

PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

| | Note | Group | | Bank | |
|---|------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| ASSETS | | | | | |
| Cash and balances with banks | | 23,929,686 | 19,698,132 | 17,777,696 | 12,970,667 |
| Reverse repurchase agreements | | - | 202,833 | - | 202,833 |
| Financial assets at fair value through profit or loss | A8 | 1,286,788 | 1,583,506 | 1,229,648 | 1,556,110 |
| Derivative financial assets | A28 | 134,824 | 287,010 | 259,113 | 469,253 |
| Financial investments at fair value through other comprehensive income | A9 | 48,484,715 | 48,547,403 | 32,627,794 | 33,053,569 |
| Financial investments at amortised cost | A10 | 26,894,554 | 27,604,020 | 18,600,693 | 18,845,261 |
| Loans, advances and financing | A11 | 349,798,281 | 342,802,781 | 269,892,227 | 267,438,974 |
| Other assets | A12 | 2,852,234 | 3,408,304 | 2,703,742 | 3,167,793 |
| Statutory deposits with Central Banks | | 1,383,745 | 1,134,924 | 411,504 | 298,089 |
| Deferred tax assets | | 569,754 | 81,637 | 339,995 | - |
| Collective investments | | - | - | 6,046,982 | 5,923,401 |
| Investment in subsidiary companies | | - | - | 6,494,293 | 6,494,293 |
| Investment in associated companies | | 116,426 | 78,421 | 67,500 | 45,000 |
| Investment properties | | 721,766 | 712,885 | - | - |
| Right-of-use assets | | 1,369,960 | 1,379,534 | 1,232,994 | 1,289,661 |
| Property and equipment | | 1,216,130 | 1,317,750 | 672,409 | 770,206 |
| Intangible assets | | 2,468,086 | 2,417,727 | 695,393 | 695,393 |
| TOTAL ASSETS | | 461,226,949 | 451,256,867 | 359,051,983 | 353,220,503 |
| LIABILITIES | | | | | |
| Deposits from customers | A13 | 378,908,914 | 365,870,751 | 288,902,696 | 278,078,713 |
| Deposits from banks | A14 | 9,720,710 | 10,742,228 | 10,390,018 | 13,176,335 |
| Obligations on securities sold under repurchase agreements | | 448,310 | 914,108 | 448,310 | 590,285 |
| Bills and acceptances payable | | 219,235 | 209,347 | 218,844 | 208,866 |
| Recourse obligations on loans sold to Cagamas | | 4,500,004 | 4,500,003 | 4,500,004 | 4,500,003 |
| Derivative financial liabilities | A28 | 273,469 | 626,056 | 247,675 | 580,371 |
| Debt securities issued and other borrowed funds | B9 | 10,874,120 | 12,272,354 | 9,283,478 | 10,184,448 |
| Lease liabilities | | 1,068,203 | 1,072,120 | 1,304,147 | 1,342,940 |
| Other liabilities | A15 | 5,043,715 | 5,628,779 | 3,563,324 | 3,898,526 |
| Provision for tax expense and zakat | | 1,838,573 | 210,142 | 1,473,402 | 109,527 |
| Deferred tax liabilities | | 68,301 | 784,349 | - | 610,701 |
| TOTAL LIABILITIES | | 412,963,554 | 402,830,237 | 320,331,898 | 313,280,715 |

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 2020.

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Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

| | Group | | Bank | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| EQUITY | | | | |
| Share capital | 9,417,653 | 9,417,653 | 9,417,653 | 9,417,653 |
| Regulatory reserves | 435,551 | 1,219,881 | 413,744 | 1,031,389 |
| Other reserves | 1,634,261 | 2,030,742 | 722,316 | 1,162,643 |
| Retained profits | <u>35,503,062</u> | <u>34,579,995</u> | <u>28,166,372</u> | <u>28,328,103</u> |
| Equity attributable to equity holders of the Bank | 46,990,527 | 47,248,271 | 38,720,085 | 39,939,788 |
| Non-controlling interests | <u>1,272,868</u> | <u>1,178,359</u> | <u>-</u> | <u>-</u> |
| TOTAL EQUITY | <u>48,263,395</u> | <u>48,426,630</u> | <u>38,720,085</u> | <u>39,939,788</u> |
| TOTAL LIABILITIES AND EQUITY | <u>461,226,949</u> | <u>451,256,867</u> | <u>359,051,983</u> | <u>353,220,503</u> |
| COMMITMENTS AND CONTINGENCIES | A27 | <u>100,414,257</u> | <u>106,934,447</u> | <u>88,408,993</u> |
| CAPITAL ADEQUACY | A30 | | | |
| <u>Before deducting interim dividends</u> * | | | | |
| Common Equity Tier I Capital Ratio | 14.062% | 14.815% | 12.981% | 13.702% |
| Tier I Capital Ratio | 14.116% | 14.869% | 13.025% | 13.745% |
| Total Capital Ratio | <u>17.249%</u> | <u>18.011%</u> | <u>16.338%</u> | <u>17.053%</u> |
| <u>After deducting interim dividends</u> * | | | | |
| Common Equity Tier I Capital Ratio | 14.062% | 13.951% | 12.981% | 12.611% |
| Tier I Capital Ratio | 14.116% | 14.005% | 13.025% | 12.654% |
| Total Capital Ratio | <u>17.249%</u> | <u>17.147%</u> | <u>16.338%</u> | <u>15.962%</u> |
| Net assets per share attributable to ordinary equity holders of the Bank (RM) | <u>2.42</u> | <u>2.43</u> | <u>1.99</u> | <u>2.06</u> |

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

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 2020.

PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

| <u>Group</u> | Note | 3rd Quarter Ended | | Nine Months Ended | |
|---|---------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| Operating revenue | | 4,812,084 | 5,132,825 | 14,763,875 | 15,387,170 |
| Interest income | A16 | 3,345,759 | 3,485,152 | 10,102,594 | 10,827,898 |
| Interest expense | A17 | (1,296,507) | (1,576,233) | (3,873,309) | (5,584,016) |
| Net interest income | | 2,049,252 | 1,908,919 | 6,229,285 | 5,243,882 |
| Net income from Islamic banking business | A31 (b) | 386,400 | 398,500 | 1,224,276 | 939,965 |
| | | 2,435,652 | 2,307,419 | 7,453,561 | 6,183,847 |
| Fee and commission income | A18 (a) | 715,924 | 747,741 | 2,273,046 | 1,961,314 |
| Fee and commission expense | A18 (b) | (203,479) | (214,482) | (650,804) | (569,853) |
| Net fee and commission income | A18 | 512,445 | 533,259 | 1,622,242 | 1,391,461 |
| Net gains and losses on financial instruments | A19 | 23,993 | 123,469 | 134,092 | 412,374 |
| Other operating income | A20 | 98,667 | 123,446 | 281,921 | 295,504 |
| Net income | | 3,070,757 | 3,087,593 | 9,491,816 | 8,283,186 |
| Other operating expenses | A21 | (976,046) | (948,281) | (3,004,444) | (2,917,876) |
| Operating profit | | 2,094,711 | 2,139,312 | 6,487,372 | 5,365,310 |
| Allowance for impairment on loans, advances and financing | A22 | (324,435) | (334,616) | (918,926) | (549,741) |
| Allowance for impairment on other assets | A23 | (2,075) | (4,056) | (2,296) | (8,900) |
| | | 1,768,201 | 1,800,640 | 5,566,150 | 4,806,669 |
| Share of (loss) / profit after tax of equity accounted associated companies | | (2,135) | 2,185 | (5,736) | 3,674 |
| Profit before tax expense and zakat | | 1,766,066 | 1,802,825 | 5,560,414 | 4,810,343 |
| Tax expense and zakat | B5 | (385,568) | (389,482) | (1,229,121) | (1,043,458) |
| Profit for the period | | 1,380,498 | 1,413,343 | 4,331,293 | 3,766,885 |
| Profit for the period attributable to: | | | | | |
| - Equity holders of the Bank | | 1,361,352 | 1,392,832 | 4,275,700 | 3,723,743 |
| - Non-controlling interests | | 19,146 | 20,511 | 55,593 | 43,142 |
| | | 1,380,498 | 1,413,343 | 4,331,293 | 3,766,885 |
| Earnings per share: | | | | | |
| - basic / diluted (sen) | B12 | 7.01 | 7.18 # | 22.03 | 19.18 # |

For comparative purpose, the earnings per share for the quarter and year-to-date ended 30 September 2020 had been adjusted to reflect the bonus issue of 4 bonus shares for every 1 existing ordinary share which was completed on 29 January 2021.

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PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

| <u>Group</u> | 3rd Quarter Ended | | Nine Months Ended | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| Profit for the period | <u>1,380,498</u> | <u>1,413,343</u> | <u>4,331,293</u> | <u>3,766,885</u> |
| Other comprehensive income / (loss): | | | | |
| <u>Items that will not be reclassified to profit or loss:</u> | | | | |
| Loss on remeasurements of defined benefit plans | - | (12,391) | - | (138,758) |
| Net change in revaluation of equity instruments | 1,451 | 29 | 13,174 | 7,210 |
| Gain on disposal of equity instruments | - | - | 319 | - |
| | <u>1,451</u> | <u>(12,362)</u> | <u>13,493</u> | <u>(131,548)</u> |
| <u>Items that may be reclassified to profit or loss:</u> | | | | |
| Currency translation differences in respect of: | | | | |
| - Foreign operations | 59,930 | (254,715) | 354,463 | 149,164 |
| - Net investment hedge | (27,016) | 124,965 | (158,533) | (78,825) |
| Net change in revaluation of financial investments at fair value through other comprehensive income | (314,887) | 113,964 | (1,012,391) | 586,712 |
| Net change in cash flow hedges | 22,083 | 3,708 | 91,751 | (123,691) |
| | <u>(259,890)</u> | <u>(12,078)</u> | <u>(724,710)</u> | <u>533,360</u> |
| Income tax effect | 63,686 | (15,859) | 205,041 | (61,306) |
| Share of changes in associated companies' reserves | 379 | 571 | (1,260) | 1,699 |
| Other comprehensive (loss) / income for the period, net of tax | <u>(194,374)</u> | <u>(39,728)</u> | <u>(507,436)</u> | <u>342,205</u> |
| Total comprehensive income for the period | <u>1,186,124</u> | <u>1,373,615</u> | <u>3,823,857</u> | <u>4,109,090</u> |
| Total comprehensive income / (loss) for the period attributable to: | | | | |
| - Equity holders of the Bank | 1,160,293 | 1,382,983 | 3,721,448 | 4,040,066 |
| - Non-controlling interests | 25,831 | (9,368) | 102,409 | 69,024 |
| | <u>1,186,124</u> | <u>1,373,615</u> | <u>3,823,857</u> | <u>4,109,090</u> |

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

| <u>Bank</u> | Note | 3rd Quarter Ended | | Nine Months Ended | |
|---|---------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| Operating revenue | | 3,304,949 | 3,764,107 | 10,059,141 | 10,991,814 |
| Interest income | A16 | 2,964,460 | 3,090,085 | 8,976,870 | 9,584,971 |
| Interest expense | A17 | (1,239,696) | (1,501,636) | (3,701,389) | (5,332,190) |
| Net interest income | | 1,724,764 | 1,588,449 | 5,275,481 | 4,252,781 |
| Fee and commission income | A18 (a) | 236,929 | 272,483 | 783,688 | 715,419 |
| Fee and commission expense | A18 (b) | (59,145) | (75,830) | (197,881) | (219,673) |
| Net fee and commission income | A18 | 177,784 | 196,653 | 585,807 | 495,746 |
| Net gains and losses on financial instruments | A19 | 22,516 | 116,745 | 130,814 | 398,224 |
| Other operating income | A20 | 85,372 | 294,392 | 600,326 | 623,584 |
| Net income | | 2,010,436 | 2,196,239 | 6,592,428 | 5,770,335 |
| Other operating expenses | A21 | (610,554) | (586,534) | (1,890,823) | (1,836,370) |
| Operating profit | | 1,399,882 | 1,609,705 | 4,701,605 | 3,933,965 |
| Allowance for impairment on loans, advances and financing | A22 | (194,740) | (232,093) | (645,793) | (314,369) |
| Allowance for impairment on other assets | A23 | (1,584) | (3,198) | (500) | (6,589) |
| Profit before tax expense and zakat | | 1,203,558 | 1,374,414 | 4,055,312 | 3,613,007 |
| Tax expense and zakat | B5 | (283,403) | (316,598) | (855,620) | (764,174) |
| Profit for the period | | 920,155 | 1,057,816 | 3,199,692 | 2,848,833 |

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

| <u>Bank</u> | 3rd Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| Profit for the period | 920,155 | 1,057,816 | 3,199,692 | 2,848,833 |
| Other comprehensive income / (loss): | | | | |
| <u>Items that will not be reclassified to profit or loss:</u> | | | | |
| Loss on remeasurements of defined benefit plans | - | (12,252) | - | (137,204) |
| Net change in revaluation of equity instruments | 1,653 | (9) | 12,885 | 7,108 |
| Gain on disposal of equity instruments | - | - | 319 | - |
| | 1,653 | (12,261) | 13,204 | (130,096) |
| <u>Items that may be reclassified to profit or loss:</u> | | | | |
| Currency translation differences in respect of foreign operations | (2,535) | (13,987) | 1,982 | (3,338) |
| Net change in revaluation of financial investments at fair value through other comprehensive income | (174,615) | 37,022 | (611,430) | 320,020 |
| Net change in cash flow hedges | 258 | 12,578 | 12,234 | (4,914) |
| | (176,892) | 35,613 | (597,214) | 311,768 |
| Income tax effect | 41,845 | (8,964) | 143,807 | (42,697) |
| Other comprehensive (loss) / income for the period, net of tax | (133,394) | 14,388 | (440,203) | 138,975 |
| Total comprehensive income for the period | 786,761 | 1,072,204 | 2,759,489 | 2,987,808 |

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PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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

| <u>Group</u> | <u>Non-distributable</u> | | | <u>Distributable</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>Shareholders' Equity</u> RM'000 | | | |
| At 1 January 2021 | 9,417,653 | 1,219,881 | 2,030,742 | 34,579,995 | 47,248,271 | 1,178,359 | 48,426,630 | |
| Profit for the period | - | - | - | 4,275,700 | 4,275,700 | 55,593 | 4,331,293 | |
| Other comprehensive (loss) / income for the period | - | - | (554,571) | 319 | (554,252) | 46,816 * | (507,436) | |
| Total comprehensive (loss) / income for the period | - | - | (554,571) | 4,276,019 | 3,721,448 | 102,409 | 3,823,857 | |
| Transactions with owners / other equity movements: | | | | | | | | |
| Transfer to statutory reserves | - | - | 205 | (205) | - | - | - | |
| Transfer from regulatory reserves | - | (784,330) | - | 784,330 | - | - | - | |
| Transfer to general reserves | - | - | 157,885 | (157,885) | - | - | - | |
| Dividends paid | - | - | - | (3,979,192) | (3,979,192) | (7,900) | (3,987,092) | |
| | - | (784,330) | 158,090 | (3,352,952) | (3,979,192) | (7,900) | (3,987,092) | |
| At 30 September 2021 | <u>9,417,653</u> | <u>435,551</u> | <u>1,634,261</u> | <u>35,503,062</u> | <u>46,990,527</u> | <u>1,272,868</u> | <u>48,263,395</u> | |

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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

| Group | <u>Non-distributable</u> | | | <u>Distributable</u> | | Non-controlling Interests | Total Equity |
|---|---------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------------|----------------------------------|---------------------|
| | Share Capital | Regulatory Reserves | Other Reserves | Retained Profits | Shareholders' Equity | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2020 | 9,417,653 | 2,017,353 | 1,606,357 | 30,552,967 | 43,594,330 | 1,151,874 | 44,746,204 |
| Profit for the period | - | - | - | 3,723,743 | 3,723,743 | 43,142 | 3,766,885 |
| Other comprehensive income for the period | - | - | 316,323 | - | 316,323 | 25,882 * | 342,205 |
| Total comprehensive income for the period | - | - | 316,323 | 3,723,743 | 4,040,066 | 69,024 | 4,109,090 |
| Transactions with owners / other equity movements: | | | | | | | |
| Transfer to statutory reserves | - | - | 252 | (252) | - | - | - |
| Transfer from regulatory reserves | - | (311,903) | - | 311,903 | - | - | - |
| Transfer to general reserves | - | - | 83,100 | (83,100) | - | - | - |
| Dividends paid | - | - | - | (1,552,855) | (1,552,855) | (4,729) | (1,557,584) |
| | - | (311,903) | 83,352 | (1,324,304) | (1,552,855) | (4,729) | (1,557,584) |
| At 30 September 2020 | 9,417,653 | 1,705,450 | 2,006,032 | 32,952,406 | 46,081,541 | 1,216,169 | 47,297,710 |

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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

| <u>Bank</u> | <u>Non-distributable</u> | | <u>Distributable</u> | | <u>Total</u> <u>Equity</u> <u>RM'000</u> |
|--|---|---|--|--|--|
| | <u>Share</u> <u>Capital</u> <u>RM'000</u> | <u>Regulatory</u> <u>Reserves</u> <u>RM'000</u> | <u>Other</u> <u>Reserves</u> <u>RM'000</u> | <u>Retained</u> <u>Profits</u> <u>RM'000</u> | |
| At 1 January 2021 | 9,417,653 | 1,031,389 | 1,162,643 | 28,328,103 | 39,939,788 |
| Profit for the period | - | - | - | 3,199,692 | 3,199,692 |
| Other comprehensive (loss) / income for the period | - | - | (440,522) | 319 | (440,203) |
| Total comprehensive (loss) / income for the period | - | - | (440,522) | 3,200,011 | 2,759,489 |
| Transactions with owners / other equity movements: | | | | | |
| Transfer to statutory reserves | - | - | 195 | (195) | - |
| Transfer from regulatory reserves | - | (617,645) | - | 617,645 | - |
| Dividends paid | - | - | - | (3,979,192) | (3,979,192) |
| | - | (617,645) | 195 | (3,361,742) | (3,979,192) |
| At 30 September 2021 | 9,417,653 | 413,744 | 722,316 | 28,166,372 | 38,720,085 |

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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

| <u>Bank</u> | <u>Non-distributable</u> | | | <u>Distributable</u> | <u>Total Equity RM'000</u> |
|--|-------------------------------------|---|--------------------------------------|--|------------------------------------|
| | <u>Share Capital RM'000</u> | <u>Regulatory Reserves RM'000</u> | <u>Other Reserves RM'000</u> | <u>Retained Profits RM'000</u> | |
| At 1 January 2020 | 9,417,653 | 1,619,452 | 873,228 | 25,168,037 | 37,078,370 |
| Profit for the period | - | - | - | 2,848,833 | 2,848,833 |
| Other comprehensive income for the period | - | - | 138,975 | - | 138,975 |
| Total comprehensive income for the period | <u>-</u> | <u>-</u> | <u>138,975</u> | <u>2,848,833</u> | <u>2,987,808</u> |
| Transactions with owners / other equity movements: | | | | | |
| Transfer to statutory reserves | - | - | 252 | (252) | - |
| Transfer from regulatory reserves | - | (229,678) | - | 229,678 | - |
| Dividends paid | - | - | - | (1,552,855) | (1,552,855) |
| | <u>-</u> | <u>(229,678)</u> | <u>252</u> | <u>(1,323,429)</u> | <u>(1,552,855)</u> |
| At 30 September 2020 | <u>9,417,653</u> | <u>1,389,774</u> | <u>1,012,455</u> | <u>26,693,441</u> | <u>38,513,323</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 2020.

