27,080
Other foreign government securities	2,056,805	1,710,079	7,357	7,897
	<u>10,956,308</u>	<u>10,367,404</u>	<u>5,199,836</u>	<u>5,239,000</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	1,389,286	1,198,530	1,876,715	1,842,223
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	5,610,517	5,611,030	5,610,517	5,611,030
- Unquoted corporate bonds / sukuk	9,951,587	9,845,596	8,004,727	7,883,611
	<u>15,562,104</u>	<u>15,456,626</u>	<u>13,615,244</u>	<u>13,494,641</u>
Allowance for impairment	(4,357)	(4,116)	(3,685)	(3,500)
Total financial investments at amortised cost	<u>27,903,341</u>	<u>27,018,444</u>	<u>20,688,110</u>	<u>20,572,364</u>

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A10. Financial Investments at Amortised Cost (continued)

Movements in allowances for impairment on debt instruments which reflect the ECL model on impairment are as follows:

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Group				
At 1 January 2019	4,097	-	19	4,116
New financial investments purchased	279	-	-	279
Net allowance made	88	-	-	88
Amount derecognised	(212)	-	-	(212)
Exchange differences	86	-	-	86
At 30 June 2019	<u>4,338</u>	<u>-</u>	<u>19</u>	<u>4,357</u>
At 1 January 2018	3,704	-	35	3,739
New financial investments purchased	1,018	-	-	1,018
Net allowance written back	(309)	-	-	(309)
Amount derecognised	(323)	-	-	(323)
Amount written off	-	-	(16)	(16)
Exchange differences	7	-	-	7
At 31 December 2018	<u>4,097</u>	<u>-</u>	<u>19</u>	<u>4,116</u>
Bank				
At 1 January 2019	3,481	-	19	3,500
New financial investments purchased	62	-	-	62
Net allowance made	94	-	-	94
Amount derecognised	(56)	-	-	(56)
Exchange differences	85	-	-	85
At 30 June 2019	<u>3,666</u>	<u>-</u>	<u>19</u>	<u>3,685</u>
At 1 January 2018	2,869	-	35	2,904
New financial investments purchased	665	-	-	665
Net allowance written back	(24)	-	-	(24)
Amount derecognised	(29)	-	-	(29)
Amount written off	-	-	(16)	(16)
At 31 December 2018	<u>3,481</u>	<u>-</u>	<u>19</u>	<u>3,500</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
At amortised cost				
Overdrafts	11,534,636	11,558,286	8,255,006	8,356,059
Term loans / financing				
- Housing loans / financing	116,304,536	112,302,675	91,611,493	89,027,872
- Syndicated term loans / financing	3,596,712	3,129,190	854,814	595,341
- Hire purchase receivables	51,006,386	50,487,731	39,532,567	38,196,616
- Other term loans / financing	122,819,447	121,090,161	96,761,180	95,910,951
Credit card receivables	1,975,055	2,064,840	1,935,671	2,025,895
Bills receivables	139,712	155,074	113,617	133,739
Trust receipts	222,992	254,809	167,526	170,085
Claims on customers under acceptance credits	3,666,940	3,803,866	3,374,973	3,482,087
Revolving credits	10,431,015	10,483,874	8,953,765	9,529,290
Staff loans *	1,995,449	1,971,073	1,746,897	1,729,331
Gross loans, advances and financing	323,692,880	317,301,579	253,307,509	249,157,266
Allowance for impairment on loans and financing:				
- Expected credit losses	(1,993,435)	(2,042,413)	(1,420,842)	(1,466,869)
- Stage 1: 12-Month ECL	(1,094,240)	(1,086,325)	(780,194)	(775,726)
- Stage 2: Lifetime ECL not credit-impaired	(493,185)	(546,221)	(400,286)	(452,091)
- Stage 3: Lifetime ECL credit-impaired	(406,010)	(409,867)	(240,362)	(239,052)
Net loans, advances and financing	321,699,445	315,259,166	251,886,667	247,690,397

* Included in staff loans of the Group and of the Bank are loans to Directors of subsidiary companies amounting to RM7,797,000 (2018: RM5,012,000) and RM7,524,000 (2018 - RM4,709,000) respectively.

a) By class

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Retail loans / financing *				
- Housing loans / financing	116,304,715	112,302,874	91,611,493	89,027,872
- Hire purchase	50,773,843	50,250,640	39,532,567	38,196,616
- Credit cards	1,975,055	2,064,840	1,935,671	2,025,895
- Other loans / financing ^	107,638,818	106,352,920	82,403,700	81,988,983
	276,692,431	270,971,274	215,483,431	211,239,366
Corporate loans / financing	47,000,449	46,330,305	37,824,078	37,917,900
	323,692,880	317,301,579	253,307,509	249,157,266

* Included in retail loans/financing are loans/financing granted to individual borrowers and mid-market commercial enterprises.

^ Included in other loans/financing are term loans, trade financing, overdrafts and revolving credits.

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A11. Loans, Advances and Financing (continued)

b) By type of customer

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Non-bank financial institutions				
- Stock-broking companies	2,095	2,973	2,095	2,973
- Others	11,474,926	9,734,072	9,836,039	8,680,888
Business enterprises				
- Small and medium enterprises	71,019,318	70,793,059	58,604,172	58,695,186
- Others	27,293,946	28,729,795	22,262,280	22,620,950
Government and statutory bodies	1,319,609	1,318,357	11,459	10,033
Individuals	208,829,675	204,066,098	160,871,143	156,821,569
Other entities	32,740	37,491	26,121	27,939
Foreign entities	3,720,571	2,619,734	1,694,200	2,297,728
	<u>323,692,880</u>	<u>317,301,579</u>	<u>253,307,509</u>	<u>249,157,266</u>

c) By interest / profit rate sensitivity

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Fixed rate				
- Housing loans / financing	937,832	1,762,168	58,893	711,476
- Hire purchase receivables	48,457,878	47,872,472	39,349,935	37,995,624
- Other fixed rate loans / financing	21,010,324	21,387,571	9,883,106	10,361,819
Variable rate				
- Base rate / base lending rate plus	203,870,514	197,504,090	171,700,074	167,638,242
- Cost plus	35,055,718	34,198,485	31,922,788	32,050,311
- Other variable rates	14,360,614	14,576,793	392,713	399,794
	<u>323,692,880</u>	<u>317,301,579</u>	<u>253,307,509</u>	<u>249,157,266</u>

d) By residual contractual maturity

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Maturity within one year	31,237,559	33,476,534	21,904,994	24,078,602
More than one year to three years	26,823,126	25,630,391	21,158,446	19,976,992
More than three years to five years	31,863,894	30,813,477	25,963,028	25,891,581
More than five years	233,768,301	227,381,177	184,281,041	179,210,091
	<u>323,692,880</u>	<u>317,301,579</u>	<u>253,307,509</u>	<u>249,157,266</u>

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A11. Loans, Advances and Financing (continued)

e) By geographical distribution

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Malaysia	300,438,339	294,073,885	252,477,763	248,304,984
Hong Kong SAR and the People's Republic of China	15,561,369	15,884,112	-	-
Cambodia	4,452,380	4,355,773	-	-
Other countries	3,240,792	2,987,809	829,746	852,282
	<u>323,692,880</u>	<u>317,301,579</u>	<u>253,307,509</u>	<u>249,157,266</u>

f) Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Purchase of securities	3,838,672	2,764,420	3,406,952	2,389,565
Purchase of transport vehicles	51,231,843	50,720,776	39,767,186	38,438,216
Purchase of landed properties	202,104,017	196,597,670	163,597,689	159,761,279
(of which: - residential	120,417,144	116,258,068	95,114,576	92,398,172
- non-residential)	81,686,873	80,339,602	68,483,113	67,363,107
Purchase of fixed assets (excluding landed properties)	457,604	470,118	133,628	140,252
Personal use	13,440,350	13,064,948	7,133,091	6,996,922
Credit card	1,975,055	2,064,840	1,935,671	2,025,895
Purchase of consumer durables	913	924	103	104
Construction	6,904,125	7,143,581	5,594,109	5,953,919
Mergers and acquisitions	12,970	16,222	12,970	16,222
Working capital	39,208,734	39,968,394	27,261,803	28,994,446
Other purpose	4,518,597	4,489,686	4,464,307	4,440,446
	<u>323,692,880</u>	<u>317,301,579</u>	<u>253,307,509</u>	<u>249,157,266</u>

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A11. Loans, Advances and Financing (continued)

g) Gross loans, advances and financing by sectors

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Agriculture, hunting, forestry and fishing	3,668,955	3,805,553	2,623,385	2,706,340
Mining and quarrying	218,244	213,243	162,854	160,547
Manufacturing	10,411,063	10,539,536	8,316,881	8,426,428
Electricity, gas and water	164,442	130,928	44,899	36,695
Construction	11,794,692	11,279,368	9,446,582	9,055,709
Wholesale & retail trade and restaurants & hotels	26,881,730	26,443,547	22,224,842	21,980,620
Transport, storage and communication	4,226,824	4,163,935	3,034,276	2,991,268
Finance, insurance and business services	18,836,374	18,315,474	15,455,573	15,489,976
Real estate	34,405,755	35,026,439	27,911,765	28,397,229
Community, social and personal services	3,336,042	3,230,397	1,801,249	1,687,041
Households	208,307,089	203,134,870	162,243,913	158,182,409
Others	1,441,670	1,018,289	41,290	43,004
	<u>323,692,880</u>	<u>317,301,579</u>	<u>253,307,509</u>	<u>249,157,266</u>

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Bankers' acceptances rediscounted	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
At 1 January	1,620,733	1,475,666	1,143,782	1,064,009
Impaired during the period / year	1,540,273	3,109,654	1,054,325	2,136,046
Reclassified as non-impaired	(1,010,716)	(2,110,795)	(705,292)	(1,527,447)
Recoveries	(174,471)	(347,887)	(127,994)	(262,641)
Amount written off	(226,146)	(482,440)	(106,514)	(244,913)
Loans / financing converted to foreclosed properties	(31,441)	(27,799)	(28,023)	(22,822)
Exchange differences	(220)	4,334	(283)	1,550
Closing balance	<u>1,718,012</u>	<u>1,620,733</u>	<u>1,230,001</u>	<u>1,143,782</u>
Gross impaired loans and financing as a percentage of gross loans, advances and financing	<u>0.53%</u>	<u>0.51%</u>	<u>0.49%</u>	<u>0.46%</u>

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A11. Loans, Advances and Financing (continued)

j) Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Malaysia	1,410,727	1,300,431	1,106,844	1,020,145
Hong Kong SAR and the People's Republic of China	100,673	104,861	-	-
Cambodia	45,677	65,858	-	-
Other countries	160,935	149,583	123,157	123,637
	<u>1,718,012</u>	<u>1,620,733</u>	<u>1,230,001</u>	<u>1,143,782</u>

k) Impaired loans, advances and financing by economic purpose

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Purchase of securities	724	722	724	722
Purchase of transport vehicles	273,327	304,027	181,900	201,474
Purchase of landed properties	917,651	803,830	721,985	629,105
(of which: - residential	620,799	569,671	458,147	428,029
- non-residential)	296,852	234,159	263,838	201,076
Purchase of fixed assets (excluding landed properties)	8,031	7,500	1,018	364
Personal use	146,202	141,699	47,753	46,402
Credit card	18,173	19,572	17,678	19,141
Construction	56,073	69,316	53,122	67,218
Working capital	284,242	263,975	192,266	169,303
Other purpose	13,589	10,092	13,555	10,053
	<u>1,718,012</u>	<u>1,620,733</u>	<u>1,230,001</u>	<u>1,143,782</u>

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A11. Loans, Advances and Financing (continued)

1) Impaired loans, advances and financing by sectors

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Agriculture, hunting, forestry and fishing	21,462	40,216	20,106	15,109
Mining and quarrying	2,235	1,689	1,589	636
Manufacturing	66,478	56,008	44,118	45,561
Electricity, gas and water	4,979	2,275	131	83
Construction	119,160	129,350	107,997	120,122
Wholesale & retail trade and restaurants & hotels	190,789	170,689	150,434	133,636
Transport, storage and communication	17,404	18,857	12,645	14,072
Finance, insurance and business services	59,712	60,621	46,296	44,404
Real estate	92,080	42,456	84,148	37,287
Community, social and personal services	9,493	9,569	7,255	7,230
Households	1,110,094	1,066,953	753,549	725,551
Others	24,126	22,050	1,733	91
	<u>1,718,012</u>	<u>1,620,733</u>	<u>1,230,001</u>	<u>1,143,782</u>

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A11. Loans, Advances and Financing (continued)

m) Movements in loss allowance for loans/financing which reflect the ECL model on impairment are as follows:

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Group				
At 1 January 2019	1,086,325	546,221	409,867	2,042,413
Changes due to loans, advances and financing recognised as at 1 January 2019:	129,397	(89,088)	(40,309)	-
- Transfer to Stage 1: 12-Month ECL	151,970	(134,574)	(17,396)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(20,019)	72,144	(52,125)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(2,554)	(26,658)	29,212	-
Loans, advances and financing derecognised (other than write-off)	(42,492)	(35,206)	(19,879)	(97,577)
New loans, advances and financing originated	97,688	40,391	6,248	144,327
Net remeasurement due to changes in credit risk	(174,541)	31,111	273,396	129,966
Modifications to contractual cash flows of loans, advances and financing	(2,255)	(412)	3,303	636
Amount written off	-	-	(226,146)	(226,146)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(980)	(980)
Exchange differences	118	168	510	796
At 30 June 2019	<u>1,094,240</u>	<u>493,185</u>	<u>406,010</u>	<u>1,993,435</u>

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A11. Loans, Advances and Financing (continued)

m) Movements in loss allowance for loans/financing which reflect the ECL model on impairment are as follows (continued):

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Group				
At 1 January 2018	1,186,643	534,269	376,450	2,097,362
Changes due to loans, advances and financing recognised as at 1 January 2018:	127,009	(84,657)	(42,352)	-
- Transfer to Stage 1: 12-Month ECL	161,772	(131,135)	(30,637)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(31,210)	70,045	(38,835)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(3,553)	(23,567)	27,120	-
Loans, advances and financing derecognised (other than write-off)	(87,098)	(52,331)	(35,349)	(174,778)
New loans, advances and financing originated	165,795	82,600	55,833	304,228
Net remeasurement due to changes in credit risk	(304,918)	67,155	522,615	284,852
Modifications to contractual cash flows of loans, advances and financing	(3,040)	(1,397)	10,084	5,647
Amount written off	-	-	(482,440)	(482,440)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(36)	(36)
Exchange differences	1,934	582	5,062	7,578
At 31 December 2018	<u>1,086,325</u>	<u>546,221</u>	<u>409,867</u>	<u>2,042,413</u>