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Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

| | Group | | Bank | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| Cash Flows from Operating Activities | | | | |
| Profit before tax expense and zakat | 5,560,414 | 4,810,343 | 4,055,312 | 3,613,007 |
| Adjustments for non-cash items: | | | | |
| Share of loss / (profit) after tax of equity accounted associated companies | 5,736 | (3,674) | - | - |
| Allowance for impairment on loans and financing | 1,060,189 | 714,084 | 716,462 | 396,341 |
| Depreciation of right-of-use assets and property and equipment | 279,713 | 267,036 | 216,319 | 203,556 |
| Net gain on financial instruments | (131,829) | (381,890) | (129,118) | (368,338) |
| Dividend income | (1,427) | (2,284) | (564,901) | (436,478) |
| Allowance for impairment on other assets | 2,296 | 8,900 | 500 | 6,589 |
| Other non-cash items | (1,895) | 6,734 | (9,185) | (4,372) |
| Operating profit before working capital changes | <u>6,773,197</u> | <u>5,419,249</u> | <u>4,285,389</u> | <u>3,410,305</u> |
| Changes in working capital: | | | | |
| Increase in operating assets | (7,247,450) | (2,420,946) | (2,496,859) | (1,996,763) |
| Increase in operating liabilities | 10,779,154 | 14,116,414 | 7,559,228 | 11,701,035 |
| Cash generated from operations | <u>10,304,901</u> | <u>17,114,717</u> | <u>9,347,758</u> | <u>13,114,577</u> |
| Tax expense and zakat paid | (558,206) | (612,986) | (298,634) | (355,309) |
| Net cash generated from operating activities | <u>9,746,695</u> | <u>16,501,731</u> | <u>9,049,124</u> | <u>12,759,268</u> |
| Cash Flows from Investing Activities | | | | |
| Purchase of property and equipment | (83,675) | (100,982) | (50,142) | (56,374) |
| Addition to investment properties | (14) | (62) | - | - |
| Proceeds from disposal of properties | 12,994 | 8,651 | 12,969 | 7,712 |
| Net (purchase) / sale of financial investments | (80,102) | (7,889,167) | 229,720 | (5,890,230) |
| Investment in collective investments | - | - | (123,581) | (151,314) |
| Additional investment in an associated company | (45,000) | - | (22,500) | - |
| Dividends received | 1,427 | 2,284 | 819,346 | 561,842 |
| Net cash (used in) / generated from investing activities | <u>(194,370)</u> | <u>(7,979,276)</u> | <u>865,812</u> | <u>(5,528,364)</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 2020.

PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

| | Group | | Bank | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| Cash Flows from Financing Activities | | | | |
| Dividends paid | (3,987,092) | (1,557,584) | (3,979,192) | (1,552,855) |
| Repayment of lease liabilities | (58,903) | (95,233) | (37,929) | (71,958) |
| Redemption of debt securities | (1,520,000) | - | (1,000,000) | - |
| Net cash used in financing activities | <u>(5,565,995)</u> | <u>(1,652,817)</u> | <u>(5,017,121)</u> | <u>(1,624,813)</u> |
| Net change in cash and cash equivalents | 3,986,330 | 6,869,638 | 4,897,815 | 5,606,091 |
| Cash and cash equivalents at beginning of the year | 17,328,281 | 12,191,838 | 12,320,333 | 7,922,755 |
| Exchange differences on translation of opening balances | <u>332,824</u> | 116,079 | - | - |
| Cash and cash equivalents at end of the period | <u>21,647,435</u> | <u>19,177,555</u> | <u>17,218,148</u> | <u>13,528,846</u> |
| Note: | | | | |
| Cash and balances with banks | 23,929,686 | 20,845,573 | 17,777,696 | 14,116,062 |
| Less: Balances with banks with original maturity more than three months | <u>(2,282,251)</u> | <u>(1,668,018)</u> | <u>(559,548)</u> | <u>(587,216)</u> |
| Cash and cash equivalents at end of the period | <u>21,647,435</u> | <u>19,177,555</u> | <u>17,218,148</u> | <u>13,528,846</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 2020.

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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 3rd quarter and nine months ended 30 September 2021 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 2020. 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 financial year ended 31 December 2020.

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 2020, except for the adoption of the following during the current financial period:

Effective for annual periods commencing on or after 1 January 2021

- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) - Amendments were made on some specific requirements of those standards with respect to issues affecting financial reporting during the reform of an interest rate benchmark. The amendments provide a practical expedient whereby a company would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

The adoption of these amendments did not have any financial impact to the Group and the Bank.

Additional Measures to Assist Borrowers/Customers Affected by the COVID-19 Pandemic

Following Bank Negara Malaysia ("BNM")'s letters dated 24 March 2020, 24 July 2020 and 17 August 2020 on measures to assist borrowers/customers affected by the COVID-19 pandemic, BNM had on 31 May 2021 extended the eligibility period of various repayment assistance from 30 June 2021 to on or before 31 December 2021.

- i) Definition of defaulted exposures under the policy documents on Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks

In applying the definition of defaulted exposures under the above policies to loans/financing for which repayment assistance is extended:

- a) The determination of "days past due" should be based on the new repayment terms of a loan/financing that has been rescheduled and restructured. Where the repayment terms include a repayment deferral, the determination of days past due should exclude the deferred repayment period;

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A1. Basis of Preparation (continued)

Additional Measures to Assist Borrowers/Customers Affected by the COVID-19 Pandemic (continued)

- b) For loans/financing to individuals or SMEs, a borrower/customer should not be considered to be in default based on "unlikeliness to repay" at the time the repayment assistance is granted, except where the loan/financing is sold by the banking institution at a material loss or the borrower/customer is subjected to bankruptcy actions. Banking institutions are also expected to consider whether the financial difficulties faced by the borrowers/customers are unlikely to be temporary; and
- c) For loans/financing to corporates, the assessment of "unlikeliness to repay" should not be based solely on the borrower/customer taking up an offer of repayment assistance extended by the banking institution but based on a more holistic assessment of all relevant indicators and information available on the corporate borrower/customer.

Regulatory Capital Treatment

The regulatory capital treatment above shall apply to loans/financing denominated in Malaysian Ringgit or foreign currency that meet the following criteria:

- a) The principal or interest/profit, or both, is not in arrears exceeding 90 days as at the date of application for repayment assistance; and
- b) The application for repayment assistance by a borrower/customer is received on or before 31 December 2021.

The regulatory capital treatment would also be applicable to rescheduled and restructured loans/financing that are facilitated by Agensi Kaunseling dan Pengurusan Kredit, the Small Debt Resolution Scheme and the Corporate Debt Restructuring Committee.

ii) Classification in the Central Credit Reference Information System ("CCRIS")

For rescheduled and restructured ("R&R") individual, SME and corporate loans/financing with arrears not exceeding 90 days as at the date of application for repayment assistance and where application for repayment assistance is received on or before 31 December 2021, including a loan/financing that is restructured and rescheduled more than once, the loan/financing need not be reported as R&R in CCRIS.

iii) Drawdown of prudential buffers

Banking institutions are allowed to:

- a) Drawdown the capital conservation buffer of 2.5%;
- b) Operate below the minimum Liquidity Coverage Ratio ("LCR") of 100%;
- c) Reduce the regulatory reserves held against expected losses to 0%; and
- d) Minimum Net Stable Funding Ratio ("NSFR") is lowered to 80% from 100%.

However, banking institutions are required to rebuild the said buffers and restore them to the minimum regulatory requirements by 30 September 2021. BNM will review this timeline if current expectations change materially.

As at the reporting date, the Group and the Bank have not drawn down any of the prudential buffers.

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A1. Basis of Preparation (continued)

Additional Measures to Assist Borrowers/Customers Affected by the COVID-19 Pandemic (continued)

In line with the announcement made by the Prime Minister of Malaysia on the *Pakej Perlindungan Rakyat dan Pemulihan Ekonomi* (PEMULIH package), the Association of Banks in Malaysia and Association of Islamic Banking and Financial Institutions Malaysia had on 29 June 2021 announced that from 7 July 2021, banks will be offering a 6-month moratorium on the instalment of all credit facilities (excluding credit cards) for the following borrowers/customers on an opt in basis:-

- i) All individuals (including all B40, M40 and T20 borrowers/customers);
- ii) All microenterprises; and
- iii) All small and medium enterprises ("SMEs") that have been affected by the COVID-19 pandemic.

For credit card facilities, the banks will offer conversion of a borrower's/customer's outstanding balances into a 3-year term loan/financing with reduced interest/profit rates.

This moratorium is applicable for loans/financing approved before 1 July 2021 and are not in arrears for more than 90 days on the date the request is submitted. In addition, CCRIS records will also be unaffected by opting in this moratorium.

MFRS 9 Financial Instruments and financial reporting requirements

The Group and the Bank had incorporated management overlays to cater for the impact of the COVID-19 pandemic and the associated relief measures in the measurement of expected credit losses ("ECL").

These management overlays are made to reflect the macroeconomic outlook and potential deterioration in credit risk of loans/financing under relief assistance. The management overlays involved significant level of judgment and reflect management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

The borrowers or customers who had received relief assistance remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. Hence, in the absence of other factors relevant to the assessment of whether there has been a significant increase in credit risk, the relief assistance provided do not automatically result in migration from Stage 1 (12-month ECL) to Stage 2 (lifetime ECL).

- i) Forward looking macro-economic information and assumptions

The economic outlook from various sources, forward looking information and assumptions relating to COVID-19 have been considered in the Group's and the Bank's forward looking models.

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A1. Basis of Preparation (continued)

MFRS 9 Financial Instruments and financial reporting requirements (continued)

ii) Management overlay for loans/financing under relief assistance

The Group and the Bank exercised judgment, adapted and estimated based on the information on-hand in the provision of management overlays to cater for potential deterioration of credit risk of borrowers/customers who came forward to apply for multiple relief and/or other forms of relief assistance.

As the circumstances surrounding the COVID-19 pandemic remain fluid, the Group and the Bank will continue to review and monitor closely the abovementioned assumptions and management overlay if current expectations change materially.

The following Malaysian Financial Reporting Standard ("MFRS") and Amendments to MFRSs have been issued by MASB that are applicable to the Group and the Bank but are not yet effective:

Effective for annual periods commencing on or after 1 April 2021

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)

Effective for annual periods commencing on or after 1 January 2022

- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"
- Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)
- Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)
- Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
- Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases) - The original amendment issued in 2020 allows lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions. It applies to rent concessions that reduce the lease payments due on or before 30 June 2021. This amendment extends the availability of the practical expedient for another 12 months, i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

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A1. Basis of Preparation (continued)

The following Malaysian Financial Reporting Standard ("MFRS") and Amendments to MFRSs have been issued by MASB that are applicable to the Group and the Bank but are not yet effective (continued):

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020" - The Annual Improvements cover the following amendments that are applicable to the Group and the Bank:

- i) **MFRS 9 Financial Instruments** - It clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- ii) **Illustrative Examples accompanying MFRS 16 Leases** - It deletes the Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.

Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations) - The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by MASB in April 2018.

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment) - The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company shall recognise such sales proceeds and related cost in profit or loss.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets) - The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

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.

Amendments to MFRS 17 Insurance Contracts - The amendments are designed to minimise the risk of disruption to implementation already underway and do not change the fundamental principles of the standard or reduce the usefulness of information for investors. In addition, the amendments also defer the effective date of MFRS 17 by two years to annual reporting periods beginning on or after 1 January 2023.

Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts) - The amendments extend the expiry date for the temporary exemption from applying MFRS 9 Financial Instruments by two years to annual periods beginning on or after 1 January 2023, to be aligned with the effective date of MFRS 17, which replaces MFRS 4.

Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements) - The amendments provide clarification on the requirements for classifying liabilities as current or non-current, and specifically on the following:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.
- The amendments clarify the situations that are considered settlement of a liability.

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A1. Basis of Preparation (continued)

The following Malaysian Financial Reporting Standard ("MFRS") and Amendments to MFRSs have been issued by MASB that are applicable to the Group and the Bank but are not yet effective (continued):

Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements) - The amendments require entities to disclose their material accounting policy information rather than significant accounting policies and include examples of what is considered to be material to their financial statements. To support the amendments, MFRS Practice Statement 2 Making Materiality Judgments was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosure.

Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors) - The amendments revise the definition of accounting estimates to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes) - The amendments clarifies how companies should account for deferred tax on transactions such as leases and decommissioning obligation. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The adoption of MFRS 17 Insurance Contracts is not expected to have any material financial impact on the financial statements of the Group as the Group's insurance business is immaterial.

The adoption of other amendments to MFRSs is not expected to have any financial impact on the financial statements of the Group and of the Bank.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2020 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 current financial period.

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

Other than as disclosed in Note A1, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the current financial period.

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 current financial period.

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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) **Bonus Issues of up to 15,528,553,388 Bonus Shares on the Basis of 4 Bonus Shares for Every 1 Existing Public Bank Berhad Share**

Subsequent to the approvals obtained from BNM and Bursa Malaysia Securities Berhad on 18 December 2020, and shareholders' approval via an Extraordinary General Meeting held on 12 January 2021, the Bank had on 29 January 2021 announced the listing and quotation of 15,528,553,388 bonus shares.

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

The Bank had redeemed the fifth tranche of Senior MTNs amounting to RM1,000 million in nominal value on the maturity date.

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

The Bank's wholly-owned Islamic banking subsidiary company, Public Islamic Bank Berhad had redeemed the 1st tranche of Senior Sukuk Murabahah amounting to RM520 million in nominal value on the maturity date.

A7. Dividends Paid and Distributed

During the current nine months period ended 30 September 2021 :

a) An interim dividend of 13.0 sen per share for the financial year ended 31 December 2020 amounting to RM2,523,389,926 was paid on 22 March 2021.

b) A first interim dividend of 7.5 sen per share in respect of the financial year ending 31 December 2021, amounting to RM1,455,801,780 was paid on 23 September 2021.

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

| | Group | | Bank | |
|--|---|--|---|--|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| At fair value | | | | |
| Government securities and treasury bills: | | | | |
| Malaysian Government Treasury Bills | - | 109,517 | - | 109,517 |
| Malaysian Government Securities | 542,670 | 464,553 | 542,670 | 464,553 |
| Malaysian Government Investment Issues | 298,899 | 330,325 | 267,235 | 330,325 |
| | <u>841,569</u> | <u>904,395</u> | <u>809,905</u> | <u>904,395</u> |
| Non-money market instruments: | | | | |
| Equity securities: | | | | |
| - Unquoted shares in Malaysia | 445,219 | 478,772 | 419,743 | 451,376 |
| Debt securities: | | | | |
| - Cagamas bonds | - | 200,339 | - | 200,339 |
| | <u>445,219</u> | <u>679,111</u> | <u>419,743</u> | <u>651,715</u> |
| Total financial assets at FVTPL | <u>1,286,788</u> | <u>1,583,506</u> | <u>1,229,648</u> | <u>1,556,110</u> |

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

| | Group | | Bank | |
|---|---|--|---|--|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| At fair value | | | | |
| Government securities and treasury bills: | | | | |
| Malaysian Government Treasury Bills | 484,940 | 700,094 | 484,940 | 700,094 |
| Malaysian Government Securities | 17,510,934 | 17,302,295 | 17,064,622 | 16,966,318 |
| Malaysian Government Investment Issues | 23,616,288 | 23,398,381 | 12,748,526 | 12,865,030 |
| Other foreign government securities | 158,482 | 156,877 | - | - |
| | <u>41,770,644</u> | <u>41,557,647</u> | <u>30,298,088</u> | <u>30,531,442</u> |
| Money market instruments: | | | | |
| Negotiable instruments of deposit and negotiable Islamic debt certificates | <u>947,723</u> | <u>938,442</u> | <u>947,723</u> | <u>938,442</u> |
| Non-money market instruments: | | | | |
| Equity securities: | | | | |
| - Quoted shares and convertible loan stocks outside Malaysia | 1,574 | 1,382 | - | - |
| - Unquoted shares | 392,960 | 379,025 | 386,175 | 372,474 |
| Debt securities: | | | | |
| - Cagamas bonds | 304,388 | 503,931 | 201,322 | 400,484 |
| - Unquoted corporate bonds / sukuk | 5,067,426 | 5,166,976 | 794,486 | 810,727 |
| | <u>5,766,348</u> | <u>6,051,314</u> | <u>1,381,983</u> | <u>1,583,685</u> |
| Total financial investments at FVOCI | <u>48,484,715</u> | <u>48,547,403</u> | <u>32,627,794</u> | <u>33,053,569</u> |

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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 2021 | 11,111 | 1,919 | - | 13,030 |
| New financial investments purchased | 3,665 | 650 | - | 4,315 |
| Net allowance made | 1,355 | - | - | 1,355 |
| Amount derecognised | (3,523) | (534) | - | (4,057) |
| Change in models / risk parameters | (13) | - | - | (13) |
| Exchange differences | 11 | 79 | - | 90 |
| At 30 September 2021 | <u>12,606</u> | <u>2,114</u> | <u>-</u> | <u>14,720</u> |
| At 1 January 2020 | 7,616 | 796 | - | 8,412 |
| New financial investments purchased | 7,962 | 1,183 | - | 9,145 |
| Net allowance made | 2,692 | - | - | 2,692 |
| Amount derecognised | (7,219) | - | - | (7,219) |
| Change in models / risk parameters | 63 | - | - | 63 |
| Exchange differences | (3) | (60) | - | (63) |
| At 31 December 2020 | <u>11,111</u> | <u>1,919</u> | <u>-</u> | <u>13,030</u> |
| Bank | | | | |
| At 1 January 2021 | 5,484 | - | - | 5,484 |
| New financial investments purchased | 2,889 | - | - | 2,889 |
| Net allowance written back | (15) | - | - | (15) |
| Amount derecognised | (2,852) | - | - | (2,852) |
| At 30 September 2021 | <u>5,506</u> | <u>-</u> | <u>-</u> | <u>5,506</u> |
| At 1 January 2020 | 4,352 | - | - | 4,352 |
| New financial investments purchased | 6,770 | - | - | 6,770 |
| Net allowance made | 255 | - | - | 255 |
| Amount derecognised | (5,859) | - | - | (5,859) |
| Change in models / risk parameters | (34) | - | - | (34) |
| At 31 December 2020 | <u>5,484</u> | <u>-</u> | <u>-</u> | <u>5,484</u> |

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A10. Financial Investments at Amortised Cost

| | Group | | Bank | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| At amortised cost | | | | |
| Government securities and treasury bills: | | | | |
| Malaysian Government Securities | 1,084,651 | 1,071,562 | 1,084,651 | 1,071,562 |
| Malaysian Government Investment Issues | 7,987,961 | 7,750,118 | 3,893,847 | 3,870,625 |
| Foreign Government Treasury Bills | 1,063,313 | 1,039,673 | 47,319 | 60,911 |
| Other foreign government securities | 1,144,377 | 1,528,131 | 5,025 | 5,762 |
| | <u>11,280,302</u> | <u>11,389,484</u> | <u>5,030,842</u> | <u>5,008,860</u> |
| Money market instruments: | | | | |
| Negotiable instruments of deposit and negotiable Islamic debt certificates | <u>1,873,574</u> | <u>1,832,725</u> | <u>1,090,789</u> | <u>1,060,142</u> |
| Non-money market instruments: | | | | |
| Debt securities: | | | | |
| - Cagamas bonds | 4,767,246 | 4,780,804 | 4,767,246 | 4,780,804 |
| - Unquoted corporate bonds / sukuk | 8,977,918 | 9,606,182 | 7,715,307 | 7,999,629 |
| | <u>13,745,164</u> | <u>14,386,986</u> | <u>12,482,553</u> | <u>12,780,433</u> |
| Allowance for impairment | (4,486) | (5,175) | (3,491) | (4,174) |
| Total financial investments at amortised cost | <u>26,894,554</u> | <u>27,604,020</u> | <u>18,600,693</u> | <u>18,845,261</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 2021 | 5,156 | - | 19 | 5,175 |
| New financial investments purchased | 349 | - | - | 349 |
| Net allowance written back | (40) | - | - | (40) |
| Amount derecognised | (437) | - | - | (437) |
| Exchange differences | (561) | - | - | (561) |
| At 30 September 2021 | <u>4,467</u> | <u>-</u> | <u>19</u> | <u>4,486</u> |
| At 1 January 2020 | 4,527 | - | 19 | 4,546 |
| New financial investments purchased | 622 | - | - | 622 |
| Net allowance made | 278 | - | - | 278 |
| Amount derecognised | (754) | - | - | (754) |
| Exchange differences | 483 | - | - | 483 |
| At 31 December 2020 | <u>5,156</u> | <u>-</u> | <u>19</u> | <u>5,175</u> |
| Bank | | | | |
| At 1 January 2021 | 4,155 | - | 19 | 4,174 |
| Net allowance written back | (36) | - | - | (36) |
| Amount derecognised | (73) | - | - | (73) |
| Exchange differences | (574) | - | - | (574) |
| At 30 September 2021 | <u>3,472</u> | <u>-</u> | <u>19</u> | <u>3,491</u> |
| At 1 January 2020 | 3,726 | - | 19 | 3,745 |
| New financial investments purchased | 65 | - | - | 65 |
| Net allowance made | 236 | - | - | 236 |
| Amount derecognised | (362) | - | - | (362) |
| Exchange differences | 490 | - | - | 490 |
| At 31 December 2020 | <u>4,155</u> | <u>-</u> | <u>19</u> | <u>4,174</u> |

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A11. Loans, Advances and Financing

| | Group | | Bank | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| At amortised cost | | | | |
| Overdrafts | 9,578,954 | 9,464,586 | 6,818,653 | 6,667,586 |
| Term loans / financing | | | | |
| - Housing loans / financing | 139,058,948 | 131,511,581 | 106,459,629 | 101,898,138 |
| - Syndicated term loans / financing | 3,863,995 | 3,842,179 | 991,618 | 1,160,411 |
| - Hire purchase receivables | 54,537,513 | 54,760,909 | 42,616,392 | 43,331,042 |
| - Other term loans / financing | 129,155,433 | 128,504,129 | 101,226,744 | 101,330,530 |
| Credit card receivables | 1,905,436 | 1,996,528 | 1,856,196 | 1,954,379 |
| Bills receivables | 62,268 | 64,900 | 46,116 | 51,758 |
| Trust receipts | 209,461 | 194,102 | 116,056 | 103,974 |
| Claims on customers under acceptance credits | 2,467,504 | 2,691,792 | 2,322,019 | 2,517,347 |
| Revolving credits | 10,520,148 | 10,499,096 | 8,279,272 | 8,651,661 |
| Staff loans * | 2,152,256 | 2,121,425 | 1,856,946 | 1,845,539 |
| Gross loans, advances and financing | <u>353,511,916</u> | <u>345,651,227</u> | <u>272,589,641</u> | <u>269,512,365</u> |
| Allowance for impairment on loans and financing: | | | | |
| - Expected credit losses | (3,713,635) | (2,848,446) | (2,697,414) | (2,073,391) |
| - Stage 1: 12-Month ECL | (1,847,303) | (1,528,896) | (1,263,850) | (1,054,961) |
| - Stage 2: Lifetime ECL not credit-impaired | (1,606,217) | (1,046,834) | (1,274,930) | (845,848) |
| - Stage 3: Lifetime ECL credit-impaired | (260,115) | (272,716) | (158,634) | (172,582) |
| Net loans, advances and financing | <u>349,798,281</u> | <u>342,802,781</u> | <u>269,892,227</u> | <u>267,438,974</u> |

* Included in staff loans of the Group and of the Bank are loans to Directors of subsidiary companies amounting to RM6,702,000 (2020: RM7,232,000) and RM6,702,000 (2020 - RM7,050,000) respectively.

a) By class

| | Group | | Bank | |
|-----------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Retail loans / financing * | | | | |
| - Housing loans / financing | 139,058,960 | 131,511,594 | 106,459,629 | 101,898,138 |
| - Hire purchase | 54,294,660 | 54,512,804 | 42,616,392 | 43,331,042 |
| - Credit cards | 1,905,436 | 1,996,528 | 1,856,196 | 1,954,379 |
| - Other loans / financing ^ | 112,504,226 | 111,116,862 | 84,516,977 | 84,296,422 |
| | <u>307,763,282</u> | <u>299,137,788</u> | <u>235,449,194</u> | <u>231,479,981</u> |
| Corporate loans / financing | 45,748,634 | 46,513,439 | 37,140,447 | 38,032,384 |
| | <u>353,511,916</u> | <u>345,651,227</u> | <u>272,589,641</u> | <u>269,512,365</u> |

* 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 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Non-bank financial institutions | | | | |
| - Stock-broking companies | 5,523 | 969 | 5,523 | 969 |
| - Others | 14,133,654 | 13,973,772 | 12,943,486 | 12,685,217 |
| Business enterprises | | | | |
| - Small and medium enterprises | 72,212,059 | 70,742,571 | 58,218,685 | 57,359,814 |
| - Others | 26,238,693 | 27,969,048 | 19,928,673 | 22,017,281 |
| Government and statutory bodies | 1,025,424 | 1,018,079 | 12,857 | 15,843 |
| Individuals | 236,414,961 | 228,442,845 | 179,520,840 | 175,512,155 |
| Other entities | 24,814 | 29,121 | 19,748 | 22,698 |
| Foreign entities | 3,456,788 | 3,474,822 | 1,939,829 | 1,898,388 |
| | 353,511,916 | 345,651,227 | 272,589,641 | 269,512,365 |

c) By interest/profit rate sensitivity

| | Group | | Bank | |
|--------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Fixed rate | | | | |
| - Housing loans / financing | 1,013,389 | 786,457 | 22,879 | 23,381 |
| - Hire purchase receivables | 51,894,049 | 52,260,020 | 42,466,266 | 43,163,759 |
| - Other fixed rate loans / financing | 21,775,153 | 22,659,120 | 11,945,616 | 11,910,692 |
| Variable rate | | | | |
| - Base rate / base lending rate plus | 228,189,598 | 219,697,158 | 186,353,912 | 181,127,943 |
| - Cost plus | 36,785,993 | 37,001,413 | 31,513,925 | 32,966,166 |
| - Other variable rates | 13,853,734 | 13,247,059 | 287,043 | 320,424 |
| | 353,511,916 | 345,651,227 | 272,589,641 | 269,512,365 |

d) By residual contractual maturity

| | Group | | Bank | |
|-------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Maturity within one year | 29,038,236 | 29,828,393 | 19,931,611 | 21,712,839 |
| More than one year to three years | 26,078,009 | 27,587,328 | 21,274,515 | 22,453,205 |
| More than three years to five years | 33,439,071 | 31,575,192 | 26,372,451 | 24,315,669 |
| More than five years | 264,956,600 | 256,660,314 | 205,011,064 | 201,030,652 |
| | 353,511,916 | 345,651,227 | 272,589,641 | 269,512,365 |

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A11. Loans, Advances and Financing (continued)

e) By geographical distribution

| | Group | | Bank | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Malaysia | 330,469,661 | 323,728,119 | 271,884,343 | 268,793,402 |
| Hong Kong SAR and the People's Republic of China | 14,098,420 | 13,607,461 | - | - |
| Cambodia | 4,618,702 | 4,606,971 | - | - |
| Other countries | 4,325,133 | 3,708,676 | 705,298 | 718,963 |
| | <u>353,511,916</u> | <u>345,651,227</u> | <u>272,589,641</u> | <u>269,512,365</u> |

f) Gross loans, advances and financing by economic purpose

| | Group | | Bank | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Purchase of securities | 4,211,722 | 4,359,446 | 3,705,414 | 3,937,183 |
| Purchase of transport vehicles | 54,773,473 | 54,982,651 | 42,856,732 | 43,552,949 |
| Purchase of landed properties | 226,498,948 | 218,890,201 | 178,794,362 | 174,208,388 |
| (of which: - residential | <u>144,695,133</u> | <u>135,970,426</u> | <u>111,266,000</u> | <u>105,640,480</u> |
| - non-residential) | <u>81,803,815</u> | <u>82,919,775</u> | <u>67,528,362</u> | <u>68,567,908</u> |
| Purchase of fixed assets (excluding landed properties) | 469,381 | 443,942 | 87,255 | 87,120 |
| Personal use | 13,099,705 | 13,742,077 | 6,856,564 | 7,653,250 |
| Credit card | 1,905,436 | 1,996,528 | 1,856,196 | 1,954,379 |
| Purchase of consumer durables | 660 | 798 | 180 | 103 |
| Construction | 7,686,983 | 7,396,048 | 5,727,088 | 5,718,835 |
| Working capital | 40,773,834 | 38,874,027 | 29,091,219 | 27,605,664 |
| Other purpose | 4,091,774 | 4,965,509 | 3,614,631 | 4,794,494 |
| | <u>353,511,916</u> | <u>345,651,227</u> | <u>272,589,641</u> | <u>269,512,365</u> |

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A11. Loans, Advances and Financing (continued)

g) Gross loans, advances and financing by sectors

| | Group | | Bank | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Agriculture, hunting, forestry and fishing | 3,182,327 | 3,280,896 | 2,590,841 | 2,282,306 |
| Mining and quarrying | 270,694 | 314,277 | 144,345 | 164,594 |
| Manufacturing | 11,578,045 | 11,111,565 | 8,441,039 | 8,407,467 |
| Electricity, gas and water | 118,352 | 129,803 | 50,327 | 55,895 |
| Construction | 18,252,359 | 16,032,004 | 14,466,804 | 12,702,933 |
| Wholesale & retail trade and restaurants & hotels | 30,314,732 | 28,914,864 | 24,916,867 | 23,847,726 |
| Transport, storage and communication | 4,515,548 | 4,450,488 | 2,785,075 | 3,236,937 |
| Finance, insurance and business services | 18,710,175 | 19,724,670 | 16,533,166 | 17,314,287 |
| Real estate | 25,579,388 | 28,710,902 | 19,628,539 | 22,360,371 |
| Community, social and personal services | 3,438,823 | 3,495,524 | 2,060,683 | 2,140,910 |
| Households | 236,241,324 | 228,317,274 | 180,912,773 | 176,945,619 |
| Others | 1,310,149 | 1,168,960 | 59,182 | 53,320 |
| | <u>353,511,916</u> | <u>345,651,227</u> | <u>272,589,641</u> | <u>269,512,365</u> |

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

| | Group | | Bank | |
|-----------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Bankers' acceptances rediscounted | - | 3,000 | - | 3,000 |

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

| | Group | | Bank | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| At 1 January | 1,251,218 | 1,604,919 | 885,514 | 1,144,133 |
| Impaired during the period / year | 887,887 | 1,223,521 | 560,190 | 735,365 |
| Reclassified as non-impaired | (589,005) | (814,904) | (415,712) | (571,151) |
| Recoveries | (171,078) | (272,687) | (113,692) | (202,723) |
| Amount written off | (200,942) | (443,016) | (91,563) | (181,090) |
| Loans / financing converted to foreclosed properties | (29,105) | (40,569) | (24,767) | (35,885) |
| Exchange differences | 8,472 | (6,046) | 858 | (3,135) |
| Closing balance | <u>1,157,447</u> | <u>1,251,218</u> | <u>800,828</u> | <u>885,514</u> |
| Gross impaired loans and financing as a percentage of gross loans, advances and financing | <u>0.33%</u> | <u>0.36%</u> | <u>0.29%</u> | <u>0.33%</u> |

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A11. Loans, Advances and Financing (continued)

j) Impaired loans, advances and financing by geographical distribution

| | Group | | Bank | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Malaysia | 895,169 | 995,962 | 745,498 | 824,162 |
| Hong Kong SAR and the People's Republic of China | 124,237 | 120,136 | - | - |
| Cambodia | 26,101 | 28,801 | - | - |
| Other countries | 111,940 | 106,319 | 55,330 | 61,352 |
| | <u>1,157,447</u> | <u>1,251,218</u> | <u>800,828</u> | <u>885,514</u> |

k) Impaired loans, advances and financing by economic purpose

| | Group | | Bank | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Purchase of transport vehicles | 207,800 | 175,309 | 151,078 | 122,349 |
| Purchase of landed properties | 545,453 | 647,802 | 414,065 | 505,315 |
| (of which: - residential | 378,459 | 440,544 | 265,668 | 327,157 |
| - non-residential) | 166,994 | 207,258 | 148,397 | 178,158 |
| Purchase of fixed assets (excluding landed properties) | 11,194 | 12,779 | 675 | 660 |
| Personal use | 92,500 | 106,756 | 27,347 | 40,292 |
| Credit card | 12,646 | 13,812 | 12,161 | 13,221 |
| Purchase of consumer durables | 1 | 1 | 1 | 1 |
| Construction | 16,282 | 15,077 | 11,635 | 10,484 |
| Working capital | 266,336 | 274,330 | 178,660 | 187,869 |
| Other purpose | 5,235 | 5,352 | 5,206 | 5,323 |
| | <u>1,157,447</u> | <u>1,251,218</u> | <u>800,828</u> | <u>885,514</u> |

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A11. Loans, Advances and Financing (continued)

1) Impaired loans, advances and financing by sectors

| | Group | | Bank | |
|--|---|--|---|--|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Agriculture, hunting, forestry and fishing | 20,202 | 19,093 | 20,137 | 19,038 |
| Mining and quarrying | 11,686 | 11,398 | 11,447 | 11,167 |
| Manufacturing | 78,813 | 70,438 | 49,595 | 43,123 |
| Electricity, gas and water | 5,271 | 5,041 | - | - |
| Construction | 103,674 | 101,758 | 95,063 | 88,572 |
| Wholesale & retail trade and restaurants & hotels | 117,810 | 143,872 | 88,739 | 111,171 |
| Transport, storage and communication | 15,808 | 16,723 | 11,397 | 12,391 |
| Finance, insurance and business services | 45,884 | 58,637 | 27,601 | 38,587 |
| Real estate | 9,008 | 19,658 | 7,224 | 15,012 |
| Community, social and personal services | 6,635 | 7,363 | 5,333 | 5,808 |
| Households | 722,638 | 777,078 | 482,921 | 539,288 |
| Others | 20,018 | 20,159 | 1,371 | 1,357 |
| | <u>1,157,447</u> | <u>1,251,218</u> | <u>800,828</u> | <u>885,514</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 2021 | 1,528,896 | 1,046,834 | 272,716 | 2,848,446 |
| Changes due to loans, advances and financing recognised as at 1 January 2021: | 142,907 | (123,682) | (19,225) | - |
| - Transfer to Stage 1: 12-Month ECL | 177,974 | (164,149) | (13,825) | - |
| - Transfer to Stage 2: Lifetime ECL not credit-impaired | (32,784) | 56,235 | (23,451) | - |
| - Transfer to Stage 3: Lifetime ECL credit-impaired | (2,283) | (15,768) | 18,051 | - |
| New loans, advances and financing originated | 75,506 | 42,740 | 17,257 | 135,503 |
| Net remeasurement due to changes in credit risk | 292,345 | 195,362 | 191,927 | 679,634 |
| Loans, advances and financing derecognised (other than write-off) | (42,633) | (90,656) | (17,784) | (151,073) |
| Modifications to contractual cash flows of loans, advances and financing | (3,258) | 213,054 | 13,339 | 223,135 |
| Changes in models / risk parameters | (150,127) | 321,339 | - | 171,212 |
| Amount written off | - | - | (200,942) | (200,942) |
| Amount transferred to allowance for impairment loss on foreclosed properties | - | - | (93) | (93) |
| Exchange differences | 3,667 | 1,226 | 2,920 | 7,813 |
| At 30 September 2021 | <u>1,847,303</u> | <u>1,606,217</u> | <u>260,115</u> | <u>3,713,635</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 2020 | 970,934 | 649,912 | 371,101 | 1,991,947 |
| Changes due to loans, advances and financing recognised as at 1 January 2020: | 151,935 | (112,251) | (39,684) | - |
| - Transfer to Stage 1: 12-Month ECL | 177,300 | (156,613) | (20,687) | - |
| - Transfer to Stage 2: Lifetime ECL not credit-impaired | (21,736) | 68,918 | (47,182) | - |
| - Transfer to Stage 3: Lifetime ECL credit-impaired | (3,629) | (24,556) | 28,185 | - |
| New loans, advances and financing originated | 110,881 | 34,662 | 42,105 | 187,648 |
| Net remeasurement due to changes in credit risk | 204,467 | 94,965 | 374,733 | 674,165 |
| Loans, advances and financing derecognised (other than write-off) | (59,557) | (48,010) | (24,364) | (131,931) |
| Modifications to contractual cash flows of loans, advances and financing | (24,201) | 241,484 | (308) | 216,975 |
| Changes in models / risk parameters | 176,112 | 187,105 | 903 | 364,120 |
| Amount written off | - | - | (443,016) | (443,016) |
| Amount transferred to allowance for impairment loss on foreclosed properties | - | - | (241) | (241) |
| Exchange differences | (1,675) | (1,033) | (8,513) | (11,221) |
| At 31 December 2020 | 1,528,896 | 1,046,834 | 272,716 | 2,848,446 |

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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 2021 | 1,054,961 | 845,848 | 172,582 | 2,073,391 |
| Changes due to loans and advances recognised as at 1 January 2021: | 111,020 | (89,966) | (21,054) | - |
| - Transfer to Stage 1: 12-Month ECL | 137,061 | (128,273) | (8,788) | - |
| - Transfer to Stage 2: Lifetime ECL not credit-impaired | (25,609) | 44,051 | (18,442) | - |
| - Transfer to Stage 3: Lifetime ECL credit-impaired | (432) | (5,744) | 6,176 | - |
| New loans and advances originated | 40,136 | 17,056 | 763 | 57,955 |
| Net remeasurement due to changes in credit risk | 193,074 | 141,549 | 99,455 | 434,078 |
| Loans and advances derecognised (other than write-off) | (18,597) | (63,611) | (11,448) | (93,656) |
| Modifications to contractual cash flows of loans and advances | (3,238) | 167,457 | 9,992 | 174,211 |
| Changes in models / risk parameters | (113,803) | 256,597 | - | 142,794 |
| Amount written off | - | - | (91,563) | (91,563) |
| Amount transferred to allowance for impairment loss on foreclosed properties | - | - | (93) | (93) |
| Exchange differences | 297 | - | - | 297 |
| At 30 September 2021 | <u>1,263,850</u> | <u>1,274,930</u> | <u>158,634</u> | <u>2,697,414</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 2020 | 670,917 | 535,186 | 228,571 | 1,434,674 |
| Changes due to loans and advances recognised as at 1 January 2020: | 120,559 | (83,463) | (37,096) | - |
| - Transfer to Stage 1: 12-Month ECL | 137,132 | (125,123) | (12,009) | - |
| - Transfer to Stage 2: Lifetime ECL not credit-impaired | (16,195) | 50,121 | (33,926) | - |
| - Transfer to Stage 3: Lifetime ECL credit-impaired | (378) | (8,461) | 8,839 | - |
| New loans and advances originated | 66,627 | 17,714 | 889 | 85,230 |
| Net remeasurement due to changes in credit risk | 95,730 | 53,720 | 178,570 | 328,020 |
| Loans and advances derecognised (other than write-off) | (26,583) | (38,864) | (16,324) | (81,771) |
| Modifications to contractual cash flows of loans and advances | (16,802) | 201,468 | (1,379) | 183,287 |
| Changes in models / risk parameters | 144,801 | 160,087 | 682 | 305,570 |
| Amount written off | - | - | (181,090) | (181,090) |
| Amount transferred to allowance for impairment loss on foreclosed properties | - | - | (241) | (241) |
| Exchange differences | (288) | - | - | (288) |
| At 31 December 2020 | <u>1,054,961</u> | <u>845,848</u> | <u>172,582</u> | <u>2,073,391</u> |

A12. Other Assets

| | Group | | Bank | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Deferred handling fees | 220,258 | 230,011 | 177,130 | 189,988 |
| Interest / Income receivable | 34,862 | 22,706 | 4,573 | 484 |
| Other receivables, deposits and prepayments | 1,831,115 | 2,003,908 | 1,507,443 | 1,518,677 |
| Collateral pledged for derivative transactions | 190,064 | 386,994 | 190,064 | 386,994 |
| Employee benefits | - | 2,748 | - | 2,703 |
| Amount due from trust funds | 210,670 | 259,116 | - | - |
| Foreclosed properties | 206,929 | 191,162 | 181,958 | 170,327 |
| Outstanding contracts on clients' accounts | 158,336 | 311,659 | - | - |
| Amount due from subsidiary companies | - | - | 45,366 | 46,967 |
| Distribution receivable from collective investments | - | - | 26,908 | 28,176 |
| Dividend receivable from subsidiary companies | - | - | 570,300 | 823,477 |
| | <u>2,852,234</u> | <u>3,408,304</u> | <u>2,703,742</u> | <u>3,167,793</u> |

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A13. Deposits from Customers

a) By type of deposit

| | Group | | Bank | |
|--------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| At amortised cost | | | | |
| Core deposits: | | | | |
| - Demand deposits | 64,234,016 | 59,355,197 | 50,941,358 | 47,669,930 |
| - Savings deposits | 51,050,554 | 46,244,527 | 34,610,038 | 31,119,195 |
| - Fixed deposits | 208,725,102 | 204,543,978 | 153,895,840 | 149,670,726 |
| | <u>324,009,672</u> | <u>310,143,702</u> | <u>239,447,236</u> | <u>228,459,851</u> |
| Money market deposits | 54,853,774 | 55,669,218 | 49,422,680 | 49,576,393 |
| Other deposits | 45,468 | 57,831 | 32,780 | 42,469 |
| | <u>378,908,914</u> | <u>365,870,751</u> | <u>288,902,696</u> | <u>278,078,713</u> |

b) By type of customer

| | Group | | Bank | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Federal and state governments | 6,434,257 | 8,369,668 | 2,376,373 | 4,291,436 |
| Local government and statutory authorities | 3,405,442 | 4,062,758 | 2,215,480 | 3,210,402 |
| Business enterprises | 105,175,817 | 100,540,241 | 83,115,345 | 80,071,334 |
| Individuals | 198,776,903 | 186,738,461 | 158,578,880 | 148,149,825 |
| Foreign customers | 9,589,468 | 9,484,501 | 4,646,676 | 4,499,011 |
| Others | 55,527,027 | 56,675,122 | 37,969,942 | 37,856,705 |
| | <u>378,908,914</u> | <u>365,870,751</u> | <u>288,902,696</u> | <u>278,078,713</u> |