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A11. Loans, Advances and Financing (continued)

m) Movements in loss allowance for loans/financing which reflect the ECL model on impairment are as follows (continued):

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Bank				
At 1 January 2019	775,726	452,091	239,052	1,466,869
Changes due to loans and advances recognised as at 1 January 2019:				
- Transfer to Stage 1: 12-Month ECL	101,918	(66,595)	(35,323)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	116,159	(106,185)	(9,974)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(13,837)	51,347	(37,510)	-
	(404)	(11,757)	12,161	-
Loans and advances derecognised (other than write-off)	(22,155)	(32,741)	(14,224)	(69,120)
New loans and advances originated	54,854	31,737	860	87,451
Net remeasurement due to changes in credit risk	(128,142)	16,200	154,640	42,698
Modifications to contractual cash flows of loans and advances	(2,096)	(406)	2,850	348
Amount written off	-	-	(106,514)	(106,514)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(980)	(980)
Exchange differences	89	-	1	90
At 30 June 2019	780,194	400,286	240,362	1,420,842

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A11. Loans, Advances and Financing (continued)

m) Movements in loss allowance for loans/financing which reflect the ECL model on impairment are as follows (continued):

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
Bank				
At 1 January 2018	832,699	420,320	238,807	1,491,826
Changes due to loans and advances recognised as at 1 January 2018:	91,431	(51,548)	(39,883)	-
- Transfer to Stage 1: 12-Month ECL	116,624	(94,966)	(21,658)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(24,696)	51,261	(26,565)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(497)	(7,843)	8,340	-
Loans and advances derecognised (other than write-off)	(44,121)	(38,576)	(24,553)	(107,250)
New loans and advances originated	96,076	60,348	3,146	159,570
Net remeasurement due to changes in credit risk	(197,502)	62,910	297,262	162,670
Modifications to contractual cash flows of loans and advances	(2,739)	(1,363)	9,222	5,120
Amount written off	-	-	(244,913)	(244,913)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(36)	(36)
Exchange differences	(118)	-	-	(118)
At 31 December 2018	<u>775,726</u>	<u>452,091</u>	<u>239,052</u>	<u>1,466,869</u>

A12. Other Assets

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Deferred handling fees	230,084	226,549	187,897	178,288
Interest / Income receivable	59,907	53,356	11,558	7,889
Other receivables, deposits and prepayments	1,221,845	1,106,278	936,211	969,935
Collateral pledged for derivative transactions	177,892	118,620	177,892	118,620
Employee benefits	302,383	327,462	297,576	322,256
Amount due from trust funds	182,828	206,628	-	-
Foreclosed properties	142,489	125,622	131,475	117,987
Outstanding contracts on clients' accounts	122,956	229,372	-	-
Amount due from subsidiary companies	-	-	40,988	39,521
Distribution receivable from collective investments	-	-	31,051	31,772
Dividend receivable from subsidiary companies	-	-	508,170	580,496
	<u>2,440,384</u>	<u>2,393,887</u>	<u>2,322,818</u>	<u>2,366,764</u>

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A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
At amortised cost				
Core deposits:				
- Demand deposits	50,363,537	50,023,160	39,002,374	39,559,440
- Savings deposits	37,869,768	37,034,511	24,711,946	24,171,008
- Fixed deposits	196,540,998	196,788,732	143,302,921	146,016,093
	284,774,303	283,846,403	207,017,241	209,746,541
Negotiable instruments of deposit	72,902	133,528	49,922	108,605
Money market deposits	64,218,375	55,129,516	58,259,721	48,985,570
	64,291,277	55,263,044	58,309,643	49,094,175
Other deposits	33,865	50,445	21,915	36,843
	349,099,445	339,159,892	265,348,799	258,877,559

b) By type of customer

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Federal and state governments	9,572,600	7,020,760	6,214,122	5,509,654
Local government and statutory authorities	3,795,829	2,983,466	3,237,638	2,533,549
Business enterprises	93,470,883	93,682,701	75,005,072	75,246,722
Individuals	178,763,485	173,496,711	136,361,119	133,345,386
Foreign customers	9,441,354	9,349,386	4,165,143	4,037,037
Others	54,055,294	52,626,868	40,365,705	38,205,211
	349,099,445	339,159,892	265,348,799	258,877,559

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A13. Deposits from Customers (continued)

- c) The maturity structure of fixed deposits, negotiable instruments of deposit and money market deposits are as follows:

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Due within six months	213,763,686	189,847,360	165,132,354	148,353,579
More than six months to one year	46,868,455	61,487,317	36,351,930	46,421,532
More than one year to three years	196,451	713,289	125,199	331,729
More than three years to five years	3,683	3,810	3,081	3,428
	<u>260,832,275</u>	<u>252,051,776</u>	<u>201,612,564</u>	<u>195,110,268</u>

A14. Deposits from Banks

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
At amortised cost				
Licensed banks	3,362,529	4,648,523	2,221,443	3,790,646
Licensed Islamic banks	30,000	-	-	-
Licensed investment banks	285,087	144,311	28,603	27,265
Bank Negara Malaysia	454,626	428,786	435,761	408,387
Other financial institutions	4,985,677	4,261,534	8,980,360	8,260,765
	<u>9,117,919</u>	<u>9,483,154</u>	<u>11,666,167</u>	<u>12,487,063</u>

A15. Other Liabilities

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Interest / Income payable	1,930,729	1,885,756	1,438,912	1,351,860
Other payables and accruals	2,860,117	2,377,762	2,304,519	1,781,347
Collateral received for derivative transactions	42,179	101,475	42,179	101,475
Amount due to trust funds	134,596	86,095	-	-
Unprocessed sales and / or redemptions	100,176	113,587	-	-
Profit Equalisation Reserve of the investment account holder	31	31	-	-
Allowance for impairment on loan / financing commitments and financial guarantees	60,743	62,483	40,132	42,422
Lease liabilities	-	95,666	-	95,666
Outstanding contracts on clients' accounts	90,598	224,208	-	-
Dividend payable to shareholders	10,023	28,407	2,237	2,017
Amount due to subsidiary companies	-	-	51,046	42,029
	<u>5,229,192</u>	<u>4,975,470</u>	<u>3,879,025</u>	<u>3,416,816</u>

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A15. Other Liabilities (continued)

Movements in the allowance for impairment on loan / financing commitments and financial guarantees are as follows:

Group	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
At 1 January 2019	53,063	8,273	1,147	62,483
Changes due to loan / financing commitments and financial guarantees recognised as at 1 January 2019:				
- Transfer to Stage 1: 12-Month ECL	2,280	(1,871)	(409)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	2,610	(2,549)	(61)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(322)	784	(462)	-
	(8)	(106)	114	-
Loan / financing commitments and financial guarantees derecognised	(2,624)	(1,626)	(33)	(4,283)
New loan / financing commitments and financial guarantees originated	4,403	655	19	5,077
Net remeasurement due to changes in credit risk	(3,481)	232	732	(2,517)
Modifications to contractual cash flows of loan / financing commitments and financial guarantees	(5)	(3)	(14)	(22)
Exchange differences	5	-	-	5
At 30 June 2019	53,641	5,660	1,442	60,743
At 1 January 2018	52,998	6,567	1,249	60,814
Changes due to loan / financing commitments and financial guarantees recognised as at 1 January 2018:				
- Transfer to Stage 1: 12-Month ECL	1,206	(850)	(356)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	2,456	(2,214)	(242)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(1,234)	1,445	(211)	-
	(16)	(81)	97	-
Loan / financing commitments and financial guarantees derecognised	(4,646)	(2,297)	(79)	(7,022)
New loan / financing commitments and financial guarantees originated	8,041	4,076	38	12,155
Net remeasurement due to changes in credit risk	(4,811)	777	287	(3,747)
Modifications to contractual cash flows of loan / financing commitments and financial guarantees	(18)	-	8	(10)
Exchange differences	293	-	-	293
At 31 December 2018	53,063	8,273	1,147	62,483

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A15. Other Liabilities (continued)

Movements in the allowance for impairment on loan / financing commitments and financial guarantees are as follows (continued):

Bank	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
At 1 January 2019	34,345	7,065	1,012	42,422
Changes due to loan commitments and and financial guarantees recognised as at 1 January 2019:	1,733	(1,339)	(394)	-
- Transfer to Stage 1: 12-Month ECL	2,038	(1,981)	(57)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(297)	712	(415)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(8)	(70)	78	-
Loan commitments and financial guarantees derecognised	(2,159)	(1,586)	(31)	(3,776)
New loan commitments and financial guarantees originated	2,246	620	19	2,885
Net remeasurement due to changes in credit risk	(2,146)	265	504	(1,377)
Modifications to contractual cash flows of loan commitments and financial guarantees	(5)	(3)	(14)	(22)
At 30 June 2019	34,014	5,022	1,096	40,132
At 1 January 2018	35,909	5,346	976	42,231
Changes due to loan commitments and and financial guarantees recognised as at 1 January 2018:	724	(487)	(237)	-
- Transfer to Stage 1: 12-Month ECL	1,888	(1,714)	(174)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(1,149)	1,296	(147)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(15)	(69)	84	-
Loan commitments and financial guarantees derecognised	(3,428)	(2,021)	(75)	(5,524)
New loan commitments and financial guarantees originated	4,759	3,499	38	8,296
Net remeasurement due to changes in credit risk	(3,601)	728	302	(2,571)
Modifications to contractual cash flows of loan commitments and financial guarantees	(18)	-	8	(10)
At 31 December 2018	34,345	7,065	1,012	42,422

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A16. Interest Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>Group</u>				
Loans and advances	3,455,933	3,417,712	6,931,891	6,743,703
Balances with banks	87,782	59,821	147,753	116,188
Financial investments at fair value through other comprehensive income	267,395	302,739	557,710	573,418
Financial investments at amortised cost	239,109	204,622	472,328	401,805
Others	21,036	21,977	43,399	47,648
	<u>4,071,255</u>	4,006,871	<u>8,153,081</u>	7,882,762
Financial assets at fair value through profit or loss	20,862	18,889	34,179	35,837
	<u>4,092,117</u>	<u>4,025,760</u>	<u>8,187,260</u>	<u>7,918,599</u>
	2nd Quarter Ended	30 June	Half Year Ended	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Loans and advances	3,094,774	3,098,540	6,223,388	6,116,998
Balances with banks	57,546	31,221	87,863	56,886
Financial investments at fair value through other comprehensive income	217,453	256,503	458,654	483,335
Financial investments at amortised cost	211,335	185,789	419,557	365,575
Others	21,034	21,974	43,395	47,642
	<u>3,602,142</u>	3,594,027	<u>7,232,857</u>	7,070,436
Financial assets at fair value through profit or loss	20,642	13,123	33,478	24,086
	<u>3,622,784</u>	<u>3,607,150</u>	<u>7,266,335</u>	<u>7,094,522</u>

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A17. Interest Expense

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits from banks	72,294	91,299	158,325	185,824
Deposits from customers	1,974,675	1,847,795	3,901,231	3,560,123
Loans sold to Cagamas	58,689	60,392	116,733	122,577
Debt securities issued and other borrowed funds	123,217	143,562	257,627	268,041
Others	11,954	2,981	22,784	4,911
	<u>2,240,829</u>	<u>2,146,029</u>	<u>4,456,700</u>	<u>4,141,476</u>
<u>Bank</u>				
Deposits from banks	82,156	94,496	175,675	188,872
Deposits from customers	1,884,899	1,787,068	3,723,477	3,442,961
Loans sold to Cagamas	58,689	60,392	116,733	122,577
Debt securities issued and other borrowed funds	118,249	140,026	248,586	259,542
Others	15,516	2,981	30,033	4,911
	<u>2,159,509</u>	<u>2,084,963</u>	<u>4,294,504</u>	<u>4,018,863</u>

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A18. Net Fee and Commission Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>Group</u>				
(a) Fee and commission income:				
Commissions	153,788	139,453	299,868	279,683
Service charges and fees	76,938	82,915	154,393	168,266
Guarantee fees	8,464	7,693	17,768	14,843
Processing fees	5,689	5,380	11,471	10,856
Commitment fees	20,627	22,330	36,719	45,074
Unit trust management fees	265,729	264,280	522,553	528,322
Fee on sale of trust units	64,750	82,698	127,483	192,314
Brokerage and commissions from stockbroking activities	23,059	26,938	45,273	56,280
Other fee and commission income	25,231	15,835	44,685	28,415
	<u>644,275</u>	<u>647,522</u>	<u>1,260,213</u>	<u>1,324,053</u>
(b) Fee and commission expense:				
Unit trust agency fee	(102,502)	(117,262)	(202,329)	(242,988)
Debit / credit card related fee	(72,792)	(78,310)	(161,206)	(164,229)
Loan related fee	(3,426)	(3,067)	(6,963)	(6,394)
Other fee and commission expense	(4,810)	(4,995)	(9,727)	(10,340)
	<u>(183,530)</u>	<u>(203,634)</u>	<u>(380,225)</u>	<u>(423,951)</u>
Net fee and commission income	<u>460,745</u>	<u>443,888</u>	<u>879,988</u>	<u>900,102</u>
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>Bank</u>				
(a) Fee and commission income:				
Commissions	167,328	154,965	325,362	323,877
Service charges and fees	52,155	59,030	107,186	122,498
Guarantee fees	7,682	7,053	15,969	13,585
Processing fees	2,386	2,171	4,762	4,742
Commitment fees	18,886	20,533	33,262	41,488
Other fee and commission income	20,969	11,010	36,377	19,679
	<u>269,406</u>	<u>254,762</u>	<u>522,918</u>	<u>525,869</u>
(b) Fee and commission expense:				
Debit / credit card related fee	(72,093)	(77,685)	(159,759)	(162,941)
Loan related fee	(2,940)	(2,440)	(5,845)	(5,042)
Other fee and commission expense	(2,947)	(3,192)	(6,298)	(6,982)
	<u>(77,980)</u>	<u>(83,317)</u>	<u>(171,902)</u>	<u>(174,965)</u>
Net fee and commission income	<u>191,426</u>	<u>171,445</u>	<u>351,016</u>	<u>350,904</u>