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

| | Group | | Bank | |
|-------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Due within six months | 210,264,647 | 218,744,626 | 160,575,319 | 164,809,471 |
| More than six months to one year | 52,863,508 | 41,230,618 | 42,636,343 | 34,317,332 |
| More than one year to three years | 443,438 | 232,592 | 100,605 | 115,979 |
| More than three years to five years | 6,992 | 5,360 | 5,962 | 4,337 |
| More than five years | 291 | - | 291 | - |
| | <u>263,578,876</u> | <u>260,213,196</u> | <u>203,318,520</u> | <u>199,247,119</u> |

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A14. Deposits from Banks

| | Group | | Bank | |
|------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| At amortised cost | | | | |
| Licensed banks | 2,458,726 | 2,948,196 | 826,081 | 1,948,884 |
| Licensed Islamic banks | 400,000 | - | - | - |
| Licensed investment banks | 605,720 | 428,612 | 431,343 | 416,091 |
| Bank Negara Malaysia | 2,291,866 | 1,883,775 | 2,216,608 | 1,809,409 |
| Other financial institutions | 3,964,398 | 5,481,645 | 6,915,986 | 9,001,951 |
| | <u>9,720,710</u> | <u>10,742,228</u> | <u>10,390,018</u> | <u>13,176,335</u> |

A15. Other Liabilities

| | Group | | Bank | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Interest / Income payable | 1,441,536 | 1,784,522 | 1,089,580 | 1,357,913 |
| Other payables and accruals | 2,966,716 | 2,977,882 | 2,266,162 | 2,292,787 |
| Collateral received for derivative transactions | 19,158 | 95,359 | 19,158 | 95,359 |
| Amount due to trust funds | 186,390 | 126,832 | - | - |
| Unprocessed sales and / or redemptions | 97,641 | 221,849 | - | - |
| Employee benefits | 22,025 | - | 21,620 | - |
| Accrued restoration costs | 72,065 | 70,846 | 72,185 | 71,581 |
| Allowance for impairment on loan / financing commitments and financial guarantees | 72,083 | 70,176 | 57,452 | 56,372 |
| Outstanding contracts on clients' accounts | 143,113 | 260,299 | - | - |
| Dividend payable to shareholders | 22,988 | 21,014 | 22,988 | 2,738 |
| Amount due to subsidiary companies | - | - | 14,179 | 21,776 |
| | <u>5,043,715</u> | <u>5,628,779</u> | <u>3,563,324</u> | <u>3,898,526</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 2021 | 56,000 | 13,663 | 513 | 70,176 |
| Changes due to loan / financing commitments and financial guarantees recognised as at 1 January 2021: | 2,871 | (2,655) | (216) | - |
| - Transfer to Stage 1: 12-Month ECL | 3,582 | (3,512) | (70) | - |
| - Transfer to Stage 2: Lifetime ECL not credit-impaired | (710) | 890 | (180) | - |
| - Transfer to Stage 3: Lifetime ECL credit-impaired | (1) | (33) | 34 | - |
| New loan / financing commitments and financial guarantees originated | 3,152 | 1,252 | 32 | 4,436 |
| Net remeasurement due to changes in credit risk | (5,211) | 2,012 | 204 | (2,995) |
| Loan / financing commitments and financial guarantees derecognised | (2,348) | (1,773) | (88) | (4,209) |
| Modifications to contractual cash flows of loan / financing commitments and financial guarantees | (145) | 2,014 | 55 | 1,924 |
| Changes in models / risk parameters | (2,294) | 4,916 | - | 2,622 |
| Exchange differences | 128 | 1 | - | 129 |
| At 30 September 2021 | 52,153 | 19,430 | 500 | 72,083 |
| At 1 January 2020 | 42,845 | 8,475 | 1,624 | 52,944 |
| Changes due to loan / financing commitments and financial guarantees recognised as at 1 January 2020: | 1,857 | (1,315) | (542) | - |
| - Transfer to Stage 1: 12-Month ECL | 2,924 | (2,851) | (73) | - |
| - Transfer to Stage 2: Lifetime ECL not credit-impaired | (1,062) | 1,584 | (522) | - |
| - Transfer to Stage 3: Lifetime ECL credit-impaired | (5) | (48) | 53 | - |
| New loan / financing commitments and financial guarantees originated | 4,817 | 1,729 | 42 | 6,588 |
| Net remeasurement due to changes in credit risk | 15 | 684 | (580) | 119 |
| Loan / financing commitments and financial guarantees derecognised | (3,285) | (1,308) | (27) | (4,620) |
| Modifications to contractual cash flows of loan / financing commitments and financial guarantees | (235) | 1,415 | (5) | 1,175 |
| Changes in models / risk parameters | 10,061 | 3,983 | 1 | 14,045 |
| Exchange differences | (75) | - | - | (75) |
| At 31 December 2020 | 56,000 | 13,663 | 513 | 70,176 |

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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 2021 | 44,815 | 11,134 | 423 | 56,372 |
| Changes due to loan commitments and financial guarantees recognised as at 1 January 2021: | 2,349 | (2,197) | (152) | - |
| - Transfer to Stage 1: 12-Month ECL | 2,948 | (2,901) | (47) | - |
| - Transfer to Stage 2: Lifetime ECL not credit-impaired | (598) | 727 | (129) | - |
| - Transfer to Stage 3: Lifetime ECL credit-impaired | (1) | (23) | 24 | - |
| New loan commitments and financial guarantees originated | 2,323 | 870 | 32 | 3,225 |
| Net remeasurement due to changes in credit risk | (4,188) | 1,877 | 183 | (2,128) |
| Loan commitments and financial guarantees derecognised | (1,548) | (1,712) | (87) | (3,347) |
| Modifications to contractual cash flows of loan commitments and financial guarantees | (114) | 1,338 | 47 | 1,271 |
| Changes in models / risk parameters | (1,798) | 3,857 | - | 2,059 |
| At 30 September 2021 | 41,839 | 15,167 | 446 | 57,452 |
| At 1 January 2020 | 34,904 | 7,534 | 1,292 | 43,730 |
| Changes due to loan commitments and financial guarantees recognised as at 1 January 2020: | 1,554 | (1,208) | (346) | - |
| - Transfer to Stage 1: 12-Month ECL | 2,546 | (2,493) | (53) | - |
| - Transfer to Stage 2: Lifetime ECL not credit-impaired | (987) | 1,325 | (338) | - |
| - Transfer to Stage 3: Lifetime ECL credit-impaired | (5) | (40) | 45 | - |
| New loan commitments and financial guarantees originated | 3,102 | 1,348 | 24 | 4,474 |
| Net remeasurement due to changes in credit risk | (278) | 86 | (524) | (716) |
| Loan commitments and financial guarantees derecognised | (2,914) | (1,222) | (23) | (4,159) |
| Modifications to contractual cash flows of loan commitments and financial guarantees | (221) | 1,016 | (1) | 794 |
| Changes in models/risk parameters | 8,668 | 3,580 | 1 | 12,249 |
| At 31 December 2020 | 44,815 | 11,134 | 423 | 56,372 |

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A16. Interest Income

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| <u>Group</u> | | | | |
| Loans and advances | 2,824,975 | 2,913,949 | 8,584,527 | 9,070,951 |
| Balances with banks | 65,626 | 68,660 | 130,368 | 182,433 |
| Financial investments at fair value through other comprehensive income | 250,172 | 268,052 | 764,005 | 834,092 |
| Financial investments at amortised cost | 191,277 | 217,826 | 576,341 | 662,305 |
| Others | 7,741 | 12,207 | 28,744 | 43,503 |
| | <u>3,339,791</u> | <u>3,480,694</u> | <u>10,083,985</u> | <u>10,793,284</u> |
| Financial assets at fair value through profit or loss | 5,968 | 4,458 | 18,609 | 34,614 |
| | <u>3,345,759</u> | <u>3,485,152</u> | <u>10,102,594</u> | <u>10,827,898</u> |
| | | | | |
| | 3rd Quarter Ended | | Nine Months Ended | |
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| <u>Bank</u> | | | | |
| Loans and advances | 2,485,326 | 2,569,189 | 7,590,482 | 7,998,064 |
| Balances with banks | 58,838 | 58,717 | 108,691 | 157,190 |
| Financial investments at fair value through other comprehensive income | 198,892 | 220,812 | 612,374 | 691,489 |
| Financial investments at amortised cost | 193,622 | 213,577 | 577,563 | 637,938 |
| Others | 21,817 | 23,453 | 69,231 | 66,656 |
| | <u>2,958,495</u> | <u>3,085,748</u> | <u>8,958,341</u> | <u>9,551,337</u> |
| Financial assets at fair value through profit or loss | 5,965 | 4,337 | 18,529 | 33,634 |
| | <u>2,964,460</u> | <u>3,090,085</u> | <u>8,976,870</u> | <u>9,584,971</u> |

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A17. Interest Expense

| | 3rd Quarter Ended | | Nine Months Ended | |
|--|-------------------|------------------|-------------------|------------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Group</u> | | | | |
| Deposits from banks | 46,381 | 60,974 | 157,183 | 204,486 |
| Deposits from customers | 1,092,177 | 1,333,770 | 3,237,652 | 4,827,165 |
| Loans sold to Cagamas | 48,924 | 59,333 | 145,176 | 176,711 |
| Debt securities issued and other borrowed funds | 96,895 | 107,768 | 293,496 | 328,341 |
| Others | 12,130 | 14,388 | 39,802 | 47,313 |
| | <u>1,296,507</u> | <u>1,576,233</u> | <u>3,873,309</u> | <u>5,584,016</u> |
| | | | | |
| | 3rd Quarter Ended | | Nine Months Ended | |
| | 30 September | 30 September | 30 September | 30 September |
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Bank</u> | | | | |
| Deposits from banks | 44,903 | 63,466 | 154,144 | 221,802 |
| Deposits from customers | 1,036,909 | 1,258,991 | 3,070,953 | 4,569,133 |
| Loans sold to Cagamas | 48,924 | 59,333 | 145,176 | 176,711 |
| Debt securities issued and other borrowed funds | 94,599 | 105,069 | 286,614 | 315,899 |
| Others | 14,361 | 14,777 | 44,502 | 48,645 |
| | <u>1,239,696</u> | <u>1,501,636</u> | <u>3,701,389</u> | <u>5,332,190</u> |

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A18. Net Fee and Commission Income

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| <u>Group</u> | | | | |
| (a) Fee and commission income: | | | | |
| Commissions | 122,779 | 118,260 | 393,619 | 339,971 |
| Service charges and fees | 72,138 | 92,274 | 220,259 | 240,821 |
| Guarantee fees | 6,759 | 9,649 | 23,199 | 22,894 |
| Commitment fees | 18,705 | 12,873 | 53,492 | 49,426 |
| Unit trust management fees | 341,635 | 299,478 | 999,948 | 828,962 |
| Fee on sale of trust units | 102,772 | 119,136 | 374,237 | 266,065 |
| Brokerage and commissions from stockbroking activities | 36,087 | 82,526 | 160,568 | 172,965 |
| Other fee and commission income | 15,049 | 13,545 | 47,724 | 40,210 |
| | <u>715,924</u> | <u>747,741</u> | <u>2,273,046</u> | <u>1,961,314</u> |
| (b) Fee and commission expense: | | | | |
| Unit trust agency fee | (139,879) | (130,164) | (432,956) | (331,126) |
| Debit / credit card related fee | (53,540) | (68,647) | (179,149) | (201,445) |
| Loan related fee | (3,868) | (5,840) | (12,736) | (13,431) |
| Other fee and commission expense | (6,192) | (9,831) | (25,963) | (23,851) |
| | <u>(203,479)</u> | <u>(214,482)</u> | <u>(650,804)</u> | <u>(569,853)</u> |
| Net fee and commission income | <u>512,445</u> | <u>533,259</u> | <u>1,622,242</u> | <u>1,391,461</u> |
| | | | | |
| | 3rd Quarter Ended | 3rd Quarter Ended | Nine Months Ended | Nine Months Ended |
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| <u>Bank</u> | | | | |
| (a) Fee and commission income: | | | | |
| Commissions | 145,195 | 174,804 | 487,858 | 451,472 |
| Service charges and fees | 58,848 | 69,439 | 193,983 | 174,206 |
| Guarantee fees | 6,224 | 8,882 | 21,710 | 21,234 |
| Commitment fees | 16,679 | 10,706 | 47,511 | 43,117 |
| Other fee and commission income | 9,983 | 8,652 | 32,626 | 25,390 |
| | <u>236,929</u> | <u>272,483</u> | <u>783,688</u> | <u>715,419</u> |
| (b) Fee and commission expense: | | | | |
| Debit / credit card related fee | (53,541) | (67,848) | (179,070) | (199,150) |
| Loan related fee | (3,238) | (5,146) | (10,981) | (11,813) |
| Other fee and commission expense | (2,366) | (2,836) | (7,830) | (8,710) |
| | <u>(59,145)</u> | <u>(75,830)</u> | <u>(197,881)</u> | <u>(219,673)</u> |
| Net fee and commission income | <u>177,784</u> | <u>196,653</u> | <u>585,807</u> | <u>495,746</u> |

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A19. Net Gains and Losses on Financial Instruments

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| Group | | | | |
| Net gain / (loss) arising on financial assets at fair value through profit or loss: | | | | |
| - net gain / (loss) on disposal | 2,184 | 5,614 | (1,259) | 26,597 |
| - gross dividend income | 523 | 30 | 2,095 | 1,603 |
| - unrealised revaluation (loss) / gain | (1,244) | 1,368 | (33,279) | 31,821 |
| | <u>1,463</u> | <u>7,012</u> | <u>(32,443)</u> | <u>60,021</u> |
| Net (loss) / gain arising on trading derivatives | | | | |
| - unrealised revaluation (loss) / gain | (3) | - | (6) | 77 |
| Net gain arising on financial investments at fair value through other comprehensive income: | | | | |
| - net gain on disposal | 21,634 | 111,004 | 163,274 | 349,688 |
| - gross dividend income | 426 | 1,934 | 1,427 | 2,284 |
| | <u>22,060</u> | <u>112,938</u> | <u>164,701</u> | <u>351,972</u> |
| Net gain arising on financial investments at amortised cost | | | | |
| - net gain on disposal | - | - | 1,755 | - |
| Net gain / (loss) representing ineffective portions of hedging derivatives: | | | | |
| - fair value hedge | 139 | 1,018 | (89) | 155 |
| - cash flow hedge | 334 | 2,501 | 174 | 149 |
| | <u>473</u> | <u>3,519</u> | <u>85</u> | <u>304</u> |
| Net gains and losses on financial instruments | <u>23,993</u> | <u>123,469</u> | <u>134,092</u> | <u>412,374</u> |

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

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| <u>Bank</u> | | | | |
| Net gain / (loss) arising on financial assets at fair value through profit or loss: | | | | |
| - net gain / (loss) on disposal | 2,087 | 5,614 | (1,364) | 26,803 |
| - gross dividend income | 494 | - | 1,977 | 1,483 |
| - unrealised revaluation (loss) / gain | (1,193) | 1,383 | (31,360) | 30,006 |
| | <u>1,388</u> | <u>6,997</u> | <u>(30,747)</u> | <u>58,292</u> |
| Net (loss) / gain arising on trading derivatives | | | | |
| - unrealised revaluation (loss) / gain | (3) | - | (6) | 77 |
| Net gain arising on financial investments at fair value through other comprehensive income: | | | | |
| - net gain on disposal | 20,492 | 105,937 | 158,545 | 338,403 |
| - gross dividend income | 317 | 1,600 | 1,083 | 1,600 |
| | <u>20,809</u> | <u>107,537</u> | <u>159,628</u> | <u>340,003</u> |
| Net gain arising on financial investments at amortised cost | | | | |
| - net gain on disposal | - | - | 1,755 | - |
| Net (loss) / gain representing ineffective portions of hedging derivatives: | | | | |
| - fair value hedge | (12) | (290) | 10 | (297) |
| - cash flow hedge | 334 | 2,501 | 174 | 149 |
| | <u>322</u> | <u>2,211</u> | <u>184</u> | <u>(148)</u> |
| Net gains and losses on financial instruments | <u>22,516</u> | <u>116,745</u> | <u>130,814</u> | <u>398,224</u> |

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A20. Other Operating Income

| | 3rd Quarter Ended | | Nine Months Ended | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| <u>Group</u> | | | | |
| Other income: | | | | |
| Foreign exchange profit | 71,424 | 72,632 | 195,437 | 190,398 |
| Rental income from: | | | | |
| - investment properties | 3,803 | 3,805 | 11,211 | 11,217 |
| - other properties | 2,625 | 2,867 | 7,990 | 8,660 |
| Net gain on disposal of property and equipment | 28 | 51 | 346 | 625 |
| Net gain on disposal of foreclosed properties | 91 | 90 | 88 | 292 |
| Net gain / (loss) on revaluation of investment properties | 12 | 18 | 1,899 | (6,382) |
| Others | 20,684 | 43,983 | 64,950 | 90,694 |
| Total other operating income | <u>98,667</u> | <u>123,446</u> | <u>281,921</u> | <u>295,504</u> |
| | | | | |
| | 3rd Quarter Ended | 3rd Quarter Ended | Nine Months Ended | Nine Months Ended |
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| <u>Bank</u> | | | | |
| Distribution income from collective investments | 39,321 | 50,563 | 122,313 | 152,554 |
| Dividend income from subsidiary companies | | | | |
| - quoted outside Malaysia | - | - | 21,505 | 13,324 |
| - unquoted in Malaysia | - | - | 420,000 | 269,000 |
| | <u>39,321</u> | <u>50,563</u> | <u>563,818</u> | <u>434,878</u> |
| Other income: | | | | |
| Foreign exchange profit / (loss) | 25,308 | 219,268 | (32,535) | 121,790 |
| Rental income from other properties | 2,881 | 3,439 | 9,218 | 10,413 |
| Net gain on disposal of property and equipment | 19 | 9 | 321 | 120 |
| Net gain on disposal of foreclosed properties | 91 | 90 | 88 | 292 |
| Others | 17,752 | 21,023 | 59,416 | 56,091 |
| | <u>46,051</u> | <u>243,829</u> | <u>36,508</u> | <u>188,706</u> |
| Total other operating income | <u>85,372</u> | <u>294,392</u> | <u>600,326</u> | <u>623,584</u> |

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A21. Other Operating Expenses

| <u>Group</u> | 3rd Quarter Ended | | Nine Months Ended | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 30 September 2021 | 30 September 2020 | 30 September 2021 | 30 September 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 589,822 | 577,472 | 1,811,324 | 1,747,241 |
| - Pension costs | 88,996 | 83,356 | 270,926 | 253,633 |
| - Others | 37,021 | 33,386 | 115,378 | 118,560 |
| | <u>715,839</u> | <u>694,214</u> | <u>2,197,628</u> | <u>2,119,434</u> |
| Establishment costs | | | | |
| - Depreciation | 92,824 | 84,598 | 279,713 | 267,036 |
| - Insurance | 5,869 | 5,765 | 18,435 | 17,853 |
| - Water and electricity | 11,051 | 11,804 | 32,390 | 35,876 |
| - General repairs and maintenance | 35,913 | 35,717 | 105,676 | 102,034 |
| - Information technology expenses | 15,722 | 16,031 | 47,209 | 49,021 |
| - Others | 23,520 | 23,724 | 68,804 | 67,851 |
| | <u>184,899</u> | <u>177,639</u> | <u>552,227</u> | <u>539,671</u> |
| Marketing expenses | | | | |
| - Advertisement and publicity | 12,913 | 14,412 | 46,619 | 42,607 |
| - Others | 11,710 | 18,387 | 49,536 | 54,007 |
| | <u>24,623</u> | <u>32,799</u> | <u>96,155</u> | <u>96,614</u> |
| Administration and general expenses | | | | |
| - Communication expenses | 17,426 | 15,605 | 54,943 | 47,979 |
| - Legal and professional fees | 9,061 | 10,405 | 28,812 | 27,277 |
| - Others | 24,198 | 17,619 | 74,679 | 86,901 |
| | <u>50,685</u> | <u>43,629</u> | <u>158,434</u> | <u>162,157</u> |
| Total other operating expenses | <u>976,046</u> | <u>948,281</u> | <u>3,004,444</u> | <u>2,917,876</u> |