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A19. Net Gains and Losses on Financial Instruments

	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Group				
Net gain / (loss) arising on financial assets at fair value through profit or loss:				
- net gain / (loss) on disposal	7,316	(1,569)	13,414	8
- gross dividend income	1,573	1,573	1,573	1,573
- unrealised revaluation (loss) / gain	(670)	(14)	22,009	(260)
	<u>8,219</u>	<u>(10)</u>	<u>36,996</u>	<u>1,321</u>
Net (loss) / gain arising on trading derivatives				
- unrealised revaluation (loss) / gain	<u>(18)</u>	<u>14</u>	<u>(17)</u>	<u>111</u>
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	45,333	3,298	76,175	21,708
- gross dividend income	1,021	492	1,125	622
	<u>46,354</u>	<u>3,790</u>	<u>77,300</u>	<u>22,330</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	959	263	1,152	163
- cash flow hedge	(104)	2,197	(2,108)	2,145
	<u>855</u>	<u>2,460</u>	<u>(956)</u>	<u>2,308</u>
Net gains and losses on financial instruments	<u><u>55,410</u></u>	<u><u>6,254</u></u>	<u><u>113,323</u></u>	<u><u>26,070</u></u>

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

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Bank				
Net gain / (loss) arising on financial assets at fair value through profit or loss:				
- net gain / (loss) on disposal	7,316	(1,571)	13,413	4
- gross dividend income	1,483	1,483	1,483	1,483
- unrealised revaluation (loss) / gain	(792)	(16)	20,659	(264)
	<u>8,007</u>	<u>(104)</u>	<u>35,555</u>	<u>1,223</u>
Net (loss) / gain arising on trading derivatives				
- unrealised revaluation (loss) / gain	<u>(18)</u>	<u>14</u>	<u>(17)</u>	<u>111</u>
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	43,710	3,298	73,160	21,707
- gross dividend income	800	-	800	-
	<u>44,510</u>	<u>3,298</u>	<u>73,960</u>	<u>21,707</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	147	35	180	116
- cash flow hedge	(104)	2,197	(2,108)	2,145
	<u>43</u>	<u>2,232</u>	<u>(1,928)</u>	<u>2,261</u>
Net gains and losses on financial instruments	<u>52,542</u>	<u>5,440</u>	<u>107,570</u>	<u>25,302</u>

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A20. Other Operating Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Group				
Other income:				
Foreign exchange profit	76,525	44,249	138,034	139,604
Rental income from:				
- investment properties	3,772	3,178	7,682	6,322
- other properties	2,870	3,225	5,368	6,565
Net gain on disposal of property and equipment	345	283	389	367
Net gain on disposal of foreclosed properties	314	307	1,151	560
Net gain on revaluation of investment properties	13,903	15,599	35,849	15,599
Others	20,659	16,889	37,908	33,400
Total other operating income	118,388	83,730	226,381	202,417
	2nd Quarter Ended	2nd Quarter Ended	Half Year Ended	Half Year Ended
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Bank				
Distribution income from collective investments	51,328	49,316	102,609	97,218
Dividend income from subsidiary companies				
- quoted outside Malaysia	21,300	20,681	21,300	20,681
- unquoted in Malaysia	250,000	300,000	332,243	371,243
	322,628	369,997	456,152	489,142
Other income / (loss):				
Foreign exchange profit / (loss)	1,130	(116,362)	120,754	126,027
Rental income from other properties	3,469	3,135	6,566	6,385
Net gain on disposal of property and equipment	263	276	312	335
Net gain on disposal of foreclosed properties	314	307	1,151	560
Others	17,758	13,911	32,972	27,837
	22,934	(98,733)	161,755	161,144
Total other operating income	345,562	271,264	617,907	650,286

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A21. Other Operating Expenses

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Personnel costs				
- Salaries, allowances and bonuses	572,048	523,218	1,115,605	1,047,770
- Pension costs	74,780	68,406	148,037	136,892
- Others	44,061	41,273	88,277	82,732
	690,889	632,897	1,351,919	1,267,394
Establishment costs				
- Depreciation	84,960	55,359	170,275	110,152
- Rental	5,676	31,000	11,864	62,930
- Insurance	6,460	5,689	12,765	11,240
- Water and electricity	13,088	12,644	25,287	24,157
- General repairs and maintenance	27,670	24,196	57,684	49,292
- Information technology expenses	16,215	12,803	30,432	25,831
- Others	19,547	17,382	38,950	35,120
	173,616	159,073	347,257	318,722
Marketing expenses				
- Advertisement and publicity	15,551	16,216	29,626	30,437
- Others	20,235	23,736	40,379	48,345
	35,786	39,952	70,005	78,782
Administration and general expenses				
- Communication expenses	14,199	13,652	26,929	26,667
- Legal and professional fees	9,330	11,449	17,372	21,301
- Others	32,705	41,310	67,901	84,727
	56,234	66,411	112,202	132,695
Total other operating expenses	956,525	898,333	1,881,383	1,797,593

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A21. Other Operating Expenses (continued)

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Personnel costs				
- Salaries, allowances and bonuses	430,166	393,572	842,632	791,399
- Pension costs	64,785	59,012	127,813	118,142
- Others	35,024	33,773	71,450	67,903
	529,975	486,357	1,041,895	977,444
Establishment costs				
- Depreciation	67,338	43,803	135,730	87,465
- Rental	835	24,528	2,031	49,952
- Insurance	5,525	4,830	10,823	9,494
- Water and electricity	9,149	8,613	17,828	16,799
- General repairs and maintenance	23,616	20,576	49,098	42,674
- Information technology expenses	8,067	6,226	14,887	12,649
- Others	11,805	10,908	23,907	21,102
	126,335	119,484	254,304	240,135
Marketing expenses				
- Advertisement and publicity	6,585	6,503	12,308	11,462
- Others	13,544	11,002	26,211	23,825
	20,129	17,505	38,519	35,287
Administration and general expenses				
- Communication expenses	10,283	10,276	19,461	20,169
- Legal and professional fees	6,742	8,351	12,299	15,036
- Others	17,136	24,123	36,277	49,411
	34,161	42,750	68,037	84,616
Cost of resource sharing charged to Public Islamic Bank Berhad *	(103,572)	(94,589)	(203,897)	(186,203)
Total other operating expenses	607,028	571,507	1,198,858	1,151,279

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

	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Credit related	(54,919)	(51,947)	(105,851)	(101,570)
Non-credit branch support	(32,429)	(26,706)	(63,851)	(52,880)
Other administration services	(16,224)	(15,936)	(34,195)	(31,753)
	(103,572)	(94,589)	(203,897)	(186,203)

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A22. Allowance / (Writeback of Allowance) for Impairment on Loans, Advances and Financing

	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>Group</u>				
Expected credit losses	121,427	78,127	175,607	195,085
Impaired loans and financing written off	9	22	16	47
Impaired loans and financing recovered	(56,180)	(60,652)	(113,619)	(109,177)
	<u>65,256</u>	<u>17,497</u>	<u>62,004</u>	<u>85,955</u>
	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>Bank</u>				
Expected credit losses	58,781	30,355	59,087	86,009
Impaired loans written off	9	22	16	46
Impaired loans recovered	(34,850)	(36,696)	(69,132)	(62,808)
	<u>23,940</u>	<u>(6,319)</u>	<u>(10,029)</u>	<u>23,247</u>

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A23. Segment Information

	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
2nd Quarter Ended 30 June 2019												
External revenue	633,558	2,776,076	506,331	364,266	36,405	330,901	13,520	446,513	5,107,570	490,794	-	5,598,364
Revenue from other segments	1,113	390,032	10,410	494,101	209	11,463	447	123,353	1,031,128	21,499	(1,052,627)	-
	634,671	3,166,108	516,741	858,367	36,614	342,364	13,967	569,866	6,138,698	512,293	(1,052,627)	5,598,364
Net interest income and												
Islamic banking income	163,003	1,222,052	136,128	(30,342)	6,325	1,642	(5,874)	305,797	1,798,731	321,068	-	2,119,799
Other income	744	186,369	21,654	94,840	14,013	219,146	13,701	26,166	576,633	67,658	(9,748)	634,543
Net income	163,747	1,408,421	157,782	64,498	20,338	220,788	7,827	331,963	2,375,364	388,726	(9,748)	2,754,342
Other operating expenses	(61,901)	(496,198)	(4,344)	(10,826)	(11,131)	(60,549)	(6,555)	(145,721)	(797,225)	(169,048)	9,748	(956,525)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(22,737)	(1,307)	(4,755)	-	(1,230)	36	-	-	(29,993)	(35,263)	-	(65,256)
(Allowance) / Writeback of allowance for impairment on other assets	-	(896)	-	182	45	-	-	(127)	(796)	(40)	-	(836)
Profit by segments	79,109	910,020	148,683	53,854	8,022	160,275	1,272	186,115	1,547,350	184,375	-	1,731,725
Reconciliation of segment profits to consolidated profits:												
Share of loss after tax of equity accounted associated companies									(1,151)	-		(1,151)
Profit before tax expense and zakat									1,546,199	184,375		1,730,574

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A23. Segment Information (continued)

2nd Quarter Ended 30 June 2018	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	634,711	2,748,916	496,626	340,986	44,252	347,376	15,444	381,934	5,010,245	425,693	-	5,435,938
Revenue from other segments	1,184	314,144	9,668	562,277	73	11,386	11,707	125,410	1,035,849	13,908	(1,049,757)	-
	635,895	3,063,060	506,294	903,263	44,325	358,762	27,151	507,344	6,046,094	439,601	(1,049,757)	5,435,938
Net interest income and												
Islamic banking income	171,111	1,166,303	132,086	99,583	6,164	4,299	(5,872)	271,242	1,844,916	297,376	-	2,142,292
Other income	719	170,602	14,227	77,205	18,503	219,775	27,049	(18,319)	509,761	46,071	(21,960)	533,872
Net income	171,830	1,336,905	146,313	176,788	24,667	224,074	21,177	252,923	2,354,677	343,447	(21,960)	2,676,164
Other operating expenses	(60,859)	(455,519)	(3,568)	(9,943)	(11,507)	(60,988)	(6,153)	(158,398)	(766,935)	(153,358)	21,960	(898,333)
(Allowance) / Writeback of												
allowance for impairment on												
loans, advances and financing	(27,713)	48,658	(1,717)	-	56	406	-	-	19,690	(37,187)	-	(17,497)
Writeback of allowance / (Allowance)												
for impairment on other assets	-	84	-	(537)	23	-	-	(506)	(936)	(184)	-	(1,120)
Profit by segments	83,258	930,128	141,028	166,308	13,239	163,492	15,024	94,019	1,606,496	152,718	-	1,759,214
Reconciliation of segment profits												
to consolidated profits:												
Share of loss after tax												
of equity accounted associated												
companies									(1,488)	-		(1,488)
Profit before tax expense and zakat									1,605,008	152,718	-	1,757,726

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A23. Segment Information (continued)

Half Year Ended 30 June 2019	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	1,265,773	5,572,681	1,011,401	720,298	72,414	650,874	43,652	868,602	10,205,695	960,618	-	11,166,313
Revenue from other segments	1,467	733,500	19,225	1,030,894	426	23,981	776	258,882	2,069,151	42,587	(2,111,738)	-
	<u>1,267,240</u>	<u>6,306,181</u>	<u>1,030,626</u>	<u>1,751,192</u>	<u>72,840</u>	<u>674,855</u>	<u>44,428</u>	<u>1,127,484</u>	<u>12,274,846</u>	<u>1,003,205</u>	<u>(2,111,738)</u>	<u>11,166,313</u>
Net interest income and												
Islamic banking income	330,879	2,418,484	266,567	11,449	12,216	4,557	(11,872)	614,746	3,647,026	626,754	-	4,273,780
Other income	1,353	350,562	34,273	181,993	27,899	431,032	43,933	44,335	1,115,380	125,109	(20,797)	1,219,692
Net income	<u>332,232</u>	<u>2,769,046</u>	<u>300,840</u>	<u>193,442</u>	<u>40,115</u>	<u>435,589</u>	<u>32,061</u>	<u>659,081</u>	<u>4,762,406</u>	<u>751,863</u>	<u>(20,797)</u>	<u>5,493,472</u>
Other operating expenses	(124,581)	(979,604)	(9,093)	(22,114)	(22,625)	(116,758)	(13,469)	(284,143)	(1,572,387)	(329,793)	20,797	(1,881,383)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(40,355)	17,162	12,519	-	(1,543)	34	-	-	(12,183)	(49,821)	-	(62,004)
(Allowance) / Writeback of allowance for impairment on other assets	-	(1,989)	-	629	34	-	-	254	(1,072)	(130)	-	(1,202)
Profit by segments	<u>167,296</u>	<u>1,804,615</u>	<u>304,266</u>	<u>171,957</u>	<u>15,981</u>	<u>318,865</u>	<u>18,592</u>	<u>375,192</u>	<u>3,176,764</u>	<u>372,119</u>	<u>-</u>	<u>3,548,883</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									951	-		951
Profit before tax expense and zakat									<u>3,177,715</u>	<u>372,119</u>		<u>3,549,834</u>
Cost income ratio	37.5%	35.4%	3.0%	11.4%	56.4%	26.8%	42.0%	43.1%	33.0%	43.9%		34.2%

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A23. Segment Information (continued)

Half Year Ended 30 June 2019	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
Gross loans, advances and financing Loan growth	48,593,690 1.2%	209,488,583 2.4%	41,890,155 2.3%	- -	362,426 -3.4%	101,899 3.0%	1,586 -4.6%	- -	300,438,339 2.2%	23,254,541 0.1%		323,692,880 2.0%
Impaired loans, advances and financing Impaired loan and financing ratio	264,574 0.5%	1,104,415 0.5%	39,480 0.1%	- -	1,706 0.5%	552 0.5%	- -	- -	1,410,727 0.5%	307,285 1.3%		1,718,012 0.5%
Deposits from customers Deposit growth	- -	248,193,925 0.1%	245,747 -25.4%	70,218,631 14.5%	781,520 -22.6%	- -	- -	- -	319,439,823 2.9%	29,659,622 3.8%		349,099,445 2.9%
Segment assets	<u>48,355,633</u>	<u>254,974,928</u>	<u>41,468,798</u>	<u>81,915,832</u>	<u>1,846,757</u>	<u>538,784</u>	<u>841,029</u>	<u>46,143,783</u>	<u>476,085,544</u>	<u>40,249,343</u>	<u>(94,173,230)</u>	<u>422,161,657</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									72,438	16		72,454
Unallocated assets									986,987	-		986,987
Intangible assets									775,493	1,681,522		2,457,015
Total assets									<u>477,920,462</u>	<u>41,930,881</u>		<u>425,678,113</u>