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A21. Other Operating Expenses (continued)

| <u>Bank</u> | 3rd Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 440,139 | 429,762 | 1,359,034 | 1,313,817 |
| - Pension costs | 77,864 | 72,364 | 236,972 | 219,729 |
| - Others | 29,410 | 26,331 | 90,740 | 93,897 |
| | 547,413 | 528,457 | 1,686,746 | 1,627,443 |
| Establishment costs | | | | |
| - Depreciation | 70,915 | 63,085 | 216,319 | 203,556 |
| - Insurance | 4,896 | 4,819 | 15,114 | 14,680 |
| - Water and electricity | 7,160 | 8,062 | 21,706 | 24,728 |
| - General repairs and maintenance | 32,290 | 31,216 | 92,521 | 88,955 |
| - Information technology expenses | 7,596 | 6,486 | 21,388 | 22,061 |
| - Others | 11,745 | 12,602 | 33,690 | 34,531 |
| | 134,602 | 126,270 | 400,738 | 388,511 |
| Marketing expenses | | | | |
| - Advertisement and publicity | 6,269 | 5,657 | 25,289 | 16,782 |
| - Others | 6,252 | 8,843 | 23,116 | 28,807 |
| | 12,521 | 14,500 | 48,405 | 45,589 |
| Administration and general expenses | | | | |
| - Communication expenses | 14,323 | 13,368 | 45,974 | 37,645 |
| - Legal and professional fees | 5,670 | 6,507 | 18,123 | 16,970 |
| - Others | 9,008 | 1,056 | 28,321 | 37,719 |
| | 29,001 | 20,931 | 92,418 | 92,334 |
| Cost of resource sharing charged to Public Islamic Bank Berhad * | (112,983) | (103,624) | (337,484) | (317,507) |
| Total other operating expenses | 610,554 | 586,534 | 1,890,823 | 1,836,370 |

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

| | 3rd Quarter Ended | | Nine Months Ended | |
|-------------------------------|---|---|---|---|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| Credit related | (49,197) | (45,862) | (146,485) | (139,790) |
| Non-credit branch support | (41,850) | (39,237) | (125,076) | (118,487) |
| Other administration function | (21,936) | (18,525) | (65,923) | (59,230) |
| | (112,983) | (103,624) | (337,484) | (317,507) |

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A22. Allowance for Impairment on Loans, Advances and Financing

| | 3rd Quarter Ended | | Nine Months Ended | |
|--|-------------------|----------------|-------------------|----------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Expected credit losses | 372,838 | 386,019 | 1,060,189 | 714,084 |
| Impaired loans and financing written off | 6 | 9 | 23 | 41 |
| Impaired loans and financing recovered | (48,409) | (51,412) | (141,286) | (164,384) |
| | <u>324,435</u> | <u>334,616</u> | <u>918,926</u> | <u>549,741</u> |

| | 3rd Quarter Ended | | Nine Months Ended | |
|----------------------------|-------------------|----------------|-------------------|----------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Expected credit losses | 218,422 | 258,722 | 716,462 | 396,341 |
| Impaired loans written off | 6 | 9 | 23 | 41 |
| Impaired loans recovered | (23,688) | (26,638) | (70,692) | (82,013) |
| | <u>194,740</u> | <u>232,093</u> | <u>645,793</u> | <u>314,369</u> |

A23. Allowance for Impairment on Other Assets

| | 3rd Quarter Ended | | Nine Months Ended | |
|--|-------------------|--------------|-------------------|--------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Expected credit losses on: | | | | |
| - Financial investments at fair value through other comprehensive income | 578 | 1,418 | 1,600 | 2,964 |
| - Financial investments at amortised cost | (106) | 201 | (128) | 411 |
| - Deposits and placements with banks and other financial institutions | 4 | (12) | 15 | 414 |
| Allowance made / (written back) on: | | | | |
| - Foreclosed properties | 1,600 | 2,449 | 789 | 5,094 |
| - Other receivables | (1) | - | 20 | 17 |
| | <u>2,075</u> | <u>4,056</u> | <u>2,296</u> | <u>8,900</u> |

| | 3rd Quarter Ended | | Nine Months Ended | |
|--|-------------------|--------------|-------------------|--------------|
| | 30 September | 30 September | 30 September | 30 September |
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Expected credit losses on: | | | | |
| - Financial investments at fair value through other comprehensive income | 59 | 598 | 22 | 1,289 |
| - Financial investments at amortised cost | (76) | 188 | (109) | 243 |
| Allowance made on: | | | | |
| - Foreclosed properties | 1,601 | 2,412 | 587 | 5,057 |
| | <u>1,584</u> | <u>3,198</u> | <u>500</u> | <u>6,589</u> |

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A24. Segment Information

| | ←----- Operating Segments -----→ | | | | | | | Head Office and Funding Center 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 | | | | | |
| 3rd Quarter Ended 30 September 2021 | | | | | | | | | | | | |
| External revenue | 621,189 | 2,247,713 | 373,264 | 216,558 | 50,507 | 444,921 | 14,049 | 422,477 | 4,390,678 | 421,406 | - | 4,812,084 |
| Revenue from other segments | 405 | 439,910 | 6,030 | 331,816 | 150 | 11,935 | 280 | 137,313 | 927,839 | 3,474 | (931,313) | - |
| | <u>621,594</u> | <u>2,687,623</u> | <u>379,294</u> | <u>548,374</u> | <u>50,657</u> | <u>456,856</u> | <u>14,329</u> | <u>559,790</u> | <u>5,318,517</u> | <u>424,880</u> | <u>(931,313)</u> | <u>4,812,084</u> |
| Net interest income / (expense) and | | | | | | | | | | | | |
| Islamic banking income | 195,413 | 1,478,351 | 158,341 | 18,662 | 9,398 | 1,821 | (3,379) | 275,624 | 2,134,231 | 301,429 | (8) | 2,435,652 |
| Other income | 571 | 187,070 | 8,486 | 68,630 | 22,218 | 282,651 | 1,931 | 25,697 | 597,254 | 47,457 | (9,606) | 635,105 |
| Net income / (expense) | <u>195,984</u> | <u>1,665,421</u> | <u>166,827</u> | <u>87,292</u> | <u>31,616</u> | <u>284,472</u> | <u>(1,448)</u> | <u>301,321</u> | <u>2,731,485</u> | <u>348,886</u> | <u>(9,614)</u> | <u>3,070,757</u> |
| Other operating expenses | (61,435) | (508,680) | (5,085) | (13,570) | (11,907) | (65,877) | (6,411) | (143,376) | (816,341) | (169,319) | 9,614 | (976,046) |
| (Allowance) / Writeback of allowance for impairment on loans, advances and financing | (102,997) | (129,015) | (86,659) | - | 31 | - | - | - | (318,640) | (5,795) | - | (324,435) |
| (Allowance) / Writeback of Allowance for impairment on other assets | - | (1,601) | - | (95) | (5) | - | - | 60 | (1,641) | (434) | - | (2,075) |
| Profit / (Loss) by segments | <u>31,552</u> | <u>1,026,125</u> | <u>75,083</u> | <u>73,627</u> | <u>19,735</u> | <u>218,595</u> | <u>(7,859)</u> | <u>158,005</u> | <u>1,594,863</u> | <u>173,338</u> | <u>-</u> | <u>1,768,201</u> |
| Reconciliation of segment profits to consolidated profits: | | | | | | | | | | | | |
| Share of loss after tax of equity accounted associated companies | | | | | | | | | (2,135) | - | | (2,135) |
| Profit before tax expense and zakat | | | | | | | | | <u>1,592,728</u> | <u>173,338</u> | <u>-</u> | <u>1,766,066</u> |

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A24. Segment Information (continued)

| | ←----- Operating Segments -----→ | | | | | | | Head Office and Funding Center 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 | | | | | |
| 3rd Quarter Ended 30 September 2020 | | | | | | | | | | | | |
| External revenue | 608,156 | 2,269,032 | 393,954 | 242,652 | 87,712 | 418,955 | 13,825 | 652,781 | 4,687,067 | 445,758 | - | 5,132,825 |
| Revenue from other segments | 674 | 642,364 | 6,586 | 425,755 | 150 | 11,455 | 187 | 141,596 | 1,228,767 | 7,139 | (1,235,906) | - |
| | <u>608,830</u> | <u>2,911,396</u> | <u>400,540</u> | <u>668,407</u> | <u>87,862</u> | <u>430,410</u> | <u>14,012</u> | <u>794,377</u> | <u>5,915,834</u> | <u>452,897</u> | <u>(1,235,906)</u> | <u>5,132,825</u> |
| Net interest income / (expense) and | | | | | | | | | | | | |
| Islamic banking income | 143,834 | 1,450,731 | 162,940 | 56,772 | 8,787 | 1,016 | (3,538) | 194,595 | 2,015,137 | 292,290 | (8) | 2,307,419 |
| Other income | 830 | 215,300 | 207 | 102,009 | 42,210 | 258,046 | 2,059 | 97,854 | 718,515 | 71,135 | (9,476) | 780,174 |
| Net income / (expense) | <u>144,664</u> | <u>1,666,031</u> | <u>163,147</u> | <u>158,781</u> | <u>50,997</u> | <u>259,062</u> | <u>(1,479)</u> | <u>292,449</u> | <u>2,733,652</u> | <u>363,425</u> | <u>(9,484)</u> | <u>3,087,593</u> |
| Other operating expenses | (58,606) | (486,138) | (4,315) | (12,057) | (12,573) | (67,892) | (6,397) | (136,356) | (784,334) | (173,431) | 9,484 | (948,281) |
| (Allowance) / Writeback of | | | | | | | | | | | | |
| allowance for impairment on | | | | | | | | | | | | |
| loans, advances and financing | (2,172) | (165,809) | (123,350) | - | 21 | 3 | - | - | (291,307) | (43,309) | - | (334,616) |
| Allowance for impairment on | | | | | | | | | | | | |
| other assets | - | (2,449) | - | (270) | (16) | - | - | (1,123) | (3,858) | (198) | - | (4,056) |
| Profit / (Loss) by segments | <u>83,886</u> | <u>1,011,635</u> | <u>35,482</u> | <u>146,454</u> | <u>38,429</u> | <u>191,173</u> | <u>(7,876)</u> | <u>154,970</u> | <u>1,654,153</u> | <u>146,487</u> | <u>-</u> | <u>1,800,640</u> |
| Reconciliation of segment profits to consolidated profits: | | | | | | | | | | | | |
| Share of profit after tax of equity accounted associated companies | | | | | | | | | 2,185 | - | | 2,185 |
| Profit before tax expense and zakat | | | | | | | | | <u>1,656,338</u> | <u>146,487</u> | | <u>1,802,825</u> |

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A24. Segment Information (continued)

| | ←----- Operating Segments -----→ | | | | | | | Head Office and Funding Center 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 | | | | | |
| Nine Months Ended 30 September 2021 | | | | | | | | | | | | |
| External revenue | 1,888,915 | 6,736,271 | 1,127,682 | 642,477 | 189,201 | 1,375,701 | 42,262 | 1,496,401 | 13,498,910 | 1,264,965 | - | 14,763,875 |
| Revenue from other segments | 989 | 1,311,551 | 16,773 | 1,014,210 | 514 | 35,014 | 876 | 321,822 | 2,701,749 | 13,709 | (2,715,458) | - |
| | 1,889,904 | 8,047,822 | 1,144,455 | 1,656,687 | 189,715 | 1,410,715 | 43,138 | 1,818,223 | 16,200,659 | 1,278,674 | (2,715,458) | 14,763,875 |
| Net interest income / (expense) and | | | | | | | | | | | | |
| Islamic banking income | 595,541 | 4,351,551 | 476,919 | 133,429 | 27,743 | 4,929 | (10,096) | 990,821 | 6,570,837 | 882,749 | (25) | 7,453,561 |
| Other income | 1,675 | 611,049 | 26,431 | 265,912 | 86,511 | 847,668 | 6,012 | 61,164 | 1,906,422 | 162,375 | (30,542) | 2,038,255 |
| Net income / (expense) | 597,216 | 4,962,600 | 503,350 | 399,341 | 114,254 | 852,597 | (4,084) | 1,051,985 | 8,477,259 | 1,045,124 | (30,567) | 9,491,816 |
| Other operating expenses | (190,361) | (1,568,238) | (15,561) | (41,107) | (38,767) | (208,978) | (19,134) | (440,261) | (2,522,407) | (512,604) | 30,567 | (3,004,444) |
| (Allowance) / Writeback of | | | | | | | | | | | | |
| allowance for impairment on | | | | | | | | | | | | |
| loans, advances and financing | (312,368) | (399,191) | (170,424) | - | 387 | (2) | - | - | (881,598) | (37,328) | - | (918,926) |
| Allowance for impairment on | | | | | | | | | | | | |
| other assets | - | (790) | - | (192) | (53) | - | - | (1,132) | (2,167) | (129) | - | (2,296) |
| Profit / (Loss) by segments | 94,487 | 2,994,381 | 317,365 | 358,042 | 75,821 | 643,617 | (23,218) | 610,592 | 5,071,087 | 495,063 | - | 5,566,150 |
| Reconciliation of segment profits | | | | | | | | | | | | |
| to consolidated profits: | | | | | | | | | | | | |
| Share of loss after tax | | | | | | | | | | | | |
| of equity accounted associated | | | | | | | | | | | | |
| companies | | | | | | | | | (5,736) | - | | (5,736) |
| Profit before tax expense and zakat | | | | | | | | | 5,065,351 | 495,063 | | 5,560,414 |
| Cost income ratio | 31.9% | 31.6% | 3.1% | 10.3% | 33.9% | 24.5% | n/a | 41.9% | 29.8% | 49.0% | | 31.7% |

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A24. Segment Information (continued)

| | ←----- Operating Segments -----→ | | | | | | | | Head Office and Funding Center 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 | | | | | | |
| Nine Months Ended 30 September 2021 | | | | | | | | | | | | | |
| Gross loans, advances and financing | 52,019,969 | 236,084,002 | 41,879,681 | - | 364,683 | 119,852 | 1,474 | - | 330,469,661 | 23,042,255 | | | 353,511,916 |
| Loans growth | -0.7% | 3.5% | -2.1% | - | -2.6% | 3.2% | 3.1% | - | 2.1% | 5.1% | | | 2.3% |
| Impaired loans, advances and financing | 195,840 | 632,804 | 65,699 | - | - | 826 | - | - | 895,169 | 262,278 | | | 1,157,447 |
| Impaired loan and financing ratio | 0.4% | 0.3% | 0.2% | - | - | 0.7% | - | - | 0.3% | 1.1% | | | 0.3% |
| Deposits from customers | - | 287,728,608 | 164,504 | 61,434,192 | 1,132,666 | - | - | - | 350,459,970 | 28,448,944 | | | 378,908,914 |
| Deposits growth | - | 4.5% | -24.2% | 0.9% | 10.6% | - | - | - | 3.9% | 0.1% | | | 3.6% |
| Segment assets | <u>51,345,806</u> | <u>294,752,090</u> | <u>41,032,336</u> | <u>72,301,921</u> | <u>2,273,727</u> | <u>582,411</u> | <u>827,424</u> | <u>51,507,169</u> | <u>514,622,884</u> | <u>39,833,318</u> | <u>(98,303,183)</u> | | <u>456,153,019</u> |
| Reconciliation of segment assets to consolidated assets: | | | | | | | | | | | | | |
| Investment in associated companies | | | | | | | | | 116,410 | 16 | | | 116,426 |
| Unallocated assets | | | | | | | | | 2,489,418 | - | | | 2,489,418 |
| Intangible assets | | | | | | | | | 775,493 | 1,692,593 | | | 2,468,086 |
| Total assets | | | | | | | | | <u>518,004,205</u> | <u>41,525,927</u> | | | <u>461,226,949</u> |

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A24. Segment Information (continued)

| | ←----- Operating Segments -----→ | | | | | | | | Head Office and Funding Center 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 | | | | | | |
| Nine Months Ended 30 September 2020 | | | | | | | | | | | | | |
| External revenue | 1,855,464 | 7,313,453 | 1,317,015 | 861,183 | 199,329 | 1,096,156 | 41,047 | 1,303,062 | 13,986,709 | 1,400,461 | - | 15,387,170 | |
| Revenue from other segments | 1,623 | 1,738,508 | 22,970 | 1,462,365 | 528 | 34,818 | 738 | 440,956 | 3,702,506 | 45,285 | (3,747,791) | - | |
| | <u>1,857,087</u> | <u>9,051,961</u> | <u>1,339,985</u> | <u>2,323,548</u> | <u>199,857</u> | <u>1,130,974</u> | <u>41,785</u> | <u>1,744,018</u> | <u>17,689,215</u> | <u>1,445,746</u> | <u>(3,747,791)</u> | <u>15,387,170</u> | |
| Net interest income / (expense) and Islamic banking income | 471,229 | 4,087,182 | 458,268 | 129,434 | 23,699 | 4,260 | (13,311) | 126,103 | 5,286,864 | 897,006 | (23) | 6,183,847 | |
| Other income | 1,711 | 534,483 | 15,944 | 312,333 | 91,888 | 703,038 | 5,809 | 286,864 | 1,952,070 | 179,255 | (31,986) | 2,099,339 | |
| Net income / (expense) | 472,940 | 4,621,665 | 474,212 | 441,767 | 115,587 | 707,298 | (7,502) | 412,967 | 7,238,934 | 1,076,261 | (32,009) | 8,283,186 | |
| Other operating expenses (Allowance) / Writeback of allowance for impairment on loans, advances and financing | (194,740) | (1,503,185) | (13,632) | (35,930) | (36,461) | (194,361) | (18,786) | (430,481) | (2,427,576) | (522,309) | 32,009 | (2,917,876) | |
| Allowance for impairment on other assets | - | (5,111) | - | (231) | (32) | - | - | (2,097) | (7,471) | (1,429) | - | (8,900) | |
| Profit / (Loss) by segments | <u>188,185</u> | <u>2,861,327</u> | <u>348,480</u> | <u>405,606</u> | <u>80,273</u> | <u>512,712</u> | <u>(26,288)</u> | <u>(19,611)</u> | <u>4,350,684</u> | <u>455,985</u> | <u>-</u> | <u>4,806,669</u> | |
| Reconciliation of segment profits to consolidated profits: Share of profit after tax of equity accounted associated companies | | | | | | | | | 3,674 | - | | 3,674 | |
| Profit before tax expense and zakat | | | | | | | | | <u>4,354,358</u> | <u>455,985</u> | | <u>4,810,343</u> | |
| Cost income ratio | 41.2% | 32.5% | 2.9% | 8.1% | 31.5% | 27.5% | n/a | 104.2% | 33.5% | 48.5% | | 35.2% | |

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A24. Segment Information (continued)

| | ←----- Operating Segments -----→ | | | | | | | | Head Office and Funding Center 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 | | | | | | |
| Nine Months Ended 30 September 2020 | | | | | | | | | | | | | |
| Gross loans, advances and financing Loans growth | 51,308,980 4.5% | 224,505,036 4.3% | 43,672,734 3.1% | - - | 380,573 8.9% | 114,940 10.1% | 1,503 -2.8% | - - | 319,983,766 4.2% | 22,358,288 -4.1% | | 342,342,054 3.6% | |
| Impaired loans, advances and financing | 106,200 | 761,089 | 21,013 | - | - | 516 | - | - | 888,818 | 225,954 | | 1,114,772 | |
| Impaired loan and financing ratio | 0.2% | 0.3% | 0.0% | - | - | 0.4% | - | - | 0.3% | 1.0% | | 0.3% | |
| Deposits from customers | - | 272,766,180 | 183,449 | 60,655,266 | 1,094,388 | - | - | - | 334,699,283 | 29,103,760 | | 363,803,043 | |
| Deposits growth | - | 5.1% | -7.1% | -6.4% | 46.6% | - | - | - | 2.9% | 3.4% | | 3.0% | |
| Segment assets | <u>51,091,147</u> | <u>280,745,946</u> | <u>43,021,062</u> | <u>74,913,565</u> | <u>2,169,822</u> | <u>570,622</u> | <u>832,396</u> | <u>53,157,607</u> | <u>506,502,167</u> | <u>40,368,287</u> | <u>(101,151,195)</u> | <u>445,719,259</u> | |
| Reconciliation of segment assets to consolidated assets: | | | | | | | | | | | | | |
| Investment in associated companies | | | | | | | | | 80,439 | 16 | | 80,455 | |
| Unallocated assets | | | | | | | | | 2,040,681 | - | | 2,040,681 | |
| Intangible assets | | | | | | | | | 775,493 | 1,693,763 | | 2,469,256 | |
| Total assets | | | | | | | | | <u>509,398,780</u> | <u>42,062,066</u> | | <u>450,309,651</u> | |

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A24. 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.