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A23. Segment Information (continued)

Half Year Ended 30 June 2018	----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	1,276,148	5,432,344	973,382	629,198	88,767	721,354	17,049	802,013	9,940,255	844,836	-	10,785,091
Revenue from other segments	1,584	582,251	17,722	1,156,438	138	23,725	19,909	249,903	2,051,670	26,258	(2,077,928)	-
	<u>1,277,732</u>	<u>6,014,595</u>	<u>991,104</u>	<u>1,785,636</u>	<u>88,905</u>	<u>745,079</u>	<u>36,958</u>	<u>1,051,916</u>	<u>11,991,925</u>	<u>871,094</u>	<u>(2,077,928)</u>	<u>10,785,091</u>
Net interest income and												
Islamic banking income	351,830	2,333,041	262,357	211,932	12,081	9,641	(11,505)	553,145	3,722,522	582,909	-	4,305,431
Other income	1,382	354,660	25,202	163,661	36,389	445,526	36,789	9,926	1,073,535	96,962	(41,908)	1,128,589
Net income	<u>353,212</u>	<u>2,687,701</u>	<u>287,559</u>	<u>375,593</u>	<u>48,470</u>	<u>455,167</u>	<u>25,284</u>	<u>563,071</u>	<u>4,796,057</u>	<u>679,871</u>	<u>(41,908)</u>	<u>5,434,020</u>
Other operating expenses	(125,384)	(920,014)	(7,879)	(20,600)	(22,782)	(115,947)	(12,804)	(308,099)	(1,533,509)	(305,992)	41,908	(1,797,593)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(55,937)	45,930	(1,736)	-	69	409	-	-	(11,265)	(74,690)	-	(85,955)
Allowance for impairment on other assets	-	(55)	-	(124)	(10)	-	-	(822)	(1,011)	(942)	-	(1,953)
Profit by segments	<u>171,891</u>	<u>1,813,562</u>	<u>277,944</u>	<u>354,869</u>	<u>25,747</u>	<u>339,629</u>	<u>12,480</u>	<u>254,150</u>	<u>3,250,272</u>	<u>298,247</u>	<u>-</u>	<u>3,548,519</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									3,166	-		3,166
Profit before tax expense and zakat									<u>3,253,438</u>	<u>298,247</u>		<u>3,551,685</u>
Cost income ratio	35.5%	34.2%	2.7%	5.5%	47.0%	25.5%	50.6%	54.7%	32.0%	45.0%		33.1%

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A23. Segment Information (continued)

Half Year Ended 30 June 2018	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
Gross loans, advances and financing	47,781,890	199,837,964	40,241,305	-	375,710	89,270	1,719	-	288,327,858	22,329,897	-	310,657,755
Loan growth	-0.8%	2.8%	2.4%	-	-4.4%	0.4%	7.9%	-	2.1%	0.9%	-	2.0%
Impaired loans, advances and financing	297,169	899,487	37,842	-	-	398	-	-	1,234,896	324,709	-	1,559,605
Impaired loan and financing ratio	0.6%	0.5%	0.1%	-	-	0.4%	-	-	0.4%	1.5%	-	0.5%
Deposits from customers	-	243,563,865	238,378	59,398,459	868,080	-	-	-	304,068,782	25,831,369	-	329,900,151
Deposit growth	-	3.4%	-6.5%	5.3%	-10.9%	-	-	-	3.7%	-1.0%	-	3.3%
Segment assets	<u>47,523,361</u>	<u>250,253,079</u>	<u>39,895,005</u>	<u>72,471,229</u>	<u>2,530,290</u>	<u>394,318</u>	<u>868,164</u>	<u>47,398,815</u>	<u>461,334,261</u>	<u>34,218,192</u>	<u>(91,646,401)</u>	<u>403,906,052</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									37,996	16		38,012
Unallocated assets									1,212,328	-		1,212,328
Intangible assets									775,493	1,643,424		2,418,917
Total assets									<u>463,360,078</u>	<u>35,861,632</u>		<u>407,575,309</u>

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A23. Segment Information (continued)

The Group's overseas operations includes its operations in Hong Kong SAR, the People's Republic of China, Sri Lanka, the Socialist Republic of Vietnam, Cambodia and the Lao People's Democratic Republic.

A24. Subsequent Events

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited interim financial statements.

A25. Changes in the Composition of the Group

There were no changes in the composition of the Group during the 2nd quarter and financial half year ended 30 June 2019.

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A26. Commitments and Contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the Group's and the Bank's assets.

The notional amounts of the commitments and contingencies of the Group and of the Bank are as follows:

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Contingent liabilities				
Direct credit substitutes	973,154	974,325	939,025	937,413
Transaction-related contingent items	1,660,550	1,650,611	1,388,922	1,382,478
Short term self-liquidating trade-related contingencies	607,532	574,080	103,947	121,726
	3,241,236	3,199,016	2,431,894	2,441,617
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	26,891,757	26,224,596	21,974,165	21,269,141
- not exceeding one year	23,465,639	23,502,389	19,371,359	19,505,430
Unutilised credit card lines	7,520,738	7,098,371	7,206,542	6,799,934
Forward asset purchases	969,316	323,665	665,764	323,665
	58,847,450	57,149,021	49,217,830	47,898,170
Derivative financial instruments				
Foreign exchange related contracts:				
- up to one year	20,556,429	22,574,272	20,087,323	22,040,029
- more than one year to five years	3,463,624	3,253,717	3,463,624	3,253,717
Interest / Profit rate related contracts:				
- up to one year	3,869,337	5,139,280	4,175,250	5,315,200
- more than one year to five years	4,110,388	4,626,640	4,527,663	5,173,920
- more than five years	426,034	426,008	2,000,000	2,000,000
Commodity related contracts:				
- up to one year	4,786	382	4,786	382
	32,430,598	36,020,299	34,258,646	37,783,248
	94,519,284	96,368,336	85,908,370	88,123,035

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A27. Derivative Financial Instruments

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts are as follows:

Group As at 30 June 2019	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	964,501	1,451	-	965,952	2,868	3	-	2,871	1,698	-	-	1,698
- Swaps	19,527,985	-	-	19,527,985	87,797	-	-	87,797	69,931	-	-	69,931
- Options	63,943	-	-	63,943	-	-	-	-	-	-	-	-
Interest / Profit rate related contracts												
- Swaps	300,000	-	-	300,000	49	-	-	49	-	-	-	-
Precious metal contracts												
- Forwards	4,786	-	-	4,786	-	-	-	-	18	-	-	18
	<u>20,861,215</u>	<u>1,451</u>	<u>-</u>	<u>20,862,666</u>	<u>90,714</u>	<u>3</u>	<u>-</u>	<u>90,717</u>	<u>71,647</u>	<u>-</u>	<u>-</u>	<u>71,647</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,012,087	202,725	526,034	1,740,846	2,826	707	170	3,703	153	722	19,817	20,692
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	413,625	1,034,063	1,447,688	-	-	28,191	28,191	-	27,809	-	27,809
Interest / Profit rate related contracts												
- Swaps	2,557,250	3,382,663	425,000	6,364,913	2,337	5,432	-	7,769	4,250	18,735	5,055	28,040
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	-	-	2,014,485	2,014,485	-	-	-	-	-	-	107,510	107,510
	<u>3,569,337</u>	<u>3,999,013</u>	<u>3,999,582</u>	<u>11,567,932</u>	<u>5,163</u>	<u>6,139</u>	<u>28,361</u>	<u>39,663</u>	<u>4,403</u>	<u>47,266</u>	<u>132,382</u>	<u>184,051</u>
Total	<u>24,430,552</u>	<u>4,000,464</u>	<u>3,999,582</u>	<u>32,430,598</u>	<u>95,877</u>	<u>6,142</u>	<u>28,361</u>	<u>130,380</u>	<u>76,050</u>	<u>47,266</u>	<u>132,382</u>	<u>255,698</u>

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A27. Derivative Financial Instruments (continued)

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts are as follows (continued):

Group As at 31 December 2018	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	950,033	4,136	-	954,169	4,072	2	-	4,074	3,703	-	-	3,703
- Swaps	21,392,281	-	-	21,392,281	53,759	-	-	53,759	125,955	-	-	125,955
- Options	25,158	-	-	25,158	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	382	-	-	382	-	-	-	-	1	-	-	1
	<u>22,367,854</u>	<u>4,136</u>	<u>-</u>	<u>22,371,990</u>	<u>57,831</u>	<u>2</u>	<u>-</u>	<u>57,833</u>	<u>129,659</u>	<u>-</u>	<u>-</u>	<u>129,659</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	3,212,080	82,720	646,008	3,940,808	9,634	2,300	11,729	23,663	662	-	6,402	7,064
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	206,800	413,600	1,034,000	1,654,400	-	-	56,819	56,819	43,427	28,449	-	71,876
Interest / Profit rate related contracts												
- Swaps	1,927,200	2,368,600	1,955,320	6,251,120	11,568	14,032	21,976	47,576	1,134	3,431	186	4,751
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	-	-	1,801,981	1,801,981	-	-	-	-	-	-	84,314	84,314
	<u>5,346,080</u>	<u>2,864,920</u>	<u>5,437,309</u>	<u>13,648,309</u>	<u>21,202</u>	<u>16,332</u>	<u>90,524</u>	<u>128,058</u>	<u>45,223</u>	<u>31,880</u>	<u>90,902</u>	<u>168,005</u>
Total	<u>27,713,934</u>	<u>2,869,056</u>	<u>5,437,309</u>	<u>36,020,299</u>	<u>79,033</u>	<u>16,334</u>	<u>90,524</u>	<u>185,891</u>	<u>174,882</u>	<u>31,880</u>	<u>90,902</u>	<u>297,664</u>

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A27. Derivative Financial Instruments (continued)

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts are as follows (continued):

Bank As at 30 June 2019	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	882,288	1,451	-	883,739	2,807	3	-	2,810	1,631	-	-	1,631
- Swaps	19,141,092	-	-	19,141,092	83,459	-	-	83,459	69,920	-	-	69,920
- Options	63,943	-	-	63,943	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	4,786	-	-	4,786	-	-	-	-	18	-	-	18
	<u>20,092,109</u>	<u>1,451</u>	<u>-</u>	<u>20,093,560</u>	<u>86,266</u>	<u>3</u>	<u>-</u>	<u>86,269</u>	<u>71,569</u>	<u>-</u>	<u>-</u>	<u>71,569</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	888,000	120,000	100,000	1,108,000	2,826	-	-	2,826	-	722	579	1,301
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	413,625	1,034,063	1,447,688	-	-	28,191	28,191	-	27,809	-	27,809
Interest rate related contracts												
- Swaps	3,287,250	3,382,663	2,925,000	9,594,913	3,245	5,432	71,558	80,235	4,250	18,735	5,055	28,040
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	-	-	2,014,485	2,014,485	-	-	-	-	-	-	107,510	107,510
	<u>4,175,250</u>	<u>3,916,288</u>	<u>6,073,548</u>	<u>14,165,086</u>	<u>6,071</u>	<u>5,432</u>	<u>99,749</u>	<u>111,252</u>	<u>4,250</u>	<u>47,266</u>	<u>113,144</u>	<u>164,660</u>
Total	<u>24,267,359</u>	<u>3,917,739</u>	<u>6,073,548</u>	<u>34,258,646</u>	<u>92,337</u>	<u>5,435</u>	<u>99,749</u>	<u>197,521</u>	<u>75,819</u>	<u>47,266</u>	<u>113,144</u>	<u>236,229</u>

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A27. Derivative Financial Instruments (continued)

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts are as follows (continued):

Bank As at 31 December 2018	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	910,875	4,136	-	915,011	4,037	2	-	4,039	3,689	-	-	3,689
- Swaps	20,897,196	-	-	20,897,196	51,070	-	-	51,070	122,127	-	-	122,127
- Options	25,158	-	-	25,158	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	382	-	-	382	-	-	-	-	1	-	-	1
	<u>21,833,611</u>	<u>4,136</u>	<u>-</u>	<u>21,837,747</u>	<u>55,107</u>	<u>2</u>	<u>-</u>	<u>55,109</u>	<u>125,817</u>	<u>-</u>	<u>-</u>	<u>125,817</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	3,088,000	-	220,000	3,308,000	9,634	-	1,071	10,705	-	-	-	-
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	206,800	413,600	1,034,000	1,654,400	-	-	56,819	56,819	43,427	28,449	-	71,876
Interest rate related contracts												
- Swaps	2,227,200	2,498,600	4,455,320	9,181,120	11,711	14,405	44,352	70,468	1,134	3,431	3,423	7,988
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	-	-	1,801,981	1,801,981	-	-	-	-	-	-	84,314	84,314
	<u>5,522,000</u>	<u>2,912,200</u>	<u>7,511,301</u>	<u>15,945,501</u>	<u>21,345</u>	<u>14,405</u>	<u>102,242</u>	<u>137,992</u>	<u>44,561</u>	<u>31,880</u>	<u>87,737</u>	<u>164,178</u>
Total	<u>27,355,611</u>	<u>2,916,336</u>	<u>7,511,301</u>	<u>37,783,248</u>	<u>76,452</u>	<u>14,407</u>	<u>102,242</u>	<u>193,101</u>	<u>170,378</u>	<u>31,880</u>	<u>87,737</u>	<u>289,995</u>

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A27. Derivative Financial Instruments (continued)

- ii) The Group's and the Bank's derivative financial instruments are subject to market, credit and liquidity risk, as follows:

Market Risk

Market risk on derivatives is the potential loss to the value of these contracts due to changes in price of the underlying items such as equities, interest rates, foreign exchange, credit spreads, commodities or other indices. The notional or contractual amounts provide only the volume of transactions outstanding at the reporting date and do not represent the amounts at risk. Exposure to market risk may be reduced through offsetting items from on and off-balance sheet positions.

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at the reporting date, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM130,380,000 (2018: RM185,891,000) and RM197,521,000 (2018: RM193,101,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

Liquidity risk on derivatives is the risk that the derivative position cannot be closed out promptly. Exposure to liquidity risk is reduced through contracting derivatives where the underlying items are widely traded.

- iii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at the reporting date, the Group and the Bank had posted cash collateral of RM177,892,000 (2018: RM118,620,000) on their derivative contracts.

- iv) There have been no changes since the end of the previous financial year in respect of the following:
- a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
 - b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
 - c) the related accounting policies.

The above information, policies and procedures in respect of derivative financial instruments of the Group and of the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2018 and Pillar 3 Disclosures section of the 2018 Annual Report.

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A28. a) Fair Value Measurements

Determination of Fair Value and Fair Value Hierarchy

The Group and the Bank classify financial instruments and non-financial assets which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurements:

Level 1 - Quoted market prices: quoted prices (unadjusted) in active markets for identical instruments;

Level 2 - Fair values based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 - Fair values derived using unobservable inputs: inputs used are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments and non-financial assets.

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

Group	Level 1	Level 2	Level 3	Total
30 June 2019	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	2,043,359	-	2,043,359
- Money market instruments	-	298,786	-	298,786
- Non-money market instruments	-	-	445,428	445,428
	-	2,342,145	445,428	2,787,573
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	30,678,393	-	30,678,393
- Money market instruments	-	1,369,626	-	1,369,626
- Non-money market instruments	1,907	4,931,953	345,034	5,278,894
	1,907	36,979,972	345,034	37,326,913
Derivative financial assets	-	130,380	-	130,380
Total financial assets measured at fair value	1,907	39,452,497	790,462	40,244,866
Non-financial assets				
Investment properties	-	-	757,571	757,571
Financial liabilities				
Derivative financial liabilities	-	255,698	-	255,698
Total financial liabilities measured at fair value	-	255,698	-	255,698

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A28. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (continued):

Group	Level 1	Level 2	Level 3	Total
31 December 2018	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	1,924,256	-	1,924,256
- Non-money market instruments	-	31,929	423,949	455,878
	-	1,956,185	423,949	2,380,134
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	33,976,980	-	33,976,980
- Money market instruments	-	3,051,128	-	3,051,128
- Non-money market instruments	2,204	4,967,175	344,996	5,314,375
	2,204	41,995,283	344,996	42,342,483
Derivative financial assets	-	185,891	-	185,891
Total financial assets measured at fair value	2,204	44,137,359	768,945	44,908,508
Non-financial assets				
Investment properties	-	-	719,207	719,207
Financial liabilities				
Derivative financial liabilities	-	297,664	-	297,664
Total financial liabilities measured at fair value	-	297,664	-	297,664

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A28. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (continued):

Bank	Level 1	Level 2	Level 3	Total
30 June 2019	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	2,032,899	-	2,032,899
- Non-money market instruments	-	-	419,940	419,940
	-	2,032,899	419,940	2,452,839
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	20,291,365	-	20,291,365
- Money market instruments	-	1,319,670	-	1,319,670
- Non-money market instruments	-	1,479,573	338,525	1,818,098
	-	23,090,608	338,525	23,429,133
Derivative financial assets	-	197,521	-	197,521
Total financial assets measured at fair value	-	25,321,028	758,465	26,079,493
Financial liabilities				
Derivative financial liabilities	-	236,229	-	236,229
Total financial liabilities measured at fair value	-	236,229	-	236,229

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A28. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy (continued):

Bank	Level 1	Level 2	Level 3	Total
31 December 2018	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	1,893,946	-	1,893,946
- Non-money market instruments	-	-	399,690	399,690
	-	1,893,946	399,690	2,293,636
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	24,184,030	-	24,184,030
- Money market instruments	-	2,910,720	-	2,910,720
- Non-money market instruments	-	1,637,455	338,498	1,975,953
	-	28,732,205	338,498	29,070,703
Derivative financial assets	-	193,101	-	193,101
Total financial assets measured at fair value	-	30,819,252	738,188	31,557,440
Financial liabilities				
Derivative financial liabilities	-	289,995	-	289,995
Total financial liabilities measured at fair value	-	289,995	-	289,995

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2018: None).

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A28. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments and non-financial assets:

Group	<- Unquoted Equity Securities ->			
	Financial Assets at Fair Value Through Profit or Loss RM'000	Financial Investments at Fair Value Through Other Comprehensive Income RM'000	Investment Properties RM'000	Total RM'000
At 1 January 2019	423,949	344,996	719,207	1,488,152
Recognised in profit or loss				
- unrealised revaluation gain	21,479	-	35,849	57,328
Recognised in other comprehensive income				
- unrealised revaluation gain	-	251	-	251
- realised gain on disposal	-	5	-	5
Disposal	-	(383)	(2,200)	(2,583)
Transfer from owner occupied property	-	-	8,316	8,316
Reversal of over-provision	-	-	(4,320)	(4,320)
Exchange differences	-	165	719	884
At 30 June 2019	445,428	345,034	757,571	1,548,033
At 1 January 2018	415,900	316,584	688,052	1,420,536
Recognised in profit or loss				
- unrealised revaluation gain	8,049	-	49,035	57,084
Recognised in other comprehensive income				
- unrealised revaluation gain	-	28,165	-	28,165
Addition	-	-	24,892	24,892
Disposal	-	(114)	-	(114)
Transfer from owner occupied property	-	-	5,573	5,573
Transfer to owner occupied property	-	-	(27,863)	(27,863)
Reversal of over-provision	-	-	(24,000)	(24,000)
Exchange differences	-	361	3,518	3,879
At 31 December 2018	423,949	344,996	719,207	1,488,152

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A28. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments and non-financial assets:

Bank	<- Unquoted Equity Securities ->		
	Financial Assets at Fair Value Through Profit or Loss RM'000	Financial Investments at Fair Value Through Other Comprehensive Income RM'000	Total RM'000
At 1 January 2019	399,690	338,498	738,188
Recognised in profit or loss			
- unrealised revaluation gain	20,250	-	20,250
Recognised in other comprehensive income			
- unrealised revaluation gain	-	251	251
- realised gain on disposal	-	5	5
Disposal	-	(383)	(383)
Exchange differences	-	154	154
At 30 June 2019	419,940	338,525	758,465
At 1 January 2018	392,102	310,154	702,256
Recognised in profit or loss			
- unrealised revaluation gain	7,588	-	7,588
Recognised in other comprehensive income			
- unrealised revaluation gain	-	28,166	28,166
Disposal	-	(114)	(114)
Exchange differences	-	292	292
At 31 December 2018	399,690	338,498	738,188

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A28. a) Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities, price quotations from Bond Pricing Agency Malaysia and broker quotes on Bloomberg/Reuters.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair values derived. The Group and the Bank generally use widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgment and estimation, due to the low complexity of the financial instruments held.

The fair values of investment properties located in Malaysia are determined using comparison method by reference to the recent sales prices of comparable properties, adjustments are made where dissimilarities exist. The fair values of investment properties located in Hong Kong are determined using comparison method by reference to recent sales prices of comparable properties on a price per square meter basis. A significant change in the price per square meter will result in a significant change in the fair value of the investment properties in Hong Kong.

b) Gains/Losses Arising from Fair Value Changes of Financial Liabilities

Other than derivative financial instruments where the fair value changes are recognised as derivative financial assets or liabilities, as disclosed in Note A27, there were no gains or losses arising from fair value changes of other financial liabilities.

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A29. Capital Adequacy

- a) The capital adequacy ratios of the Group and of the Bank below are disclosed pursuant to the requirements of Bank Negara Malaysia ("BNM")'s Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3):

	Group		Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Before deducting interim dividends *</u>				
Common Equity Tier I ("CET I") capital ratio	13.649%	13.628%	12.431%	12.657%
Tier I capital ratio	14.030%	14.270%	12.878%	13.428%
Total capital ratio	16.456%	16.840%	15.375%	15.963%
<u>After deducting interim dividends *</u>				
CET I capital ratio	13.184%	13.092%	11.851%	11.989%
Tier I capital ratio	13.565%	13.734%	12.298%	12.760%
Total capital ratio	15.992%	16.304%	14.795%	15.295%

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

	Group		Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Components of CET I, Tier I and Tier II capital:				
<u>CET I / Tier I capital:</u>				
Share capital	9,417,653	9,417,653	9,417,653	9,417,653
Other reserves	1,430,941	1,247,057	827,679	759,892
Retained profits	28,917,540	28,051,532	24,322,411	23,619,722
Qualifying non-controlling interests	708,914	702,333	-	-
Less: Goodwill and other intangible assets	(2,457,015)	(2,454,755)	(695,393)	(695,393)
Less: Deferred tax assets, net	(79,166)	(81,374)	-	-
Less: Defined benefit pension fund assets	(229,964)	(249,036)	(226,733)	(245,535)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	(96,369)	(92,847)	(6,188,341)	(5,644,441)
Total CET I capital	37,612,534	36,540,563	27,457,276	27,211,898
Additional Tier I capital securities	99,521	99,462	99,521	99,462
Non-innovative Tier I stapled securities	888,000	1,559,840	888,000	1,559,840
Qualifying CET I and additional Tier I capital instruments held by third parties	61,126	61,325	-	-
Total Tier I capital	38,661,181	38,261,190	28,444,797	28,871,200

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A29. Capital Adequacy (continued)

a) The capital adequacy ratios of the Group and of the Bank (continued):

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
<u>Tier II capital</u>				
Stage 1 and Stage 2 expected credit loss allowances	1,659,042	1,706,858	1,227,567	1,277,949
Qualifying regulatory reserves	1,476,870	1,340,126	1,286,605	1,171,183
Subordinated notes	2,999,983	2,999,980	2,999,983	2,999,980
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	430,633	724,569	-	-
Others	120,566	119,871	-	-
Total Tier II capital	<u>6,687,094</u>	<u>6,891,404</u>	<u>5,514,155</u>	<u>5,449,112</u>
Total capital	<u>45,348,275</u>	<u>45,152,594</u>	<u>33,958,952</u>	<u>34,320,312</u>

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

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

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

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A29. Capital Adequacy (continued)

a) The capital adequacy ratios of the Group and of the Bank (continued):

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Frameworks on Capital Components and Basel II - Risk-Weighted Assets. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer ("CCyB") for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

Banking institutions are also required to maintain a capital conservation buffer of 2.5% and a CCyB above the minimum regulatory capital adequacy ratios. A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Group and the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Group and the Bank have applied CCyB on their private sector credit exposures outside Malaysia in line with the respective jurisdictions' requirement to maintain their CCyB. Where the prevailing CCyB rate applied in jurisdiction outside Malaysia is more than 2.5%, the CCyB rate for that jurisdiction is capped at 2.5% for the purpose of calculating the Group and the Bank's CCyB, unless specified otherwise by BNM.

The Group's and the Bank's CCyB which are determined based on the weighted average of prevailing CCyB rates of their private sector credit exposures outside Malaysia are insignificant due to their immaterial exposures. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

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

	Group		Bank	
	30 June 2019 RM'000	31 December 2018 RM'000	30 June 2019 RM'000	31 December 2018 RM'000
Credit risk	250,872,991	243,758,710	201,133,730	195,930,586
Market risk	4,302,866	4,313,276	5,650,088	4,994,901
Operational risk	19,786,115	19,472,018	13,510,652	13,517,986
Large exposure risk	602,683	581,132	577,195	556,873
	<u>275,564,655</u>	<u>268,125,136</u>	<u>220,871,665</u>	<u>215,000,346</u>

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A29. Capital Adequacy (continued)

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

	Public Islamic Bank Berhad¹	Public Investment Bank Berhad²	Public Bank (L) Ltd.³	Public Bank (Hong Kong) Limited⁴	Public Finance Limited⁴	Cambodian Public Bank Plc⁵	Public Bank Vietnam Limited⁶
30 June 2019							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	12.240%	50.390%	18.191%	17.075%	22.721%	N/A	N/A
Tier I capital ratio	12.240%	50.390%	18.191%	17.075%	22.721%	N/A	N/A
Total capital ratio	14.806%	51.115%	18.201%	18.328%	23.783%	20.032%	22.573%
<u>After deducting interim dividends: *</u>							
CET I capital ratio	12.240%	50.390%	18.191%	17.075%	20.747%	N/A	N/A
Tier I capital ratio	12.240%	50.390%	18.191%	17.075%	20.747%	N/A	N/A
Total capital ratio	14.806%	51.115%	18.201%	18.328%	21.809%	20.032%	22.573%
31 December 2018							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	12.087%	51.529%	19.171%	16.342%	23.326%	N/A	N/A
Tier I capital ratio	12.087%	51.529%	19.171%	16.342%	23.326%	N/A	N/A
Total capital ratio	16.116%	52.062%	19.175%	17.510%	24.381%	19.756%	25.703%
<u>After deducting interim dividends: *</u>							
CET I capital ratio	11.955%	47.019%	19.171%	16.342%	21.248%	N/A	N/A
Tier I capital ratio	11.955%	47.019%	19.171%	16.342%	21.248%	N/A	N/A
Total capital ratio	15.984%	47.552%	19.175%	17.510%	22.303%	19.756%	25.703%

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

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A29. Capital Adequacy (continued)

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

- ¹ The risk-weighted assets of Public Islamic Bank Berhad ("PIBB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Frameworks for Islamic Banks on Capital Components and Risk-Weighted Assets. The minimum regulatory capital adequacy requirements before including capital conservation buffer and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIBB is required to maintain a capital conservation buffer of 2.5% and a CCyB if this buffer is applied by regulators in countries which PIBB has exposures to.
- ² The risk-weighted assets of Public Investment Bank Berhad ("PIVB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Frameworks on Capital Components and Basel II - Risk-Weighted Assets. The minimum regulatory capital adequacy requirements before including capital conservation buffer and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIVB is required to maintain a capital conservation buffer of 2.5% and a CCyB if this buffer is applied by regulators in countries which PIVB has exposures to.
- ³ The risk-weighted assets of Public Bank (L) Ltd ("PBL") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with the Banking Capital Adequacy Framework - Guidelines on Capital Components and Risk Weighted Assets issued by the Labuan Financial Services Authority ("Labuan FSA"). The minimum regulatory capital adequacy requirements for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.
- 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. These two subsidiaries are required to maintain a capital conservation buffer of 2.5% and a CCyB of 2.5% (2018: 1.875%) as imposed by Hong Kong Monetary Authority to their private sector exposures in Hong Kong with effect from 1 January 2019.