A25. 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.

A26. Changes in the Composition of the Group

There were no changes in the composition of the Group in the current financial period.

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A27. 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 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Contingent liabilities | | | | |
| Direct credit substitutes | 934,243 | 914,667 | 889,366 | 870,920 |
| Transaction-related contingent items | 1,667,353 | 1,668,612 | 1,379,839 | 1,390,714 |
| Short term self-liquidating trade-related contingencies | 475,593 | 401,318 | 116,079 | 208,040 |
| | 3,077,189 | 2,984,597 | 2,385,284 | 2,469,674 |
| Commitments | | | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: | | | | |
| - exceeding one year | 31,076,988 | 31,342,568 | 23,243,800 | 24,724,600 |
| - not exceeding one year | 24,906,036 | 26,297,443 | 19,927,585 | 21,594,955 |
| Unutilised credit card lines | 8,735,890 | 8,161,401 | 8,435,943 | 7,910,938 |
| Forward asset purchases | 451,421 | 42,424 | 405,358 | 42,424 |
| | 65,170,335 | 65,843,836 | 52,012,686 | 54,272,917 |
| Derivative financial instruments | | | | |
| Foreign exchange related contracts: | | | | |
| - up to one year | 22,606,547 | 28,020,406 | 21,382,021 | 26,902,244 |
| - more than one year to five years | 3,446,815 | 2,978,728 | 3,446,815 | 2,978,728 |
| Interest / Profit rate related contracts: | | | | |
| - up to one year | 2,446,850 | 1,507,160 | 2,946,850 | 1,426,800 |
| - more than one year to five years | 2,839,909 | 4,718,304 | 5,034,313 | 6,185,260 |
| - more than five years | 825,588 | 880,810 | 1,200,000 | 1,700,000 |
| Commodity related contracts: | | | | |
| - up to one year | 1,024 | 606 | 1,024 | 606 |
| | 32,166,733 | 38,106,014 | 34,011,023 | 39,193,638 |
| | 100,414,257 | 106,934,447 | 88,408,993 | 95,936,229 |

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A28. Derivative Financial Instruments

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

| Group | 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 |
| As at 30 September 2021 | | | | | | | | | | | | |
| Trading derivatives: | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Forwards | 1,389,957 | 418 | - | 1,390,375 | 3,827 | 6 | - | 3,833 | 4,452 | - | - | 4,452 |
| - Swaps | 20,470,775 | - | - | 20,470,775 | 96,165 | - | - | 96,165 | 99,181 | - | - | 99,181 |
| - Options | 117,877 | - | - | 117,877 | - | - | - | - | - | - | - | - |
| Precious metal contracts | | | | | | | | | | | | |
| - Forwards | 1,024 | - | - | 1,024 | - | - | - | - | 4 | - | - | 4 |
| | <u>21,979,633</u> | <u>418</u> | <u>-</u> | <u>21,980,051</u> | <u>99,992</u> | <u>6</u> | <u>-</u> | <u>99,998</u> | <u>103,637</u> | <u>-</u> | <u>-</u> | <u>103,637</u> |
| Hedging Derivatives: | | | | | | | | | | | | |
| Fair Value Hedge | | | | | | | | | | | | |
| Interest rate related contracts | | | | | | | | | | | | |
| - Swaps | 220,000 | - | 431,184 | 651,184 | - | - | - | - | 2,883 | - | 30,848 | 33,731 |
| Cash Flow Hedge | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Cross currency interest rate swaps | 627,938 | 418,625 | - | 1,046,563 | 5,521 | 883 | - | 6,404 | - | - | - | - |
| Interest / Profit rate related contracts | | | | | | | | | | | | |
| - Swaps | 2,226,850 | 684,313 | 2,550,000 | 5,461,163 | - | - | 26,555 | 26,555 | 20,216 | 13,220 | 7,551 | 40,987 |
| Net Investment Hedge | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Forwards | - | 2,043,950 | 983,822 | 3,027,772 | - | 1,867 | - | 1,867 | - | 89,204 | 5,910 | 95,114 |
| | <u>3,074,788</u> | <u>3,146,888</u> | <u>3,965,006</u> | <u>10,186,682</u> | <u>5,521</u> | <u>2,750</u> | <u>26,555</u> | <u>34,826</u> | <u>23,099</u> | <u>102,424</u> | <u>44,309</u> | <u>169,832</u> |
| Total | <u>25,054,421</u> | <u>3,147,306</u> | <u>3,965,006</u> | <u>32,166,733</u> | <u>105,513</u> | <u>2,756</u> | <u>26,555</u> | <u>134,824</u> | <u>126,736</u> | <u>102,424</u> | <u>44,309</u> | <u>273,469</u> |

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A28. 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 2020 | 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 | 1,566,305 | 4,036 | - | 1,570,341 | 7,973 | 22 | - | 7,995 | 9,149 | - | - | 9,149 |
| - Swaps | 26,020,528 | - | - | 26,020,528 | 221,548 | - | - | 221,548 | 409,212 | - | - | 409,212 |
| - Options | 31,773 | - | - | 31,773 | - | - | - | - | - | - | - | - |
| Precious metal contracts | | | | | | | | | | | | |
| - Forwards | 606 | - | - | 606 | 3 | - | - | 3 | - | - | - | - |
| | <u>27,619,212</u> | <u>4,036</u> | <u>-</u> | <u>27,623,248</u> | <u>229,524</u> | <u>22</u> | <u>-</u> | <u>229,546</u> | <u>418,361</u> | <u>-</u> | <u>-</u> | <u>418,361</u> |
| Hedging Derivatives: | | | | | | | | | | | | |
| Fair Value Hedge | | | | | | | | | | | | |
| Interest rate related contracts | | | | | | | | | | | | |
| - Swaps | 80,360 | 220,000 | 413,854 | 714,214 | - | - | - | - | 152 | 5,676 | 45,460 | 51,288 |
| Cash Flow Hedge | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Cross currency interest rate swaps | 401,800 | 1,004,500 | - | 1,406,300 | - | 37,784 | - | 37,784 | 13,172 | - | - | 13,172 |
| Interest / Profit rate related contracts | | | | | | | | | | | | |
| - Swaps | 1,426,800 | 2,765,260 | 2,200,000 | 6,392,060 | - | - | 2,428 | 2,428 | 4,363 | 62,966 | 29,667 | 96,996 |
| Net Investment Hedge | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Forwards | - | 1,767,866 | 202,326 | 1,970,192 | - | 9,610 | 7,642 | 17,252 | - | 46,239 | - | 46,239 |
| | <u>1,908,960</u> | <u>5,757,626</u> | <u>2,816,180</u> | <u>10,482,766</u> | <u>-</u> | <u>47,394</u> | <u>10,070</u> | <u>57,464</u> | <u>17,687</u> | <u>114,881</u> | <u>75,127</u> | <u>207,695</u> |
| Total | <u>29,528,172</u> | <u>5,761,662</u> | <u>2,816,180</u> | <u>38,106,014</u> | <u>229,524</u> | <u>47,416</u> | <u>10,070</u> | <u>287,010</u> | <u>436,048</u> | <u>114,881</u> | <u>75,127</u> | <u>626,056</u> |

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A28. 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 September 2021 | 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 | 1,251,349 | 418 | - | 1,251,767 | 3,670 | 6 | - | 3,676 | 4,237 | - | - | 4,237 |
| - Swaps | 19,384,857 | - | - | 19,384,857 | 95,118 | - | - | 95,118 | 94,894 | - | - | 94,894 |
| - Options | 117,877 | - | - | 117,877 | - | - | - | - | - | - | - | - |
| Precious metal contracts | | | | | | | | | | | | |
| - Forwards | 1,024 | - | - | 1,024 | - | - | - | - | 4 | - | - | 4 |
| | <u>20,755,107</u> | <u>418</u> | <u>-</u> | <u>20,755,525</u> | <u>98,788</u> | <u>6</u> | <u>-</u> | <u>98,794</u> | <u>99,135</u> | <u>-</u> | <u>-</u> | <u>99,135</u> |
| Hedging Derivatives: | | | | | | | | | | | | |
| Fair Value Hedge | | | | | | | | | | | | |
| Interest rate related contracts | | | | | | | | | | | | |
| - Swaps | 220,000 | - | - | 220,000 | - | - | - | - | 2,883 | - | - | 2,883 |
| Cash Flow Hedge | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Cross currency interest rate swaps | 627,938 | 418,625 | - | 1,046,563 | 5,521 | 883 | - | 6,404 | - | - | - | - |
| Interest rate related contracts | | | | | | | | | | | | |
| - Swaps | 2,726,850 | 684,313 | 5,550,000 | 8,961,163 | 7,295 | - | 144,753 | 152,048 | 20,216 | 13,220 | 17,107 | 50,543 |
| Net Investment Hedge | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Forwards | - | 2,043,950 | 983,822 | 3,027,772 | - | 1,867 | - | 1,867 | - | 89,204 | 5,910 | 95,114 |
| | <u>3,574,788</u> | <u>3,146,888</u> | <u>6,533,822</u> | <u>13,255,498</u> | <u>12,816</u> | <u>2,750</u> | <u>144,753</u> | <u>160,319</u> | <u>23,099</u> | <u>102,424</u> | <u>23,017</u> | <u>148,540</u> |
| Total | <u>24,329,895</u> | <u>3,147,306</u> | <u>6,533,822</u> | <u>34,011,023</u> | <u>111,604</u> | <u>2,756</u> | <u>144,753</u> | <u>259,113</u> | <u>122,234</u> | <u>102,424</u> | <u>23,017</u> | <u>247,675</u> |

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A28. 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 2020 | 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 | 1,513,465 | 4,036 | - | 1,517,501 | 7,917 | 22 | - | 7,939 | 9,112 | - | - | 9,112 |
| - Swaps | 24,955,206 | - | - | 24,955,206 | 207,812 | - | - | 207,812 | 407,859 | - | - | 407,859 |
| - Options | 31,773 | - | - | 31,773 | - | - | - | - | - | - | - | - |
| Precious metal contracts | | | | | | | | | | | | |
| - Forwards | 606 | - | - | 606 | 3 | - | - | 3 | - | - | - | - |
| | <u>26,501,050</u> | <u>4,036</u> | <u>-</u> | <u>26,505,086</u> | <u>215,732</u> | <u>22</u> | <u>-</u> | <u>215,754</u> | <u>416,971</u> | <u>-</u> | <u>-</u> | <u>416,971</u> |
| Hedging Derivatives: | | | | | | | | | | | | |
| Fair Value Hedge | | | | | | | | | | | | |
| Interest rate related contracts | | | | | | | | | | | | |
| - Swaps | - | 220,000 | - | 220,000 | - | - | - | - | - | 5,676 | - | 5,676 |
| Cash Flow Hedge | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Cross currency interest rate swaps | 401,800 | 1,004,500 | - | 1,406,300 | - | 37,784 | - | 37,784 | 13,172 | - | - | 13,172 |
| Interest rate related contracts | | | | | | | | | | | | |
| - Swaps | 1,426,800 | 3,265,260 | 4,400,000 | 9,092,060 | - | 13,634 | 184,829 | 198,463 | 4,363 | 62,966 | 30,984 | 98,313 |
| Net Investment Hedge | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Forwards | - | 1,767,866 | 202,326 | 1,970,192 | - | 9,610 | 7,642 | 17,252 | - | 46,239 | - | 46,239 |
| | <u>1,828,600</u> | <u>6,257,626</u> | <u>4,602,326</u> | <u>12,688,552</u> | <u>-</u> | <u>61,028</u> | <u>192,471</u> | <u>253,499</u> | <u>17,535</u> | <u>114,881</u> | <u>30,984</u> | <u>163,400</u> |
| Total | <u>28,329,650</u> | <u>6,261,662</u> | <u>4,602,326</u> | <u>39,193,638</u> | <u>215,732</u> | <u>61,050</u> | <u>192,471</u> | <u>469,253</u> | <u>434,506</u> | <u>114,881</u> | <u>30,984</u> | <u>580,371</u> |

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A28. 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 counterparty may be unable to meet the terms of a contract in which the Group and the Bank have a gain in a contract. As at the reporting date, the amounts of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, were RM134,824,000 (2020: RM287,010,000) and RM259,113,000 (2020: RM469,253,000) respectively. These amounts 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 RM190,064,000 (2020: RM386,994,000) 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 2020 and Pillar 3 Disclosures section of the 2020 Annual Report.

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A29. 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 September 2021 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Government securities and treasury bills | - | 841,569 | - | 841,569 |
| - Non-money market instruments | - | - | 445,219 | 445,219 |
| | - | 841,569 | 445,219 | 1,286,788 |
| Financial investments at fair value through other comprehensive income | | | | |
| - Government securities and treasury bills | - | 41,770,644 | - | 41,770,644 |
| - Money market instruments | - | 947,723 | - | 947,723 |
| - Non-money market instruments | 1,574 | 5,371,814 | 392,960 | 5,766,348 |
| | 1,574 | 48,090,181 | 392,960 | 48,484,715 |
| Derivative financial assets | - | 134,824 | - | 134,824 |
| Total financial assets measured at fair value | 1,574 | 49,066,574 | 838,179 | 49,906,327 |
| Non-financial assets | | | | |
| Investment properties | - | - | 721,766 | 721,766 |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 273,469 | - | 273,469 |
| Total financial liabilities measured at fair value | - | 273,469 | - | 273,469 |

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A29. 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 2020 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Government securities and treasury bills | - | 904,395 | - | 904,395 |
| - Non-money market instruments | - | 200,339 | 478,772 | 679,111 |
| | - | 1,104,734 | 478,772 | 1,583,506 |
| Financial investments at fair value through other comprehensive income | | | | |
| - Government securities and treasury bills | - | 41,557,647 | - | 41,557,647 |
| - Money market instruments | - | 938,442 | - | 938,442 |
| - Non-money market instruments | 1,382 | 5,670,907 | 379,025 | 6,051,314 |
| | 1,382 | 48,166,996 | 379,025 | 48,547,403 |
| Derivative financial assets | - | 287,010 | - | 287,010 |
| Total financial assets measured at fair value | 1,382 | 49,558,740 | 857,797 | 50,417,919 |
| Non-financial assets | | | | |
| Investment properties | - | - | 712,885 | 712,885 |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 626,056 | - | 626,056 |
| Total financial liabilities measured at fair value | - | 626,056 | - | 626,056 |

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A29. 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 September 2021 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Government securities and treasury bills | - | 809,905 | - | 809,905 |
| - Non-money market instruments | - | - | 419,743 | 419,743 |
| | - | 809,905 | 419,743 | 1,229,648 |
| Financial investments at fair value through other comprehensive income | | | | |
| - Government securities and treasury bills | - | 30,298,088 | - | 30,298,088 |
| - Money market instruments | - | 947,723 | - | 947,723 |
| - Non-money market instruments | - | 995,808 | 386,175 | 1,381,983 |
| | - | 32,241,619 | 386,175 | 32,627,794 |
| Derivative financial assets | - | 259,113 | - | 259,113 |
| Total financial assets measured at fair value | - | 33,310,637 | 805,918 | 34,116,555 |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 247,675 | - | 247,675 |
| Total financial liabilities measured at fair value | - | 247,675 | - | 247,675 |

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A29. 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 2020 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Government securities and treasury bills | - | 904,395 | - | 904,395 |
| - Non-money market instruments | - | 200,339 | 451,376 | 651,715 |
| | - | 1,104,734 | 451,376 | 1,556,110 |
| Financial investments at fair value through other comprehensive income | | | | |
| - Government securities and treasury bills | - | 30,531,442 | - | 30,531,442 |
| - Money market instruments | - | 938,442 | - | 938,442 |
| - Non-money market instruments | - | 1,211,211 | 372,474 | 1,583,685 |
| | - | 32,681,095 | 372,474 | 33,053,569 |
| Derivative financial assets | - | 469,253 | - | 469,253 |
| Total financial assets measured at fair value | - | 34,255,082 | 823,850 | 35,078,932 |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 580,371 | - | 580,371 |
| Total financial liabilities measured at fair value | - | 580,371 | - | 580,371 |

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2020: None).

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A29. 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 -> | | | Total RM'000 |
|--|---|--|------------------------------------|------------------|
| | 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 | |
| At 1 January 2021 | 478,772 | 379,025 | 712,885 | 1,570,682 |
| Recognised in profit or loss | | | | |
| - unrealised revaluation (loss) / gain | (33,553) | - | 1,899 | (31,654) |
| Recognised in other comprehensive income | | | | |
| - unrealised revaluation gain | - | 12,982 | - | 12,982 |
| - realised gain on disposal | - | 319 | - | 319 |
| Addition | - | - | 14 | 14 |
| Disposal | - | (55) | - | (55) |
| Exchange differences | - | 689 | 6,968 | 7,657 |
| At 30 September 2021 | <u>445,219</u> | <u>392,960</u> | <u>721,766</u> | <u>1,559,945</u> |
| At 1 January 2020 | 445,428 | 351,538 | 753,095 | 1,550,061 |
| Recognised in profit or loss | | | | |
| - unrealised revaluation gain / (loss) | 33,344 | - | (18,124) | 15,220 |
| Recognised in other comprehensive income | | | | |
| - unrealised revaluation gain | - | 28,150 | - | 28,150 |
| Addition | - | - | 99 | 99 |
| Transfer to owner occupied property | - | - | (20,000) | (20,000) |
| Exchange differences | - | (663) | (2,185) | (2,848) |
| At 31 December 2020 | <u>478,772</u> | <u>379,025</u> | <u>712,885</u> | <u>1,570,682</u> |

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A29. 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 (continued):

| 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 2021 | 451,376 | 372,474 | 823,850 |
| Recognised in profit or loss | | | |
| - unrealised revaluation loss | (31,633) | - | (31,633) |
| Recognised in other comprehensive income | | | |
| - unrealised revaluation gain | - | 12,885 | 12,885 |
| - realised gain on disposal | - | 319 | 319 |
| Disposal | - | (55) | (55) |
| Exchange differences | - | 552 | 552 |
| At 30 September 2021 | 419,743 | 386,175 | 805,918 |
| At 1 January 2020 | 419,940 | 345,113 | 765,053 |
| Recognised in profit or loss | | | |
| - unrealised revaluation gain | 31,436 | - | 31,436 |
| Recognised in other comprehensive income | | | |
| - unrealised revaluation gain | - | 27,971 | 27,971 |
| Exchange differences | - | (610) | (610) |
| At 31 December 2020 | 451,376 | 372,474 | 823,850 |

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A29. 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 A28, there were no gains or losses arising from fair value changes of other financial liabilities.

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A30. 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 September 2021 | 31 December 2020 | 30 September 2021 | 31 December 2020 |
| <u>Before deducting interim dividends *</u> | | | | |
| Common Equity Tier I ("CET I") capital ratio | 14.062% | 14.815% | 12.981% | 13.702% |
| Tier I capital ratio | 14.116% | 14.869% | 13.025% | 13.745% |
| Total capital ratio | <u>17.249%</u> | <u>18.011%</u> | <u>16.338%</u> | <u>17.053%</u> |
| <u>After deducting interim dividends *</u> | | | | |
| CET I capital ratio | 14.062% | 13.951% | 12.981% | 12.611% |
| Tier I capital ratio | 14.116% | 14.005% | 13.025% | 12.654% |
| Total capital ratio | <u>17.249%</u> | <u>17.147%</u> | <u>16.338%</u> | <u>15.962%</u> |

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

| | Group | | Bank | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 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 | 1,320,106 | 1,518,824 | 610,598 | 793,110 |
| Retained profits | 33,249,915 | 34,290,480 | 27,101,134 | 28,373,510 |
| Qualifying non-controlling interests | 705,336 | 682,379 | - | - |
| Less: Goodwill and other intangible assets | (2,468,086) | (2,417,727) | (695,393) | (695,393) |
| Less: Deferred tax assets, net | (569,754) | (81,637) | (339,995) | - |
| Less: Defined benefit pension fund assets | - | (2,748) | - | (2,059) |
| Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital | <u>(148,101)</u> | <u>(105,998)</u> | <u>(6,205,741)</u> | <u>(6,183,241)</u> |
| Total CET I capital | 41,507,069 | 43,301,226 | 29,888,256 | 31,703,580 |
| Additional Tier I capital securities | 99,792 | 99,702 | 99,792 | 99,702 |
| Qualifying CET I and additional Tier I capital instruments held by third parties | <u>59,283</u> | <u>57,785</u> | <u>-</u> | <u>-</u> |
| Total Tier I capital | <u>41,666,144</u> | <u>43,458,713</u> | <u>29,988,048</u> | <u>31,803,282</u> |

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A30. Capital Adequacy (continued)

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

| | Group | | Bank | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| <u>Tier II capital</u> | | | | |
| Stage 1 and Stage 2 expected credit loss allowances # | 3,354,748 | 2,664,293 | 2,605,371 | 1,966,983 |
| Qualifying regulatory reserves | - | 670,140 | 23,116 | 686,899 |
| Subordinated notes | 4,999,997 | 4,999,992 | 4,999,997 | 4,999,992 |
| Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties | 761,792 | 718,503 | - | - |
| Others | 130,972 | 130,972 | - | - |
| Total Tier II capital | <u>9,247,509</u> | <u>9,183,900</u> | <u>7,628,484</u> | <u>7,653,874</u> |
| Total capital | <u>50,913,653</u> | <u>52,642,613</u> | <u>37,616,532</u> | <u>39,457,156</u> |

Excludes expected credit loss allowances restricted from Tier II capital of the Group of RM190,514,000 (31 December 2020 : Nil).