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A29. Capital Adequacy (continued)

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

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

⁶ The amount presented here is the capital adequacy ratio of Public Bank Vietnam Limited ("PBVN"), which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with SBV Circular No.19/2017/TT-NHNN being amendment of and supplement to Circular No.36/2014/TT-NHNN on safety ratios, limits in operations of credit institutions issued by the State Bank of Vietnam. This ratio is derived as PBVN's capital divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory capital adequacy ratio requirement is 9.0%.

A30. Credit Exposures Arising From Credit Transactions With Connected Parties

	Group		Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Outstanding credit exposures with connected parties (RM'000)	2,166,399	2,528,816	3,186,031	3,074,594
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures	0.60%	0.71%	1.13%	1.11%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.05%	0.02%	0.04%	0.02%

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A31. Operations of Islamic Banking

a) **Statement of Financial Position As At 30 June 2019**

	Note	Group	
		30 June 2019 RM'000	31 December 2018 RM'000
ASSETS			
Cash and balances with banks		1,567,342	2,127,231
Financial assets at fair value through profit or loss		298,786	30,310
Derivative financial assets		49	3,946
Financial investments at fair value through other comprehensive income		9,022,597	8,654,277
Financial investments at amortised cost		3,375,458	3,186,041
Financing and advances	A31(d)	47,393,730	45,629,999
Other assets		73,641	69,628
Statutory deposits with Bank Negara Malaysia		1,932,800	1,891,250
Deferred tax assets		1,358	2,637
Collective investment		539,806	530,514
Investment in an associated company		45,000	45,000
Right-of-use assets		19,325	-
Property and equipment		3,185	3,079
Total Assets		64,273,077	62,173,912
LIABILITIES AND ISLAMIC			
BANKING FUNDS			
Deposits from customers	A31(e)	56,013,304	53,639,575
Deposits from banks		2,047,601	1,982,936
Bills and acceptances payable		323	204
Derivative financial liabilities		72,466	23,601
Senior Sukuk Murabahah		519,818	519,775
Subordinated Sukuk Murabahah		500,000	999,887
Lease liabilities		20,290	-
Other liabilities		361,973	451,580
Provision for zakat and taxation		3,798	11,299
Total Liabilities		59,539,573	57,628,857
Islamic Banking Funds		4,733,504	4,545,055
Total Liabilities and Islamic Banking Funds		64,273,077	62,173,912
COMMITMENTS AND CONTINGENCIES		10,596,684	10,404,744

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A31. Operations of Islamic Banking (continued)

b) Statement of Profit or Loss for the 2nd Quarter and Financial Half Year Ended 30 June 2019

	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and others	660,965	636,675	1,335,377	1,237,532
Income derived from investment of Islamic Banking Funds	55,240	51,045	110,003	101,334
(Allowance) / Writeback of allowance for impairment on financing and advances	(17,326)	986	(23,715)	(14,826)
Allowance for impairment on other assets	(173)	(151)	(84)	(260)
Total distributable income	698,706	688,555	1,421,581	1,323,780
Income attributable to depositors and others	(443,149)	(420,845)	(892,848)	(802,120)
Total net income	255,557	267,710	528,733	521,660
Other operating expenses	(115,306)	(109,977)	(227,538)	(217,144)
Profit before zakat and taxation	140,251	157,733	301,195	304,516
Zakat	(75)	(65)	(150)	(130)
Taxation	(32,724)	(37,102)	(70,449)	(71,472)
Profit for the period	107,452	120,566	230,596	232,914

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

	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Income derived from investment of depositors' funds and others	660,965	636,675	1,335,377	1,237,532
Income derived from investment of Islamic Banking Funds	55,240	51,045	110,003	101,334
Income attributable to depositors and others	(443,149)	(420,845)	(892,848)	(802,120)
Elimination of inter-company income and expenses	(4,545)	(4,314)	(9,312)	(8,438)
Net income from Islamic banking business	268,511	262,561	543,220	528,308

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A31. Operations of Islamic Banking (continued)

c) Statement of Comprehensive Income for the 2nd Quarter and Financial Half Year Ended 30 June 2019

	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>Group</u>				
Profit for the period	107,452	120,566	230,596	232,914
Other comprehensive income / (loss):				
<u>Items that may be reclassified to profit or loss:</u>				
Net change in revaluation of financial investments:				
- at fair value through other comprehensive income	35,550	(5,809)	61,725	(17,562)
Net change in cash flow hedges	(27,055)	8,012	(54,991)	12,724
	8,495	2,203	6,734	(4,838)
Income tax effect	(2,039)	(530)	(1,616)	1,160
Other comprehensive income / (loss) for the period, net of tax	6,456	1,673	5,118	(3,678)
Total comprehensive income for the period	113,908	122,239	235,714	229,236

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A31. Operations of Islamic Banking (continued)

d) Financing and Advances

By type and contract

30 June 2019	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai' RM'000	Bai' Inah RM'000	Musharakah Mutanaqisah RM'000	Murabahah RM'000	Others RM'000	Total Financing and Advances RM'000
At amortised cost							
Cash line	1,706,494	-	-	-	-	-	1,706,494
Term financing							
- House financing	4,794,398	-	-	14,261,050	-	-	19,055,448
- Syndicated financing	1,510,378	-	-	-	-	-	1,510,378
- Hire purchase receivables	-	8,865,489	-	-	-	-	8,865,489
- Other term financing	3,936,725	-	1,626,315	10,343,605	-	105,085	16,011,730
Credit card receivables	-	-	-	-	-	24,211	24,211
Bills receivables	-	-	-	-	1,740	-	1,740
Trust receipts	-	-	-	-	3,192	-	3,192
Claims on customers under acceptance credits	-	-	-	-	195,185	-	195,185
Revolving credits	243,345	-	-	-	-	-	243,345
Staff financing	-	8,502	-	78,380	-	-	86,882
Gross financing and advances	12,191,340	8,873,991	1,626,315	24,683,035	200,117	129,296	47,704,094
Allowance for impairment on financing and advances:							
- Expected credit losses							(310,364)
- Stage 1: 12-Month ECL							(142,943)
- Stage 2: Lifetime ECL not credit-impaired							(72,667)
- Stage 3: Lifetime ECL credit-impaired							(94,754)
Net financing and advances							47,393,730

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A31. Operations of Islamic Banking (continued)

d) Financing and Advances (continued)

By type and contract (continued)

31 December 2018	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai' RM'000	Bai' Inah RM'000	Musharakah Mutanaqisah RM'000	Murabahah RM'000	Others RM'000	Total Financing and Advances RM'000
At amortised cost							
Cash line	1,639,516	-	-	-	-	-	1,639,516
Term financing							
- House financing	4,553,457	-	-	13,161,403	-	-	17,714,860
- Syndicated financing	1,441,460	-	-	-	-	-	1,441,460
- Hire purchase receivables	-	9,662,180	-	-	-	-	9,662,180
- Other term financing	3,468,827	-	1,681,610	9,724,292	-	105,517	14,980,246
Credit card receivables	-	-	-	-	-	21,776	21,776
Bill receivables	-	-	-	-	2,267	-	2,267
Trust receipts	-	-	-	-	5,200	-	5,200
Claims on customers under acceptance credits	-	-	-	-	173,522	-	173,522
Revolving credits	221,221	-	-	-	-	-	221,221
Staff financing	-	8,212	-	73,307	-	-	81,519
Gross financing and advances	11,324,481	9,670,392	1,681,610	22,959,002	180,989	127,293	45,943,767
Allowance for impairment on financing and advances:							
- Expected credit losses							(313,768)
- Stage 1: 12-Month ECL							(144,142)
- Stage 2: Lifetime ECL not credit-impaired							(77,514)
- Stage 3: Lifetime ECL credit-impaired							(92,112)
Net financing and advances							<u>45,629,999</u>

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A31. Operations of Islamic Banking (continued)

d) Financing and Advances (continued)

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

	Group	
	30 June 2019 RM'000	31 December 2018 RM'000
At 1 January	277,731	244,386
Impaired during the period / year	343,747	673,794
Reclassified as non-impaired	(251,721)	(506,901)
Recoveries	(27,100)	(50,578)
Amount written off	(39,806)	(77,993)
Financing converted to foreclosed properties	(3,418)	(4,977)
Closing balance	<u>299,433</u>	<u>277,731</u>
Gross impaired financing and advances as a percentage of gross financing and advances	<u>0.63%</u>	<u>0.60%</u>

e) Deposits from Customers

	Group	
	30 June 2019 RM'000	31 December 2018 RM'000
By type of deposit and contract		
At amortised cost		
Savings deposit		
- Qard	6,535,351	6,479,885
Demand deposit		
- Qard	4,563,319	4,338,942
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Bithaman Ajil	22,959	23,149
- Commodity Murabahah	37,410,296	35,286,960
- Special term deposit account		
- Qard	7,481,379	7,510,639
	<u>56,013,304</u>	<u>53,639,575</u>

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A32. Changes in Accounting Policies

Effects of adoption of MFRS 16 Leases

MFRS 16 'Leases' supersedes MFRS 117 'Leases' and its related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases by the lessee as either finance leases (on-balance sheet) or operating leases (off-balance sheet).

i) Lessee

At the commencement date of a lease, a lessee will recognise a lease liability to make lease payments and an asset representing the "right to use" of the underlying asset during the lease term. Subsequently, the "right-of-use" asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the profit or loss.

ii) Lessor

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessor will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The changes in accounting policies have been applied retrospectively from 1 January 2019. In accordance with the transition requirements, comparatives are not restated.

The following table analyses the impact, net of tax, of transition to MFRS 16 on the statements of financial position of the Group and of the Bank:

	Impact of adopting MFRS 16 as at 1 January 2019	
	Group RM'000	Bank RM'000
Deferred Tax Assets		
Closing balance at 31 December 2018	81,374	-
- Recognition of deferred tax under MFRS 16	2,155	-
Opening balance at 1 January 2019	83,529	-
Right-of-use assets		
Closing balance at 31 December 2018	-	-
- Recognition of right-of-use assets under MFRS 16	957,000	1,239,991
- Reclassification from property and equipment	90,488	90,488
Opening balance at 1 January 2019	1,047,488	1,330,479
Property and equipment		
Closing balance at 31 December 2018	1,567,199	711,274
- Reclassification to right-of-use assets	(90,488)	(90,488)
Opening balance at 1 January 2019	1,476,711	620,786

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A32. Changes in Accounting Policies (continued)

Effects of adoption of MFRS 16 Leases (continued)

The following table analyses the impact, net of tax, of transition to MFRS 16 on the statements of financial position of the Group and of the Bank (continued):

	Impact of adopting MFRS 16 as at 1 January 2019	
	Group RM'000	Bank RM'000
Lease Liabilities		
Closing balance at 31 December 2018	-	-
- Recognition of lease liabilities under MFRS 16	1,008,643	1,296,442
- Reclassification from other liabilities	95,666	95,666
Opening balance at 1 January 2019	<u>1,104,309</u>	<u>1,392,108</u>
Other Liabilities		
Closing balance at 31 December 2018	4,975,470	3,416,816
- Reclassification to lease liabilities	(95,666)	(95,666)
Opening balance at 1 January 2019	<u>4,879,804</u>	<u>3,321,150</u>
Deferred tax liabilities		
Closing balance at 31 December 2018	141,948	84,502
- Recognition of deferred tax under MFRS 16	(9,927)	(13,548)
Opening balance at 1 January 2019	<u>132,021</u>	<u>70,954</u>
Retained Profits		
Closing balance at 31 December 2018	28,317,913	23,551,092
- Recognition of right-of-use assets	957,000	1,239,991
- Recognition of lease liabilities	(1,008,643)	(1,296,442)
- Non-controlling interests' share of impact arising from adoption of MFRS 16 in respect of foreign operations	931	-
- Recognition of deferred tax under MFRS 16	12,082	13,548
Opening balance at 1 January 2019	<u>28,279,283</u>	<u>23,508,189</u>
Non-controlling Interests		
Closing balance at 31 December 2018	1,123,407	-
- Non-controlling interests' share of impact arising from adoption of MFRS 16 in respect of foreign operations	(931)	-
Opening balance at 1 January 2019	<u>1,122,476</u>	<u>-</u>

The financial effects due to the changes in accounting policies have been adjusted to the statements of financial position and capital adequacy ratios of the Group and of the Bank as at 1 January 2019. There are no changes to the comparatives in the statements of profit or loss and statements of cash flows of the Group and of the Bank. A reconciliation of these changes is summarised in the following tables.

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A32. Changes in Accounting Policies (continued)

Effects of adoption of MFRS 16 Leases (continued)

Group Statement of Financial Position	31 December 2018 RM'000	Remeasurement RM'000	Reclassification RM'000	1 January 2019 RM'000
ASSETS				
Cash and balances with banks	14,740,218			14,740,218
Reverse repurchase agreements	200,881			200,881
Financial assets at fair value through profit or loss	2,380,134			2,380,134
Derivative financial assets	185,891			185,891
Financial investments at fair value through other comprehensive income	42,342,483			42,342,483
Financial investments at amortised cost	27,018,444			27,018,444
Loans, advances and financing	315,259,166			315,259,166
Other assets	2,393,887			2,393,887
Statutory deposits with Central Banks	10,279,227			10,279,227
Deferred tax assets	81,374	2,155		83,529
Investment in associated companies	70,416			70,416
Investment properties	719,207			719,207
Right-of-use assets	-	957,000	90,488	1,047,488
Property and equipment	1,567,199		(90,488)	1,476,711
Intangible assets	2,454,755			2,454,755
TOTAL ASSETS	419,693,282	959,155	-	420,652,437
LIABILITIES				
Deposits from customers	339,159,892			339,159,892
Deposits from banks	9,483,154			9,483,154
Obligations on securities sold under repurchase agreements	4,045,605			4,045,605
Bills and acceptances payable	214,592			214,592
Recourse obligations on loans sold to Cagamas	5,500,003			5,500,003
Derivative financial liabilities	297,664			297,664
Debt securities issued and other borrowed funds	13,436,794			13,436,794
Lease liabilities	-	1,008,643	95,666	1,104,309
Other liabilities	4,975,470		(95,666)	4,879,804
Provision for tax expense and zakat	341,697			341,697
Deferred tax liabilities	141,948	(9,927)		132,021
TOTAL LIABILITIES	377,596,819	998,716	-	378,595,535
EQUITY				
Share capital	9,417,653			9,417,653
Regulatory reserves	1,806,123			1,806,123
Other reserves	1,431,367			1,431,367
Retained profits	28,317,913	(38,630)		28,279,283
Equity attributable to equity holders of the Bank	40,973,056	(38,630)		40,934,426
Non-controlling interests	1,123,407	(931)		1,122,476
TOTAL EQUITY	42,096,463	(39,561)	-	42,056,902
TOTAL LIABILITIES AND EQUITY	419,693,282	959,155	-	420,652,437
Net assets per share attributable to ordinary equity holders of the Bank (RM)	10.55			10.54

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A32. Changes in Accounting Policies (continued)

Effects of adoption of MFRS 16 Leases (continued)

Bank Statement of Financial Position	31 December 2018 RM'000	Remeasurement RM'000	Reclassification RM'000	1 January 2019 RM'000
ASSETS				
Cash and balances with banks	9,416,853			9,416,853
Financial assets at fair value through profit or loss	2,293,636			2,293,636
Derivative financial assets	193,101			193,101
Financial investments at fair value through other comprehensive income	29,070,703			29,070,703
Financial investments at amortised cost	20,572,364			20,572,364
Loans and advances	247,690,397			247,690,397
Other assets	2,366,764			2,366,764
Statutory deposits with Central Banks	7,258,452			7,258,452
Collective investments	5,517,109			5,517,109
Investment in subsidiary companies	5,955,494			5,955,494
Investment in an associated company	45,000			45,000
Right-of-use assets	-	1,239,991	90,488	1,330,479
Property and equipment	711,274		(90,488)	620,786
Intangible assets	695,393			695,393
TOTAL ASSETS	331,786,540	1,239,991	-	333,026,531
LIABILITIES				
Deposits from customers	258,877,559			258,877,559
Deposits from banks	12,487,063			12,487,063
Obligations on securities sold under repurchase agreements	4,045,605			4,045,605
Bills and acceptances payable	214,388			214,388
Recourse obligations on loans sold to Cagamas	5,500,003			5,500,003
Derivative financial liabilities	289,995			289,995
Debt securities issued and other borrowed funds	11,341,598			11,341,598
Lease liabilities	-	1,296,442	95,666	1,392,108
Other liabilities	3,416,816		(95,666)	3,321,150
Provision for tax expense	249,207			249,207
Deferred tax liabilities	84,502	(13,548)		70,954
TOTAL LIABILITIES	296,506,736	1,282,894	-	297,789,630
EQUITY				
Share capital	9,417,653			9,417,653
Regulatory reserves	1,461,892			1,461,892
Other reserves	849,167			849,167
Retained profits	23,551,092	(42,903)		23,508,189
TOTAL EQUITY	35,279,804	(42,903)	-	35,236,901
TOTAL LIABILITIES AND EQUITY	331,786,540	1,239,991	-	333,026,531
Net assets per share attributable to ordinary equity holders of the Bank (RM)	9.09			9.08

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A32. Changes in Accounting Policies (continued)

Effects of adoption of MFRS 16 Leases (continued)

Based on the Capital Adequacy Frameworks issued by Bank Negara Malaysia, the “right-of-use assets” will be accorded a risk weight of 100% for the computation of risk-weighted assets.

Capital adequacy	31 December 2018 RM'000	Impact of Adopting MFRS 16 RM'000	1 January 2019 RM'000
Group			
CET I capital	36,540,563	(40,785)	36,499,778
Tier I capital	38,261,190	(40,785)	38,220,405
Total capital	45,152,594	(28,496)	45,124,098
Risk-weighted assets	268,125,136	957,000	269,082,136
<u>Before deducting interim dividends *</u>			
CET I capital ratio (%)	13.628%	-0.063%	13.565%
Tier I capital ratio (%)	14.270%	-0.066%	14.204%
Total capital ratio (%)	16.840%	-0.070%	16.770%
<u>After deducting interim dividends *</u>			
CET I capital ratio (%)	13.092%	-0.061%	13.031%
Tier I capital ratio (%)	13.734%	-0.064%	13.670%
Total capital ratio (%)	16.304%	-0.068%	16.236%
Bank			
CET I capital	27,211,898	(42,903)	27,168,995
Tier I capital	28,871,200	(42,903)	28,828,297
Total capital	34,320,312	(27,403)	34,292,909
Risk-weighted assets	215,000,346	1,239,991	216,240,337
<u>Before deducting interim dividends *</u>			
CET I capital ratio (%)	12.657%	-0.093%	12.564%
Tier I capital ratio (%)	13.428%	-0.096%	13.332%
Total capital ratio (%)	15.963%	-0.104%	15.859%
<u>After deducting interim dividends *</u>			
CET I capital ratio (%)	11.989%	-0.089%	11.900%
Tier I capital ratio (%)	12.760%	-0.093%	12.667%
Total capital ratio (%)	15.295%	-0.101%	15.194%

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

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Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance Review

Current Year-to date vs. Previous Year-to-date

	Group			
	Half Year Ended			
	30 June 2019 RM'000	30 June 2018 RM'000	Variance RM'000	%
Key Profit or Loss Items:				
Profit before tax expense and zakat	3,549,834	3,551,685	(1,851)	(0.1)
Net profit attributable to equity holders of the Bank	2,743,039	2,801,600	(58,561)	(2.1)
Other comprehensive income / (loss) (net)	171,572	(111,129)	282,701	254.4

	Group			
	As At			
	30 June 2019 RM'000	30 June 2018 RM'000	Variance RM'000	%
Key Balance Sheet Items:				
Gross loans, advances and financing	323,692,880	310,657,755	13,035,125	4.2
Gross impaired loan and financing (%)	0.53%	0.50%	n/a	0.03
Deposits from customers	349,099,445	329,900,151	19,199,294	5.8

The Group's pre-tax profit for the financial half year ended 30 June 2019 decreased marginally by RM1.9 million or 0.1% to RM3,549.8 million as compared to the pre-tax profit in the previous corresponding half year of RM3,551.7 million. Net profit attributable to equity holders decreased by RM58.6 million or 2.1% to RM2,743.0 million. The lower earnings were due the negative effect of Overnight Policy Rate ("OPR") reduction of 0.25% in May 2019, as compared to an OPR hike in January 2018 of the previous year corresponding period. As a result, overall net interest income of the Group declined by RM46.6 million (-1.2%) despite a 4.2% positive loan growth achieved in the last 12 months. In addition, operating overheads increased by RM83.8 million (-4.7%) which was in tandem with increasing business activities and net fee and commission income was lower by RM20.1 million (-2.2%) resulting from lower unit trust management related fee income which was in line with market sentiment. These were partially offset by higher investment income of RM87.3 million (334.7%), lower loan impairment allowance of RM24.0 million (27.9%) and higher other operating income of RM24.0 million (11.8%).

Other comprehensive income (net) of the Group for the current period was RM171.6 million as compared to other comprehensive loss (net) of RM111.1 million in the previous year corresponding period, which was mainly due to gain on revaluation of financial investments and lower foreign currency translation loss in respect of foreign operations partially offset by loss on cash flow hedges.

The Group's profit continued to be supported by healthy loans and customer deposits growth coupled with stable asset quality. Gross loans grew by RM13.0 billion or 4.2% to RM323.7 billion as at 30 June 2019 as compared to RM310.7 billion as at 30 June 2018, mainly driven by growth in property financing and corporate lending. Total deposits from customers increased by 5.8% or RM19.2 billion to RM349.1 billion as at 30 June 2019. The Group's gross impaired loan ratio continued to remain stable at 0.5% as at 30 June 2019. This was attributed to the Group's consistent adoption of stringent credit underwriting and proactive recovery processes.

The Group's Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio stood at a healthy level of 13.2%, 13.6% and 16.0% respectively. The Group's liquidity position also remained stable and healthy with gross loans to fund and equity ratio maintained at 78.9% as at 30 June 2019.

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B1. Performance Review (continued)

Current Year-to date vs. Previous Year-to-date (continued)

The performance of the respective operating segments for the financial half year ended 30 June 2019 as compared to the previous year corresponding period is analysed as follows:-

	Group			
	Half Year Ended			
	30 June 2019	30 June 2018	Variance	%
Profit Before Tax by Segments:	RM'000	RM'000	RM'000	
Retail operations	1,804,615	1,813,562	(8,947)	(0.5)
Hire purchase	167,296	171,891	(4,595)	(2.7)
Corporate lending	304,266	277,944	26,322	9.5
Treasury and capital market operations	171,957	354,869	(182,912)	(51.5)
Investment banking	15,981	25,747	(9,766)	(37.9)
Fund management	318,865	339,629	(20,764)	(6.1)
Head office and others	394,735	269,796	124,939	46.3
Total domestic operations	3,177,715	3,253,438	(75,723)	(2.3)
Overseas operations	372,119	298,247	73,872	24.8
	3,549,834	3,551,685	(1,851)	(0.1)

- 1) Retail Operations – Pre-tax profit decreased marginally by RM8.9 million (-0.5%) to RM1,804.6 million mainly due to higher other operating expenses and lower net writeback of loan impairment allowance. These were partially offset by higher net interest income arising from higher average loan balances.
- 2) Hire purchase – Pre-tax profit decreased by RM4.6 million (-2.7%) to RM167.3 million mainly due to lower net interest income as a result of lower net interest margin partially offset by lower loan impairment allowance.
- 3) Corporate lending – Pre-tax profit increased by RM26.3 million (9.5%) to RM304.3 million mainly due to net writeback of loan impairment allowance and higher fee and other income.
- 4) Treasury and capital market operations – Pre-tax profit decreased by RM182.9 million (-51.5%) to RM172.0 million mainly due to the negative effect on net interest income arising from the OPR reduction in the current period as compared to an OPR hike in the previous year corresponding period, partially offset by higher investment income.
- 5) Investment banking – The decrease in pre-tax profit of RM9.8 million (-37.9%) to RM16.0 million was mainly due to lower brokerage income from stock-broking activities and higher loan impairment allowance, partially offset by higher investment income.
- 6) Fund management – Pre-tax profit decreased by RM20.8 million (-6.1%) to RM318.9 million mainly due to lower fee on sale of trust units, lower net interest income and lower management fee earned on lower average net asset value of funds under management arising from the weakness in the equity market.
- 7) Head office and others – Pre-tax profit increased by RM124.9 million (46.3%) to RM394.7 million mainly due to higher net interest income, higher investment and other income.
- 8) Overseas operations – Pre-tax profit increased by RM73.9 million (24.8%) to RM372.1 million mainly due to higher net interest income on higher average loan balances, higher fee and other income and lower loan impairment allowance. These were partially offset by higher other operating expenses.

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B1. Performance Review (continued)

Current Quarter vs. Previous Year Corresponding Quarter

	Group		Variance	%
	2nd Quarter Ended	2nd Quarter Ended		
Key Profit or Loss Items:	30 June	30 June	RM'000	
	2019	2018		
	RM'000	RM'000	RM'000	%
Profit before tax expense and zakat	1,730,574	1,757,726	(27,152)	(1.5)
Net profit attributable to equity holders of the Bank	1,332,946	1,396,220	(63,274)	(4.5)
Other comprehensive income (net)	116,393	56,293	60,100	106.8

For the 2nd quarter ended 30 June 2019, the Group registered a pre-tax profit of RM1,730.6 million and a net profit attributable to equity holders of RM1,332.9 million, reflecting a drop of 1.5% and 4.5% respectively from the reported profits in the previous year corresponding quarter. The decrease in pre-tax profit during the quarter was due to the negative effect arising from the 0.25% OPR reduction in May 2019. As a result, net interest income for the current quarter was lower by RM28.4 million (-1.5%) despite a positive loan growth of 4.2% achieved in the last 12 months. In addition, other operating expenses was higher by RM58.2 million (-6.5%), in tandem with increased business activities and loan impairment allowance was higher by RM47.8 million. These were partially offset by higher investment income of RM49.2 million, higher foreign exchange income of RM32.3 million and higher net fee and commission income of RM16.9 million.

Other comprehensive income (net) of the Group for the current quarter increased by RM60.1 million or 106.8% to RM116.4 million, mainly due higher gain on revaluation of financial investments partially offset by lower foreign currency translation gain in respect of foreign operations and loss on cash flow hedges.

Performance of the respective operating segments for the 2nd quarter ended 30 June 2019 as compared to the previous year corresponding quarter is analysed as follows:-

	2nd Quarter Ended		Variance	%
	30 June	30 June		
Profit Before Tax by Segments:	2019	2018	RM'000	
	RM'000	RM'000	RM'000	%
Retail operations	910,020	930,128	(20,108)	(2.2)
Hire purchase	79,109	83,258	(4,149)	(5.0)
Corporate lending	148,683	141,028	7,655	5.4
Treasury and capital market operations	53,854	166,308	(112,454)	(67.6)
Investment banking	8,022	13,239	(5,217)	(39.4)
Fund management	160,275	163,492	(3,217)	(2.0)
Head office and others	186,236	107,555	78,681	73.2
Total domestic operations	<u>1,546,199</u>	<u>1,605,008</u>	<u>(58,809)</u>	<u>(3.7)</u>
Overseas operations	<u>184,375</u>	<u>152,718</u>	<u>31,657</u>	<u>20.7</u>
	<u><u>1,730,574</u></u>	<u><u>1,757,726</u></u>	<u><u>(27,152)</u></u>	<u><u>(1.5)</u></u>

- 1) Retail operations – The decrease in pre-tax profit of RM20.1 million (-2.2%) to RM910.0 million was mainly due to higher other operating expenses and allowance for loan impairment in the current quarter as compared to a net writeback in the previous year corresponding quarter, partially offset by higher net interest income and higher fee and other income.
- 2) Hire purchase – Pre-tax profit decreased by RM4.1 million (-5.0%) to RM79.1 million, mainly due to lower net interest income partially offset by lower loan impairment allowance.