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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A30. Capital Adequacy (continued)

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

Regulatory capital requirements

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 ("CCB"), countercyclical capital buffer ("CCyB") and higher loss absorbency ("HLA") requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

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. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

Effective from 31 January 2021, HLA requirement is applicable to financial institutions designated as domestic systemically important banks ("D-SIBs"). Arising from this, the Group which is designated as a D-SIB by BNM is required to maintain an additional capital buffer of 0.5% to the regulatory capital requirements in line with the BNM's D-SIB Framework.

Prudential buffers and transitional arrangements

Prior to the COVID-19 pandemic, banking institutions are required to maintain a CCB of 2.5%. However, effective from 25 March 2020, banking institutions are allowed to drawdown the CCB of 2.5% to manage the impact of the COVID-19 pandemic but are required to rebuild this buffer after 31 December 2020 as well as to meet the minimum regulatory requirements by 30 September 2021. As at the reporting date, the Group and the Bank continued to maintain a CCB of 2.5%.

As allowed under the BNM's Capital Adequacy Frameworks on Capital Components, financial institutions which elect to apply the transitional arrangements for regulatory capital treatment of accounting provisions are allowed to add back a portion of the Stage 1 and Stage 2 provisions for expected credit losses to CET I capital over a four-year period from financial year beginning 2020, or a three-year period from financial year beginning 2021. As at the reporting date, the Group and the Bank have not applied the said transitional arrangements.

- 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 September 2021 RM'000 | 31 December 2020 RM'000 | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| Credit risk | 268,379,834 | 266,754,650 | 210,278,924 | 212,310,530 |
| Market risk | 5,351,407 | 4,719,681 | 5,290,922 | 4,741,815 |
| Operational risk | 20,797,608 | 20,141,735 | 14,052,411 | 13,689,994 |
| Large exposure risk | 643,875 | 668,423 | 618,399 | 641,027 |
| | <u>295,172,724</u> | <u>292,284,489</u> | <u>230,240,656</u> | <u>231,383,366</u> |

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A30. 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 September 2021 | | | | | | | |
| <u>Before deducting interim dividends: *</u> | | | | | | | |
| CET I capital ratio | 11.560% | 43.755% | 26.217% | 20.380% | 26.522% | N/A | N/A |
| Tier I capital ratio | 11.560% | 43.755% | 26.217% | 20.380% | 26.522% | N/A | N/A |
| Total capital ratio | 14.988% | 44.215% | 26.236% | 21.146% | 27.555% | 21.423% | 30.805% |
| <u>After deducting interim dividends: *</u> | | | | | | | |
| CET I capital ratio | 11.560% | 43.755% | 26.217% | 20.380% | 26.522% | N/A | N/A |
| Tier I capital ratio | 11.560% | 43.755% | 26.217% | 20.380% | 26.522% | N/A | N/A |
| Total capital ratio | 14.988% | 44.215% | 26.236% | 21.146% | 27.555% | 21.423% | 30.805% |
| 31 December 2020 | | | | | | | |
| <u>Before deducting interim dividends: *</u> | | | | | | | |
| CET I capital ratio | 12.176% | 49.642% | 27.913% | 19.590% | 25.675% | N/A | N/A |
| Tier I capital ratio | 12.176% | 49.642% | 27.913% | 19.590% | 25.675% | N/A | N/A |
| Total capital ratio | 15.751% | 50.101% | 27.931% | 20.347% | 26.703% | 19.808% | 36.233% |
| <u>After deducting interim dividends: *</u> | | | | | | | |
| CET I capital ratio | 12.176% | 41.315% | 27.913% | 19.568% | 23.684% | N/A | N/A |
| Tier I capital ratio | 12.176% | 41.315% | 27.913% | 19.568% | 23.684% | N/A | N/A |
| Total capital ratio | 15.751% | 41.773% | 27.931% | 20.325% | 24.712% | 19.808% | 36.233% |

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

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A30. 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 CCB 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 CCB 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 CCB 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 CCB 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 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. 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 Ordinance relating to Basel III capital standards and the Banking (Capital) Rules. These two subsidiaries are required to maintain a CCB of 2.5% and a CCyB of 1.0% as imposed by Hong Kong Monetary Authority to their private sector exposures in Hong Kong.

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A30. 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 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 the State Bank of Vietnam ("SBV") Circular No.41/2016/TT-NHNN and is derived as PBVN's capital divided by its risk-weighted assets for credit risk, market risk and operational risk. The minimum regulatory capital adequacy ratio requirement is 8.0%.

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A31. Operations of Islamic Banking

a) Statement of Financial Position As At 30 September 2021

| | Note | Group | |
|---|--------|--------------------------------|-------------------------------|
| | | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| ASSETS | | | |
| Cash and balances with banks | | 50,278 | 2,112,828 |
| Financial assets at fair value through profit or loss | | 31,664 | - |
| Derivative financial assets | | 9,556 | 1,317 |
| Financial investments at fair value through other comprehensive income | | 10,020,401 | 9,717,771 |
| Financial investments at amortised cost | | 4,463,246 | 4,520,961 |
| Financing and advances | A31(d) | 57,607,052 | 54,176,355 |
| Other assets | | 199,593 | 232,231 |
| Statutory deposits with Bank Negara Malaysia | | 249,350 | 168,200 |
| Deferred tax assets | | 136,924 | - |
| Collective investment | | 574,437 | 565,504 |
| Investment in an associated company | | 67,500 | 45,000 |
| Right-of-use assets | | 16,189 | 17,137 |
| Property and equipment | | 3,275 | 3,525 |
| Total Assets | | 73,429,465 | 71,560,829 |
| LIABILITIES AND ISLAMIC | | | |
| BANKING FUNDS | | | |
| Deposits from customers | A31(e) | 63,650,324 | 61,817,897 |
| Deposits from banks | | 2,288,896 | 2,067,854 |
| Bills and acceptances payable | | 391 | 481 |
| Derivative financial liabilities | | 125,493 | 196,035 |
| Senior Sukuk Murabahah | | - | 519,950 |
| Subordinated Sukuk Murabahah | | 1,000,000 | 1,000,000 |
| Lease liabilities | | 17,629 | 18,227 |
| Other liabilities | | 429,925 | 412,542 |
| Provision for zakat and taxation | | 246,344 | 318 |
| Deferred tax liabilities | | - | 104,135 |
| Total Liabilities | | 67,759,002 | 66,137,439 |
| Islamic Banking Funds | | 5,670,463 | 5,423,390 |
| Total Liabilities and Islamic Banking Funds | | 73,429,465 | 71,560,829 |
| COMMITMENTS AND CONTINGENCIES | | 14,060,327 | 11,946,719 |

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A31. Operations of Islamic Banking (continued)

b) Statement of Profit or Loss for the 3rd Quarter and Nine Months Ended 30 September 2021

| | 3rd Quarter Ended | | Nine Months Ended | |
|--|---|---|---|---|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| <u>Group</u> | | | | |
| Income derived from investment of depositors' funds and others | 587,437 | 631,669 | 1,826,757 | 1,816,901 |
| Income derived from investment of Islamic Banking Funds | 49,383 | 55,562 | 153,406 | 157,620 |
| Allowance for impairment on financing and advances | (78,186) | (31,622) | (202,400) | (68,920) |
| Allowance for impairment on other assets | (32) | (128) | (296) | (277) |
| Total distributable income | 558,602 | 655,481 | 1,777,467 | 1,905,324 |
| Income attributable to depositors and others | (282,905) | (320,703) | (848,066) | (1,130,261) |
| Total net income | 275,697 | 334,778 | 929,401 | 775,063 |
| Other operating expenses | (125,422) | (114,965) | (376,442) | (353,600) |
| Profit before zakat and taxation | 150,275 | 219,813 | 552,959 | 421,463 |
| Zakat | 337 | (81) | (713) | (243) |
| Taxation | (36,458) | (51,879) | (131,778) | (98,309) |
| Profit for the period | 114,154 | 167,853 | 420,468 | 322,911 |

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

| | 3rd Quarter Ended | | Nine Months Ended | |
|--|---|---|---|---|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| Income derived from investment of depositors' funds and others | 587,437 | 631,669 | 1,826,757 | 1,816,901 |
| Income derived from investment of Islamic Banking Funds | 49,383 | 55,562 | 153,406 | 157,620 |
| Income attributable to depositors and others | (282,905) | (320,703) | (848,066) | (1,130,261) |
| | 353,915 | 366,528 | 1,132,097 | 844,260 |
| Elimination of inter-company income and expenses | 32,485 | 31,972 | 92,179 | 95,705 |
| Net income from Islamic banking business | 386,400 | 398,500 | 1,224,276 | 939,965 |

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A31. Operations of Islamic Banking (continued)

c) Statement of Comprehensive Income for the 3rd Quarter and Nine Months Ended 30 September 2021

| | 3rd Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| <u>Group</u> | | | | |
| Profit for the period | 114,154 | 167,853 | 420,468 | 322,911 |
| Other comprehensive income / (loss): | | | | |
| <u>Items that will not be reclassified to profit or loss:</u> | | | | |
| Loss on remeasurements of defined benefit plan | - | (139) | - | (1,554) |
| <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 | (102,755) | 33,879 | (307,668) | 177,746 |
| Net change in cash flow hedges | 21,825 | (8,870) | 79,517 | (118,777) |
| | (80,930) | 25,009 | (228,151) | 58,969 |
| Income tax effect | 19,423 | (5,968) | 54,756 | (13,779) |
| Other comprehensive (loss) / income for the period, net of tax | (61,507) | 18,902 | (173,395) | 43,636 |
| Total comprehensive income for the period | 52,647 | 186,755 | 247,073 | 366,547 |

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A31. Operations of Islamic Banking (continued)

d) Financing and Advances

By type and contract

| Group | 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 |
|---|------------------------------------|---------------------------------------|---------------------|-------------------------------------|---------------------|------------------|--|
| 30 September 2021 | | | | | | | |
| At amortised cost | | | | | | | |
| Cash line | 1,637,139 | - | - | - | - | - | 1,637,139 |
| Term financing | | | | | | | |
| - House financing | 5,467,711 | - | - | 20,743,997 | - | - | 26,211,708 |
| - Syndicated financing | 1,370,304 | - | - | - | - | - | 1,370,304 |
| - Hire purchase receivables | - | 9,188,104 | - | - | - | - | 9,188,104 |
| - Other term financing | 4,616,801 | - | 1,736,739 | 12,846,467 | - | 157,206 | 19,357,213 |
| Credit card receivables | - | - | - | - | - | 42,337 | 42,337 |
| Bills receivables | - | - | - | - | 465 | - | 465 |
| Trust receipts | - | - | - | - | 5,054 | - | 5,054 |
| Claims on customers under acceptance credits | - | - | - | - | 140,739 | - | 140,739 |
| Revolving credits | 208,606 | - | - | - | - | - | 208,606 |
| Staff financing | - | 11,723 | - | 104,773 | - | - | 116,496 |
| Gross financing and advances | 13,300,561 | 9,199,827 | 1,736,739 | 33,695,237 | 146,258 | 199,543 | 58,278,165 |
| Allowance for impairment on financing and advances: | | | | | | | |
| - Expected credit losses | | | | | | | (671,113) |
| - Stage 1: 12-Month ECL | | | | | | | (325,005) |
| - Stage 2: Lifetime ECL not credit-impaired | | | | | | | (294,301) |
| - Stage 3: Lifetime ECL credit-impaired | | | | | | | (51,807) |
| Net financing and advances | | | | | | | 57,607,052 |

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A31. Operations of Islamic Banking (continued)

d) Financing and Advances (continued)

By type and contract (continued)

| Group | 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 |
|---|------------------------------------|---------------------------------------|---------------------|-------------------------------------|---------------------|------------------|--|
| 31 December 2020 | | | | | | | |
| At amortised cost | | | | | | | |
| Cash line | 1,515,623 | - | - | - | - | - | 1,515,623 |
| Term financing | | | | | | | |
| - House financing | 5,470,603 | - | - | 18,168,232 | - | - | 23,638,835 |
| - Syndicated financing | 1,341,516 | - | - | - | - | - | 1,341,516 |
| - Hire purchase receivables | - | 8,798,205 | - | - | - | - | 8,798,205 |
| - Other term financing | 4,680,794 | - | 1,702,074 | 12,205,232 | - | 211,199 | 18,799,299 |
| Credit card receivables | - | - | - | - | - | 34,699 | 34,699 |
| Bill receivables | - | - | - | - | 1,114 | - | 1,114 |
| Trust receipts | - | - | - | - | 4,155 | - | 4,155 |
| Claims on customers under acceptance credits | - | - | - | - | 162,079 | - | 162,079 |
| Revolving credits | 248,884 | - | - | - | - | - | 248,884 |
| Staff financing | - | 11,002 | - | 94,943 | - | - | 105,945 |
| Gross financing and advances | 13,257,420 | 8,809,207 | 1,702,074 | 30,468,407 | 167,348 | 245,898 | 54,650,354 |
| Allowance for impairment on financing and advances: | | | | | | | |
| - Expected credit losses | | | | | | | (473,999) |
| - Stage 1: 12-Month ECL | | | | | | | (249,018) |
| - Stage 2: Lifetime ECL not credit-impaired | | | | | | | (175,333) |
| - Stage 3: Lifetime ECL credit-impaired | | | | | | | (49,648) |
| Net financing and advances | | | | | | | 54,176,355 |

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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 September 2021 RM'000 | 31 December 2020 RM'000 |
| At 1 January | 169,421 | 275,050 |
| Impaired during the period / year | 158,399 | 190,044 |
| Reclassified as non-impaired | (127,731) | (191,093) |
| Recoveries | (26,763) | (39,279) |
| Amount written off | (22,362) | (60,617) |
| Financing converted to foreclosed properties | (4,338) | (4,684) |
| Closing balance | <u>146,626</u> | <u>169,421</u> |
| Gross impaired financing and advances as a percentage of gross financing and advances | <u>0.25%</u> | <u>0.31%</u> |

e) Deposits from Customers

| | Group | |
|--|---|--|
| | 30 September 2021 RM'000 | 31 December 2020 RM'000 |
| By type of deposit and contract | | |
| At amortised cost | | |
| Savings deposit | | |
| - Qard | 9,961,882 | 8,561,432 |
| Demand deposit | | |
| - Qard | 6,809,032 | 5,815,770 |
| Term deposit | | |
| - Commodity Murabahah | 40,064,591 | 40,003,712 |
| - Special term deposit account | | |
| - Commodity Murabahah | 6,814,819 | 7,436,983 |
| | <u>63,650,324</u> | <u>61,817,897</u> |

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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

| Key Profit or Loss Items: | Group | | | |
|---|--------------------------|---------------------|-----------------|----------|
| | Nine Months Ended | | | |
| | 30 September | 30 September | | |
| | 2021 | 2020 | Variance | |
| | RM'000 | RM'000 | RM'000 | % |
| Profit before tax expense and zakat | 5,560,414 | 4,810,343 | 750,071 | 15.6 |
| Net profit attributable to equity holders of the Bank | 4,275,700 | 3,723,743 | 551,957 | 14.8 |
| Other comprehensive (loss) / income (net) | (507,436) | 342,205 | (849,641) | (248.3) |

| Key Balance Sheet Items: | Group | | | |
|---------------------------------------|---------------------|---------------------|-----------------|----------|
| | As At | | | |
| | 30 September | 30 September | | |
| | 2021 | 2020 | Variance | |
| | RM'000 | RM'000 | RM'000 | % |
| Gross loans, advances and financing | 353,511,916 | 342,342,054 | 11,169,862 | 3.3 |
| Gross impaired loan and financing (%) | 0.33% | 0.33% | n/a | - |
| Deposits from customers | 378,908,914 | 363,803,043 | 15,105,871 | 4.2 |

The Group's pre-tax profit for the nine months ended 30 September 2021 increased by RM750.1 million or 15.6% to RM5,560.4 million as compared to the pre-tax profit in the previous corresponding period of RM4,810.3 million. Net profit attributable to equity holders increased by RM552.0 million or 14.8% to RM4,275.7 million over the same period. Included in the previous corresponding period were modification loss on COVID-19 relief measures of RM498.4 million and the negative effect of Overnight Policy Rate ("OPR") reduction of 125 basis points. Due to this low base effect coupled with positive loans and deposits growth achieved in the current period, net interest income and net income from Islamic banking business grew by RM985.4 million (+18.8%) and RM284.3 million (+30.2%) respectively. Net fee and commission income increased by RM230.8 million (+16.6%) mainly due to higher fee income from fund management and banking related services. These were partially offset by higher loan impairment allowance of RM369.2 million (-67.2%), lower investment income of RM278.3 million (-67.5%) which was in tandem with current market condition, and higher other operating expenses of RM86.6 million (-3.0%). The higher loan impairment allowance was mainly arising from pre-emptive allowance made in anticipation of the potential effect of COVID-19 pandemic.

Other comprehensive loss (net) of the Group for the current period was RM507.4 million as compared to other comprehensive income (net) of RM342.2 million in the previous corresponding period, mainly due to fluctuation from revaluation of financial investments in the current period arising from unfavourable market condition. These were partially offset by gain on cash flow hedges in the current period as compared to a loss recorded in the previous corresponding period, loss on remeasurements of defined benefit plans recognised in the previous corresponding period and higher gain on foreign currency translation in respect of foreign operations.

The Group's profit continued to be supported by positive loans and customer deposits growth. Gross loans grew by RM11.2 billion or 3.3% to RM353.5 billion as at 30 September 2021 as compared to RM342.3 billion as at 30 September 2020, mainly driven by growth in mortgage financing, hire purchase financing and lending to SMEs. Total deposits from customers increased by 4.2% or RM15.1 billion to RM378.9 billion as at 30 September 2021. The Group's gross impaired loan ratio continued to remain low and stable at 0.3% as at 30 September 2021.

The Group's Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio stood at a healthy level of 14.1%, 14.1% and 17.2% respectively. The Group's liquidity position also remained stable and healthy with liquidity coverage ratio stood at 145.6% as at 30 September 2021.