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B1. Performance Review (continued)

Current Quarter vs. Previous Year Corresponding Quarter (continued)

- 3) Corporate lending – Pre-tax profit increased by RM7.7 million (5.4%) to RM148.7 million mainly due to higher fee income and higher net interest income partially offset by higher loan impairment allowance.
- 4) Treasury and capital market operations – Pre-tax profit decreased by RM112.5 million (-67.6%) to RM53.9 million, mainly due to the negative effect of OPR reduction on net interest income, partially offset by higher investment income.
- 5) Investment banking – Pre-tax profit decreased by RM5.2 million (-39.4%) to RM8.0 million mainly due to lower stock-broking income, lower fee income and higher loan impairment allowance.
- 6) Fund management business – Pre-tax profit decreased by RM3.2 million (-2.0%) to RM160.3 million, mainly due to lower net interest income and lower fee on sale of trust unit, partially offset by higher management fee earned.
- 7) Head office and others – Pre-tax profit increased by RM78.7 million (73.2%) to RM186.2 million, mainly due to higher net interest income, higher investment and other income and lower other operating expenses.
- 8) Overseas Operations – The increase in pre-tax profit of RM31.7 million (20.7%) to RM184.4 million was mainly due to higher net interest income and higher other income partially offset by higher other operating expenses.

B2. Variation of Results Against Preceding Quarter

	Group		Quarter Ended		Variance	
	30 June	31 March				
	2019	2019	RM'000	RM'000	RM'000	%
Key Profit or Loss Items:						
Profit before tax expense and zakat	1,730,574	1,819,260	(88,686)		(4.9)	
Net profit attributable to equity holders of the Bank	1,332,946	1,410,093	(77,147)		(5.5)	
Other comprehensive income (net)	116,393	55,179	61,214		110.9	

For the 2nd quarter ended 30 June 2019, the Group registered a pre-tax profit of RM1,730.6 million, a decrease of RM88.7 million or 4.9% as compared to the pre-tax profit of RM1,819.3 million for the preceding quarter ended 31 March 2019. The decrease in pre-tax profit during the quarter was due to the negative effect arising from the 0.25% OPR reduction in May 2019. As a result, net interest income for the current quarter was lower by RM28.0 million despite a positive loan growth achieved during the quarter. In addition, loan impairment allowance was higher by RM68.5 million. These were partially offset by higher net fee and commission income of RM41.5 and higher foreign exchange income of RM15.0 million. Net profit attributable to equity holders decreased by RM77.1 million or 5.5% to RM1,332.9 million over the same period.

Other comprehensive income (net) of the Group for the current quarter increased by RM61.2 million or 110.9%, mainly due to the foreign currency translation gain in respect of foreign operations in the current quarter as compared to a loss reported in the immediate preceding quarter. These were partially offset by higher loss on cash flow hedges and lower gain on revaluation of financial investments.

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B3. Prospects for 2019

The global economy is expected to expand at a more moderate pace in 2019, amid rising trade tensions. The US economy grew in the first half of 2019. However, growth in the advanced economies was offset by weak exports and investments in Europe coupled with the subdued economic activities and sluggish exports in Japan. Although China's growth is supported by ongoing policy accommodation, the overall economic activity in Asia is affected by global uncertainties. Risks to the global outlook are tilted to the downside, emanating from the trade disputes and weakness in Europe amid further delays in the Brexit negotiation.

In Malaysia, the economy is expected to grow by 4.3% - 4.8% in 2019 (2018: 4.7%). Domestic demand remains the anchor of growth, mainly driven by private sector activity. Household spending will be supported by continued income and employment growth.

Malaysia's inflation is expected to be stable at 0.7% – 1.7% in 2019 (2018: 1.0%). The Overnight Policy Rate was retained at 3.00% in July, following the cut of 25 basis points in May 2019. Global and domestic uncertainties as well as weakness in Malaysia's commodity-related sectors are drags to the growth outlook ahead. However, the banking system remains sound as financial institutions continue to operate with ample liquidity and capital buffers.

The Public Bank Group will continue to be supported by ongoing demand for financing in residential properties, passenger vehicles as well as lending to the small and medium enterprises ("SMEs"). The Group will capitalise on its efficient customer service and extensive network to maintain its position as market leader in the domestic retail and SME segment. The Group focuses on sustaining its operational excellence and efficiency. The Group also adopts prudent and responsible financing practices, while upholding strong corporate governance and compliance culture as well as sound risk management practices.

The Group is well-positioned to capitalise on opportunities in the residential property financing segment given its focus on home mortgages for own occupation and the broader mass market. The Group will continue to pursue growth opportunities by developing proactive marketing strategies backed by competitive pricing and product packages. The Group will also be supportive of the Government's efforts in promoting affordable housing and home ownership.

The Public Bank Group is committed to enhance access to financing for all SMEs by offering innovative products and services to meet the needs of businesses. Aside from sustaining market leadership in the SME financing, the Group will continue to expand its corporate lending business by targeting existing clients with good track record and credit ratings as well as diversify its lending portfolio to other viable business sectors.

Amid challenges in the macro environment and market uncertainties, the Public Bank Group's treasury operations will remain vigilant while exercising caution in the execution of its growth strategy.

For the unit trust business, the Public Bank Group will continue to focus on offering a wide range of investment products and enhance its services to meet the diverse needs of investors. The private retail unit trust industry is expected to grow in tandem with market conditions.

The Public Bank Group will continue to proactively collaborate with AIA Bhd to achieve higher penetration in the bancassurance segment as well as enhance the suite of bancassurance products to meet its customers' needs.

By leveraging on its strong PB brand and prudent management practices, the Public Bank Group remains committed to expand organically and strengthen its regional presence.

For long-term sustainability, the Public Bank Group will continue to improve its delivery standards and infrastructure, particularly in terms of technology, for simpler and seamless banking across multi-delivery channels and touchpoints. The Group will further leverage on digital technology and innovation for continuous best-in-class customer service delivery.

B4. Profit Forecast or Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group and the Bank.

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B5. Tax Expense and Zakat

The analysis of the tax expense for the 2nd quarter and financial half year ended 30 June 2019 are as follows:

Group	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Malaysian income tax	343,016	337,311	698,168	743,311
Overseas income tax	36,379	28,294	74,204	54,481
	<u>379,395</u>	<u>365,605</u>	<u>772,372</u>	<u>797,792</u>
(Over) / Under provision in prior years				
- Malaysian income tax	-	(21,118)	-	(41,038)
- Overseas income tax	-	(1)	(3,493)	195
	<u>379,395</u>	<u>344,486</u>	<u>768,879</u>	<u>756,949</u>
Deferred tax (income) / expense				
- Relating to origination and reversal of temporary differences	(2,092)	(2,337)	400	(43,685)
Tax expense	<u>377,303</u>	<u>342,149</u>	<u>769,279</u>	<u>713,264</u>
Zakat	75	65	150	130
	<u>377,378</u>	<u>342,214</u>	<u>769,429</u>	<u>713,394</u>

The Group's effective tax rate for the 2nd quarter and financial half year ended 30 June 2019 and 30 June 2018 were lower than the statutory tax rate mainly due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

Bank	2nd Quarter Ended		Half Year Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Malaysian income tax	267,097	255,259	578,468	640,724
Overseas income tax	4,576	995	8,015	3,011
	<u>271,673</u>	<u>256,254</u>	<u>586,483</u>	<u>643,735</u>
(Over) / Under provision in prior years				
- Malaysian income tax	-	(21,118)	-	(41,118)
- Overseas income tax	-	-	(3,509)	361
	<u>271,673</u>	<u>235,136</u>	<u>582,974</u>	<u>602,978</u>
Deferred tax income				
- Relating to origination and reversal of temporary differences	(2,746)	(4,129)	(5,375)	(47,676)
	<u>268,927</u>	<u>231,007</u>	<u>577,599</u>	<u>555,302</u>

The Bank's effective tax rate for the 2nd quarter and financial half year ended 30 June 2019 and 30 June 2018 were lower than the statutory tax rate mainly due to certain income not subject to tax.

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B6. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 30 June 2019.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposals

The proceeds raised from the issuances of all debt securities and borrowings have been used for working capital, general banking and other corporate purposes, as intended.

B8. Financial Risk Management

There have been no significant changes since the end of the previous financial year in respect of the following:

- i) risk management policies in place for mitigating and controlling the risks associated with foreign exchange, interest/profit rate, liquidity and funding.
- ii) the hedging policies in respect of foreign exchange and interest/profit rate exposures.

The above information are discussed in the Financial Risk Management section of the audited annual financial statements for the financial year ended 31 December 2018 and Pillar 3 Disclosures section of the 2018 Annual Report.

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B9. Debt Securities Issued and Other Borrowed Funds

Group	More Than 1 Year		Less Than 1 Year		Sub-total		Total RM'000
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	
Unsecured							
As At 30 June 2019							
Hong Kong Dollar ("HKD") term loan	578,081	-	-	-	578,081	-	578,081
United States Dollar ("USD") term loan	-	-	827,117	-	827,117	-	827,117
USD syndicated term loan	1,520,905	-	-	-	1,520,905	-	1,520,905
RM Senior Medium Term notes / sukuk murabahah	-	3,318,942	-	-	-	3,318,942	3,318,942
RM Subordinated notes / sukuk murabahah	-	3,499,983	-	-	-	3,499,983	3,499,983
RM Additional Tier I capital securities	-	99,521	-	-	-	99,521	99,521
RM Non-innovative Tier I stapled securities	-	-	-	890,826	-	890,826	890,826
	2,098,986	6,918,446	827,117	890,826	2,926,103	7,809,272	10,735,375
As At 31 December 2018							
HKD term loan	575,534	-	-	-	575,534	-	575,534
USD term loan	-	-	826,779	-	826,779	-	826,779
USD syndicated term loan	1,519,096	-	-	-	1,519,096	-	1,519,096
RM Senior Medium Term notes / sukuk murabahah	-	3,318,773	-	1,000,597	-	4,319,370	4,319,370
RM Subordinated notes / sukuk murabahah	-	3,499,980	-	499,887	-	3,999,867	3,999,867
RM Additional Tier I capital securities	-	99,462	-	-	-	99,462	99,462
RM Non-innovative Tier I stapled securities	-	-	-	2,096,686	-	2,096,686	2,096,686
	2,094,630	6,918,215	826,779	3,597,170	2,921,409	10,515,385	13,436,794
As At 30 June 2018							
HKD term loan	559,655	-	-	-	559,655	-	559,655
USD term loan	806,735	-	-	-	806,735	-	806,735
USD syndicated term loan	1,480,815	-	-	-	1,480,815	-	1,480,815
RM Senior Medium Term notes	-	2,798,871	-	1,001,430	-	3,800,301	3,800,301
RM Subordinated notes / sukuk murabahah	-	2,499,977	-	2,449,714	-	4,949,691	4,949,691
RM Additional Tier I capital securities	-	99,501	-	-	-	99,501	99,501
RM Non-innovative Tier I stapled securities	-	896,461	-	1,207,278	-	2,103,739	2,103,739
	2,847,205	6,294,810	-	4,658,422	2,847,205	10,953,232	13,800,437

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B9. Debt Securities Issued and Other Borrowed Funds (continued)

Bank	More Than 1 Year		Less Than 1 Year		Sub-total		Total RM'000
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	
Unsecured							
As At 30 June 2019							
USD term loan	-	-	827,117	-	827,117	-	827,117
USD syndicated term loan	1,520,905	-	-	-	1,520,905	-	1,520,905
RM Senior Medium Term notes	-	2,799,124	-	-	-	2,799,124	2,799,124
RM Subordinated notes	-	2,999,983	-	-	-	2,999,983	2,999,983
RM Additional Tier I capital securities	-	99,521	-	-	-	99,521	99,521
RM Non-innovative Tier I stapled securities	-	-	-	890,826	-	890,826	890,826
	1,520,905	5,898,628	827,117	890,826	2,348,022	6,789,454	9,137,476
As At 31 December 2018							
USD term loan	-	-	826,779	-	826,779	-	826,779
USD syndicated term loan	1,519,096	-	-	-	1,519,096	-	1,519,096
RM Senior Medium Term notes	-	2,798,998	-	1,000,597	-	3,799,595	3,799,595
RM Subordinated notes	-	2,999,980	-	-	-	2,999,980	2,999,980
RM Additional Tier I capital securities	-	99,462	-	-	-	99,462	99,462
RM Non-innovative Tier I stapled securities	-	-	-	2,096,686	-	2,096,686	2,096,686
	1,519,096	5,898,440	826,779	3,097,283	2,345,875	8,995,723	11,341,598
As At 30 June 2018							
USD term loan	806,735	-	-	-	806,735	-	806,735
USD syndicated term loan	1,480,815	-	-	-	1,480,815	-	1,480,815
RM Senior Medium Term notes	-	2,798,871	-	1,001,430	-	3,800,301	3,800,301
RM Subordinated notes	-	1,999,977	-	1,949,956	-	3,949,933	3,949,933
RM Additional Tier I capital securities	-	99,501	-	-	-	99,501	99,501
RM Non-innovative Tier I stapled securities	-	896,461	-	1,207,278	-	2,103,739	2,103,739
	2,287,550	5,794,810	-	4,158,664	2,287,550	9,953,474	12,241,024
Exchange rates used:	HKD	USD					
As at 30 June 2019	0.52985	4.13625					
As at 31 December 2018	0.52820	4.13600					
As at 30 June 2018	0.51445	4.03725					

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B10. Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect the financial position of the Group and of the Bank.

B11. Dividends

(a) (i) A first interim dividend of 33.0 sen per share for the financial year ending 31 December 2019, amounting to RM1,281,105,655 computed based on 3,882,138,347 ordinary shares as at 30 June 2019, has been declared by the directors.

(ii) Amount per share: 33.0 sen.

(iii) Entitlement date: 29 August 2019.

(iv) Payment date: 10 September 2019.

(b) Total dividend declared for the previous financial half year ended 30 June 2018:
- First interim dividend of 32.0 sen.

B12. Earnings Per Share

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
Net profit attributable to equity holders (RM'000)	<u>1,332,946</u>	<u>1,396,220</u>	<u>2,743,039</u>	<u>2,801,600</u>
Weighted average number of Public Bank Berhad Shares ('000)	<u>3,882,138</u>	<u>3,863,932</u>	<u>3,882,138</u>	<u>3,862,720</u>
Basic earnings per share (sen)	<u>34.3</u>	<u>36.1</u>	<u>70.7</u>	<u>72.5</u>

Diluted

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