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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 nine months ended 30 September 2021 as compared to the previous corresponding period is analysed as follows:-

| Profit / (Loss) Before Tax by Segments: | Group | | Nine Months Ended | |
|--|---------------------|---------------------|--------------------------|-----------|
| | 30 September | 30 September | Variance | |
| | 2021 | 2020 | RM'000 | % |
| | RM'000 | RM'000 | | |
| Retail operations | 2,994,381 | 2,861,327 | 133,054 | 4.7 |
| Hire purchase | 94,487 | 188,185 | (93,698) | (49.8) |
| Corporate lending | 317,365 | 348,480 | (31,115) | (8.9) |
| Treasury and capital market operations | 358,042 | 405,606 | (47,564) | (11.7) |
| Investment banking | 75,821 | 80,273 | (4,452) | (5.5) |
| Fund management | 643,617 | 512,712 | 130,905 | 25.5 |
| Head office, funding center and others | 581,638 | (42,225) | 623,863 | > 1,000.0 |
| Total domestic operations | 5,065,351 | 4,354,358 | 710,993 | 16.3 |
| Overseas operations | 495,063 | 455,985 | 39,078 | 8.6 |
| | 5,560,414 | 4,810,343 | 750,071 | 15.6 |

- 1) Retail operations – Pre-tax profit increased by RM133.1 million (+4.7%) to RM2,994.4 million mainly due to higher net interest income on higher average loan balances and higher fee and other income. These were partially offset by higher loan impairment allowance made in anticipation of potential effect of COVID-19 pandemic and higher other operating expenses.
- 2) Hire purchase – Pre-tax profit decreased by RM93.7 million (-49.8%) to RM94.5 million mainly due to higher loan impairment allowance made in anticipation of potential effect of COVID-19 pandemic, partially offset by higher net interest income.
- 3) Corporate lending – Pre-tax profit decreased by RM31.1 million (-8.9%) to RM317.4 million mainly due to higher loan impairment allowance made in anticipation of potential effect of COVID-19 pandemic, partially offset by higher net interest income and fee income.
- 4) Treasury and capital market operations – Pre-tax profit decreased by RM47.6 million (-11.7%) to RM358.0 million mainly due to lower investment income.
- 5) Investment banking – Pre-tax profit decreased by RM4.5 million (-5.5%) to RM75.8 million mainly due to lower stock-broking income, lower investment income and higher other operating expenses, partially offset by higher net interest income.
- 6) Fund management – Pre-tax profit increased by RM130.9 million (+25.5%) to RM643.6 million mainly due to higher management fee from higher average net asset value of funds and higher fee income on sale of trust units arising from higher equity sales achieved. These were partially offset by higher other operating expenses.
- 7) Head office, funding center and others – Pre-tax profit of RM581.6 million was recorded in the current period as compared to pre-tax loss of RM42.2 million in the previous corresponding period. The loss incurred in the previous corresponding period was mainly due to the modification loss on COVID-19 relief measures and the negative effect of OPR reduction of 125 bps. These were partially offset by lower investment income in the current period.
- 8) Overseas operations – Pre-tax profit increased by RM39.1 million (+8.6%) to RM495.1 million mainly due to lower loan impairment allowance and other operating expenses. These were partially offset by lower other income and net interest income.

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B1. Performance Review (continued)

Current Quarter vs. Previous Year Corresponding Quarter

| Key Profit or Loss Items: | Group | | | |
|---|--------------------------------|--------------------------------|--------------------|---------|
| | 3rd Quarter Ended | | | |
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | Variance RM'000 | % |
| Profit before tax expense and zakat | 1,766,066 | 1,802,825 | (36,759) | (2.0) |
| Net profit attributable to equity holders of the Bank | 1,361,352 | 1,392,832 | (31,480) | (2.3) |
| Other comprehensive loss (net) | (194,374) | (39,728) | (154,646) | (389.3) |

For the 3rd quarter ended 30 September 2021, the Group registered a pre-tax profit of RM1,766.1 million, a decrease of RM36.8 million or 2.0% as compared to the pre-tax profit of RM1,802.8 million in the previous year corresponding quarter. Net profit attributable to equity holders decreased by RM31.5 million or 2.3% to RM1,361.4 million over the same period. The decrease was mainly due to lower investment income of RM99.5 million (-80.6%) in tandem with the current unfavourable market condition, lower fee income and other income of RM45.6 million (-6.9%) and higher other operating expenses of RM27.8 million (-2.9%). These were partially offset by higher net interest income of RM140.3 million (+7.4%).

Other comprehensive loss (net) of the Group for the current quarter increased by RM154.6 million to RM194.4 million, mainly due to fluctuation from revaluation of financial investments for the quarter under review, partially offset by gain on foreign currency translation in respect of foreign operations in the current quarter as compared to a loss in the previous year corresponding quarter and higher gain on cash flow hedges.

Performance of the respective operating segments for the 3rd quarter ended 30 September 2021 as compared to the previous year corresponding quarter is analysed as follows:-

| Profit Before Tax by Segments: | 3rd Quarter Ended | | | |
|--|-------------------|------------------|--------------------|--------------|
| | 30 September | | | |
| | 2021 RM'000 | 2020 RM'000 | Variance RM'000 | % |
| Retail operations | 1,026,125 | 1,011,635 | 14,490 | 1.4 |
| Hire purchase | 31,552 | 83,886 | (52,334) | (62.4) |
| Corporate lending | 75,083 | 35,482 | 39,601 | 111.6 |
| Treasury and capital market operations | 73,627 | 146,454 | (72,827) | (49.7) |
| Investment banking | 19,735 | 38,429 | (18,694) | (48.6) |
| Fund management | 218,595 | 191,173 | 27,422 | 14.3 |
| Head office, funding center and others | 148,011 | 149,279 | (1,268) | (0.8) |
| Total domestic operations | 1,592,728 | 1,656,338 | (63,610) | (3.8) |
| Overseas operations | 173,338 | 146,487 | 26,851 | 18.3 |
| | <u>1,766,066</u> | <u>1,802,825</u> | <u>(36,759)</u> | <u>(2.0)</u> |

1) Retail operations – Pre-tax profit increased by RM14.5 million (+1.4%) to RM1,026.1 million mainly due to lower loan impairment allowance and higher net interest income. These were partially offset by lower fee and other income and higher other operating expenses.

2) Hire purchase – Pre-tax profit decreased by RM52.3 million (-62.4%) to RM31.6 million mainly due to higher loan impairment allowance made in anticipation of the potential effect of COVID-19 pandemic, partially offset by higher net interest income.

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B1. Performance Review (continued)

Current Quarter vs. Previous Year Corresponding Quarter (continued)

- 3) Corporate lending – Pre-tax profit increased by RM39.6 million (+111.6%) to RM75.1 million mainly due to lower loan impairment allowance made in the current quarter.
- 4) Treasury and capital market operations – Pre-tax profit decreased by RM72.8 million (-49.7%) to RM73.6 million mainly due to lower net interest income and lower investment income.
- 5) Investment banking – Pre-tax profit decreased by RM18.7 million (-48.6%) to RM19.7 million mainly due to lower stock-broking income arising from lower business volume in the equity market.
- 6) Fund management business – Pre-tax profit increased by RM27.4 million (+14.3%) to RM218.6 million mainly due to higher management fee from higher average net asset value of funds and lower other operating expenses, partially offset by lower fee income on sale of trust units.
- 7) Head office, funding center and others – Pre-tax profit decreased marginally by RM1.3 million (-0.8%) to RM148.0 million mainly due to lower investment income, higher other operating expenses and share of loss of an associated company. These were partially offset by higher net interest income.
- 8) Overseas Operations – Pre-tax profit increased by RM26.9 million (+18.3%) to RM173.3 million mainly due to lower loan impairment allowance and higher net interest income, partially offset by lower other income.

B2. Variation of Results Against Preceding Quarter

| Key Profit or Loss Items: | Group Quarter Ended | | Variance | |
|---|------------------------|-----------------|-----------|---------|
| | 30 September 2021 | 30 June 2021 | | |
| | RM'000 | RM'000 | | |
| Profit before tax expense and zakat | 1,766,066 | 1,795,401 | (29,335) | (1.6) |
| Net profit attributable to equity holders of the Bank | 1,361,352 | 1,384,380 | (23,028) | (1.7) |
| Other comprehensive (loss) / income (net) | (194,374) | 106,337 | (300,711) | (282.8) |

For the 3rd quarter ended 30 September 2021, the Group registered a pre-tax profit of RM1,766.1 million, a decrease of RM29.3 million or 1.6% as compared to the pre-tax profit of RM1,795.4 million for the preceding quarter ended 30 June 2021. Net profit attributable to equity holders decreased by RM23.0 million or 1.7% to RM1,361.4 million over the same period. The lower earnings were mainly due to lower net interest income and Islamic banking income of RM57.3 million (-2.7%) and RM18.6 million (-4.6%) respectively arising from modification loss recognised on loans/financing moratorium, lower investment income of RM26.3 million (-52.3%) and lower foreign exchange income of RM10.5 million (-12.8%). These were partially offset by lower loan impairment allowance of RM71.6 million (+18.1%) and lower other operating expenses of RM24.6 million (+2.5%).

Other comprehensive loss (net) of the Group for the current quarter was RM194.4 million as compared to other comprehensive income (net) of RM106.3 million in the immediate preceding quarter, mainly due to fluctuation from revaluation of financial investments and lower gain on revaluation of equity securities in the current quarter. These were partially offset by gain on cash flow hedges in the current quarter and higher gain on foreign currency translation in respect of foreign operations.

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B3. Prospects for 2021

The global economy is recovering as the world continues to adapt and adjust to the new normal macro environment, although the pace of recovery may vary across countries. Accommodative fiscal and monetary policies are expected to provide the much needed support to the global recovery. Overall, the balance of risks remains tilted to the downside as the outlook hinges on the developments related to the pandemic and potential challenges ahead.

Advanced economies, including the United States of America, Europe and Japan are expected to progressively recover in 2021. Asia's economic growth is also expected to improve in tandem with the global economic recovery, albeit at a slower-than-expected growth owing to the resurgence and spread of the COVID-19 pandemic in the second half of 2021.

For Malaysia, the relaxation of the nationwide containment allowing more economic sectors to operate along with higher adaptability of firms to operate in the new normal environment as well as continued policy support are expected to some extent mitigate the impact of the containment in the second and third quarter of 2021. In addition, fiscal and financial measures will continue to cushion the impact on businesses and households to provide the much needed financial and fiscal support for an economic recovery. The Malaysian banking system remains resilient underpinned by ample liquidity and healthy capital buffers.

The Public Bank Group continues to proactively provide repayment assistance through flexible repayment packages, including loan moratorium, to extend the much needed financial relief to customers during these difficult times. In line with the Government's Economic Recovery Package (PEMULIH), Public Bank is offering a six-month loan repayment moratorium to individuals, SMEs and microenterprises affected by the pandemic.

The banking industry in collaboration with Agensi Kaunseling dan Pengurusan Kredit (AKPK) introduced the Financial Management and Resilience Programme (URUS) from 15 November 2021 until 31 January 2022, which provides repayment assistance to B50 borrowers who lost their jobs or experience income loss of at least 50%. URUS provides repayment assistance in the form of interest/profit waiver for a period of 3 months, with the option of reduced instalments for up to 24 months.

The Public Bank Group continues to operate efficiently, maintain prudence in management of credit risk, proactively manage any potential stress in asset quality whilst preserving its sound corporate governance and risk management practices.

The Public Bank Group will continue to support financing in residential properties, in tandem with the Government's initiative to promote home ownership, especially for first time home buyers. The Group will also continue to support financing for purchase of passenger vehicles and lending to SMEs.

The Public Bank Group will continue to adapt to the new normal business environment and intensify digitalisation efforts to provide greater convenience to customers. The Group will also continue to deliver efficient customer service through its extensive network of physical and digital channels, while sustaining its position as a market leader in both the domestic retail and consumer segments. Similarly, the Group will also remain supportive of its corporate lending business by leveraging on its strong franchise and relationship with customers.

Amid heightened market uncertainties, the Public Bank Group's treasury operations will remain vigilant in its business approach and continue to maintain a prudent risk profile, while further strengthening its risk management capabilities to weather ongoing market risk.

The private retail unit trust industry continues to grow in tandem with market conditions. The Public Bank Group offers a comprehensive range of unit trust products, as it continues to embrace technology to cater to the needs of investors.

The Public Bank Group remains committed to strengthen its regional presence, while leveraging on its strong branding and prudent management practices.

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B3. Prospects for 2021 (continued)

The Public Bank Group continues to ensure that it remains well-capitalised and well-funded to support its business, while safeguarding the interests of its stakeholders. The Group's healthy capital and liquidity position coupled with its resilient asset quality and prudent loan loss reserves will enable the Group to navigate through the challenges ahead.

For long term sustainability, the Public Bank Group will continue to enhance its service delivery standards and infrastructure leveraging on the advancement of technology, to provide seamless delivery of banking services across its multi-delivery channels.

B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense and Zakat

The analysis of the tax expense for the 3rd quarter and nine months ended 30 September 2021 are as follows:

| <u>Group</u> | 3rd Quarter Ended | | Nine Months Ended | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2021 RM'000 | 30 September 2020 RM'000 | 30 September 2021 RM'000 | 30 September 2020 RM'000 |
| Malaysian income tax | 305,257 | 438,566 | 1,281,015 | 1,035,888 |
| Overseas income tax | 35,843 | 25,644 | 98,836 | 91,599 |
| | <u>341,100</u> | <u>464,210</u> | <u>1,379,851</u> | <u>1,127,487</u> |
| Under / (Over) provision in prior years | | | | |
| - Malaysian income tax | 843,759 | 2 | 843,759 | - |
| - Overseas income tax | 3,653 | (8) | 3,601 | 1,491 |
| | <u>1,188,512</u> | <u>464,204</u> | <u>2,227,211</u> | <u>1,128,978</u> |
| Deferred tax expense / (income) | | | | |
| - Relating to origination and reversal of temporary differences | 40,912 | (74,803) | (155,284) | (85,763) |
| - Over provision | (843,519) | - | (843,519) | - |
| Tax expense | <u>385,905</u> | <u>389,401</u> | <u>1,228,408</u> | <u>1,043,215</u> |
| Zakat | (337) | 81 | 713 | 243 |
| | <u>385,568</u> | <u>389,482</u> | <u>1,229,121</u> | <u>1,043,458</u> |

The Group's effective tax rate for the 3rd quarter and nine months ended 30 September 2021 and 30 September 2020 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.

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B5. Tax Expense and Zakat (continued)

| <u>Bank</u> | 3rd Quarter Ended | | Nine Months Ended | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | 30 September 2021 | 30 September 2020 | 30 September 2021 | 30 September 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax | 234,023 | 378,588 | 951,812 | 824,526 |
| Overseas income tax | 680 | 1,369 | 3,300 | 8,904 |
| | <u>234,703</u> | <u>379,957</u> | <u>955,112</u> | <u>833,430</u> |
| Under / (Over) provision in prior years | | | | |
| - Malaysian income tax | 703,126 | - | 703,126 | - |
| - Overseas income tax | 3,653 | - | 4,271 | (1,140) |
| | <u>941,482</u> | <u>379,957</u> | <u>1,662,509</u> | <u>832,290</u> |
| Deferred tax expense / (income) | | | | |
| - Relating to origination and reversal of temporary differences | 45,047 | (63,359) | (103,763) | (68,116) |
| - Over provision | (703,126) | - | (703,126) | - |
| | <u>283,403</u> | <u>316,598</u> | <u>855,620</u> | <u>764,174</u> |

The Bank's effective tax rate for the 3rd quarter and nine months ended 30 September 2021 and 30 September 2020 were lower than the statutory tax rate mainly due to certain income not subject to tax.

B6. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 30 September 2021.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposals

The proceeds raised from the issuance 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 2020 and Pillar 3 Disclosures section of the 2020 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 September 2021 | | | | | | | |
| Hong Kong Dollar ("HKD") term loan | - | - | 590,642 | - | 590,642 | - | 590,642 |
| United States Dollar ("USD") term loan | - | - | 836,844 | - | 836,844 | - | 836,844 |
| USD syndicated term loan | - | - | 1,547,207 | - | 1,547,207 | - | 1,547,207 |
| RM Senior Medium Term notes / sukuk murabahah | - | 1,799,638 | - | - | - | 1,799,638 | 1,799,638 |
| RM Subordinated notes / sukuk murabahah | - | 3,500,000 | - | 2,499,997 | - | 5,999,997 | 5,999,997 |
| RM Additional Tier I capital securities | - | 99,792 | - | - | - | 99,792 | 99,792 |
| | - | 5,399,430 | 2,974,693 | 2,499,997 | 2,974,693 | 7,899,427 | 10,874,120 |
| As At 31 December 2020 | | | | | | | |
| HKD term loan | 567,956 | - | - | - | 567,956 | - | 567,956 |
| USD term loan | 802,881 | - | - | - | 802,881 | - | 802,881 |
| USD syndicated term loan | 1,482,366 | - | - | - | 1,482,366 | - | 1,482,366 |
| RM Senior Medium Term notes / sukuk murabahah | - | 1,799,522 | - | 1,519,935 | - | 3,319,457 | 3,319,457 |
| RM Subordinated notes / sukuk murabahah | - | 5,999,992 | - | - | - | 5,999,992 | 5,999,992 |
| RM Additional Tier I capital securities | - | 99,702 | - | - | - | 99,702 | 99,702 |
| | 2,853,203 | 7,899,216 | - | 1,519,935 | 2,853,203 | 9,419,151 | 12,272,354 |
| As At 30 September 2020 | | | | | | | |
| HKD term loan | 587,364 | - | - | - | 587,364 | - | 587,364 |
| USD term loan | 830,176 | - | - | - | 830,176 | - | 830,176 |
| USD syndicated term loan | 1,532,184 | - | - | - | 1,532,184 | - | 1,532,184 |
| RM Senior Medium Term notes / sukuk murabahah | - | 1,799,484 | - | 1,519,887 | - | 3,319,371 | 3,319,371 |
| RM Subordinated notes / sukuk murabahah | - | 5,999,991 | - | - | - | 5,999,991 | 5,999,991 |
| RM Additional Tier I capital securities | - | 99,672 | - | - | - | 99,672 | 99,672 |
| | 2,949,724 | 7,899,147 | - | 1,519,887 | 2,949,724 | 9,419,034 | 12,368,758 |

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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 |
|---|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|-------------------|
| | 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 September 2021 | | | | | | | |
| USD term loan | - | - | 836,844 | - | 836,844 | - | 836,844 |
| USD syndicated term loan | - | - | 1,547,207 | - | 1,547,207 | - | 1,547,207 |
| RM Senior Medium Term notes | - | 1,799,638 | - | - | - | 1,799,638 | 1,799,638 |
| RM Subordinated notes | - | 3,000,000 | - | 1,999,997 | - | 4,999,997 | 4,999,997 |
| RM Additional Tier I capital securities | - | 99,792 | - | - | - | 99,792 | 99,792 |
| | - | 4,899,430 | 2,384,051 | 1,999,997 | 2,384,051 | 6,899,427 | 9,283,478 |
| As At 31 December 2020 | | | | | | | |
| USD term loan | 802,881 | - | - | - | 802,881 | - | 802,881 |
| USD syndicated term loan | 1,482,366 | - | - | - | 1,482,366 | - | 1,482,366 |
| RM Senior Medium Term notes | - | 1,799,522 | - | 999,985 | - | 2,799,507 | 2,799,507 |
| RM Subordinated notes | - | 4,999,992 | - | - | - | 4,999,992 | 4,999,992 |
| RM Additional Tier I capital securities | - | 99,702 | - | - | - | 99,702 | 99,702 |
| | 2,285,247 | 6,899,216 | - | 999,985 | 2,285,247 | 7,899,201 | 10,184,448 |
| As At 30 September 2020 | | | | | | | |
| USD term loan | 830,176 | - | - | - | 830,176 | - | 830,176 |
| USD syndicated term loan | 1,532,184 | - | - | - | 1,532,184 | - | 1,532,184 |
| RM Senior Medium Term notes | - | 1,799,484 | - | 999,959 | - | 2,799,443 | 2,799,443 |
| RM Subordinated notes | - | 4,999,991 | - | - | - | 4,999,991 | 4,999,991 |
| RM Additional Tier I capital securities | - | 99,672 | - | - | - | 99,672 | 99,672 |
| | 2,362,360 | 6,899,147 | - | 999,959 | 2,362,360 | 7,899,106 | 10,261,466 |
| Exchange rates used: | HKD | USD | | | | | |
| As at 30 September 2021 | 0.53760 | 4.18625 | | | | | |
| As at 31 December 2020 | 0.51820 | 4.01800 | | | | | |
| As at 30 September 2020 | 0.53635 | 4.15500 | | | | | |

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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

No dividend has been proposed for the 3rd quarter ended 30 September 2021.

B12. Earnings Per Share

| | 3rd Quarter Ended | | Nine Months Ended | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 30 September 2021 | 30 September 2020 | 30 September 2021 | 30 September 2020 |
| Net profit attributable to equity holders (RM'000) | 1,361,352 | 1,392,832 | 4,275,700 | 3,723,743 |
| Weighted average number of ordinary shares in issue ('000) | 19,410,692 | 3,882,138 | 19,410,692 | 3,882,138 |
| Bonus issue subsequent to year end ('000) | - | 15,528,554 | - | 15,528,554 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 19,410,692 | 19,410,692 [#] | 19,410,692 | 19,410,692 [#] |
| Basic earnings per share (sen) | | | | |
| - Before issuance of bonus shares | 7.01 | 35.88 | 22.03 | 95.92 |
| - After issuance of bonus shares | 7.01 | 7.18 [#] | 22.03 | 19.18 [#] |

[#] For comparative purpose, the earnings per share for the quarter and year-to-date ended 30 September 2020 had been adjusted to reflect the bonus issue of 4 bonus shares for every 1 existing ordinary share which was completed on 29 January 2021.

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.