

PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	Group		Bank	
		30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
ASSETS					
Cash and balances with banks		11,096,623	21,766,900	8,652,464	16,045,318
Reverse repurchase agreements		6,456	4,193	6,456	53,618
Financial assets at fair value through profit or loss	A8	3,396,969	949,325	2,002,216	926,938
Derivative financial assets	A28	766,338	446,564	755,995	439,742
Financial investments at fair value through other comprehensive income	A9	54,881,176	54,867,289	34,305,390	37,154,286
Financial investments at amortised cost	A10	28,373,221	25,570,231	19,071,401	15,561,016
Loans, advances and financing	A11	382,881,694	372,583,116	288,038,498	282,577,665
Other assets	A12	3,224,788	3,749,865	2,930,543	3,500,877
Statutory deposits with Central Banks		7,429,766	6,882,404	4,950,985	4,395,985
Deferred tax assets		510,420	630,201	298,087	392,775
Collective investments		-	-	6,353,073	6,245,825
Investment in subsidiary companies		-	-	6,794,603	6,794,166
Investment in associated companies		126,413	120,164	67,500	67,500
Investment properties		762,631	669,570	-	-
Right-of-use assets		1,273,088	1,287,639	1,034,679	1,051,072
Property and equipment		1,151,606	1,196,283	514,583	562,076
Intangible assets		2,623,147	2,539,021	695,393	695,393
TOTAL ASSETS		498,504,336	493,262,765	376,471,866	376,464,252
LIABILITIES					
Deposits from customers	A13	406,485,649	394,718,757	302,065,271	293,505,435
Deposits from banks and other financial institutions	A14	12,316,519	13,774,842	12,183,660	14,511,266
Obligations on securities sold under repurchase agreements		274,734	6,776,410	274,734	6,630,718
Bills and acceptances payable		189,877	314,168	187,958	311,068
Recourse obligations on loans and financing sold to Cagamas		5,100,015	5,100,015	4,000,015	4,000,015
Derivative financial liabilities	A28	173,737	496,045	201,409	535,790
Debt securities issued and other borrowed funds	B9	11,200,471	12,023,484	8,545,624	9,403,356
Lease liabilities		918,848	912,967	1,082,198	1,090,367
Other liabilities	A15	6,301,325	6,608,224	4,670,003	5,019,205
Provision for tax expense and zakat		715,465	928,858	618,356	729,118
Deferred tax liabilities		85,162	83,187	-	-
TOTAL LIABILITIES		443,761,802	441,736,957	333,829,228	335,736,338

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 2022.

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	Group		Bank	
		30 June	31 December	30 June	31 December
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital		9,417,653	9,417,653	9,417,653	9,417,653
Regulatory reserves		579,306	314,153	513,066	257,054
Other reserves		2,277,719	1,188,430	527,760	269,926
Retained profits		41,028,519	39,258,985	32,184,159	30,783,281
Equity attributable to equity holders of the Bank		53,303,197	50,179,221	42,642,638	40,727,914
Non-controlling interests		1,439,337	1,346,587	-	-
TOTAL EQUITY		54,742,534	51,525,808	42,642,638	40,727,914
TOTAL LIABILITIES AND EQUITY					
		498,504,336	493,262,765	376,471,866	376,464,252
COMMITMENTS AND CONTINGENCIES					
	A27	101,648,798	104,721,984	87,943,002	93,564,059
CAPITAL ADEQUACY					
Before deducting interim dividends *					
	A30				
Common Equity Tier I Capital Ratio		15.204%	14.862%	14.103%	13.472%
Tier I Capital Ratio		15.222%	14.912%	14.103%	13.513%
Total Capital Ratio		18.179%	17.925%	17.301%	16.722%
After deducting interim dividends *					
Common Equity Tier I Capital Ratio		14.663%	14.552%	13.387%	13.072%
Tier I Capital Ratio		14.681%	14.603%	13.387%	13.113%
Total Capital Ratio		17.638%	17.616%	16.585%	16.322%
Net assets per share attributable to ordinary equity holders of the Bank (RM)					
		2.75	2.59	2.20	2.10

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

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PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2023

<u>Group</u>	Note	2nd Quarter Ended		Half Year Ended	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Operating revenue		6,263,294	4,973,686	12,386,531	9,860,910
Interest income	A16	4,435,911	3,500,734	8,765,133	6,861,854
Interest expense	A17	(2,225,303)	(1,283,088)	(4,295,104)	(2,539,862)
Net interest income		2,210,608	2,217,646	4,470,029	4,321,992
Net income from Islamic banking business	A32 (b)	395,350	414,778	792,465	817,067
		2,605,958	2,632,424	5,262,494	5,139,059
Fee and commission income	A18 (a)	723,058	724,377	1,447,623	1,444,937
Fee and commission expense	A18 (b)	(245,035)	(242,666)	(487,269)	(465,919)
Net fee and commission income	A18	478,023	481,711	960,354	979,018
Net gains and losses on financial instruments	A19	(13,443)	18,683	31,451	50,960
Other operating income	A20	140,766	44,680	260,127	157,378
Net income		3,211,304	3,177,498	6,514,426	6,326,415
Other operating expenses	A21	(1,098,265)	(1,072,642)	(2,192,419)	(2,117,580)
Operating profit before impairment losses		2,113,039	2,104,856	4,322,007	4,208,835
Allowance for impairment on loans, advances and financing	A22	(24,193)	(79,902)	(25,737)	(179,630)
Writeback of allowance / (Allowance) for impairment on other assets	A23	3,252	(2,571)	4,971	(4,834)
		2,092,098	2,022,383	4,301,241	4,024,371
Share of profit / (loss) after tax of equity accounted associated companies		3,370	246	3,210	(1,468)
Profit before tax expense and zakat		2,095,468	2,022,629	4,304,451	4,022,903
Tax expense and zakat	B5	(467,654)	(591,078)	(953,632)	(1,178,536)
Profit for the period		1,627,814	1,431,551	3,350,819	2,844,367
Profit for the period attributable to:					
- Equity holders of the Bank		1,618,575	1,416,956	3,332,538	2,815,511
- Non-controlling interests		9,239	14,595	18,281	28,856
		1,627,814	1,431,551	3,350,819	2,844,367
Earnings per share:					
- basic / diluted (sen)	B12	8.34	7.30	17.17	14.50

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PUBLIC BANK BERHAD
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(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2023

Group	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Profit for the period	1,627,814	1,431,551	3,350,819	2,844,367
Other comprehensive income / (loss):				
<u>Items that will not be reclassified subsequently to profit or loss:</u>				
Net change in revaluation of				
- Equity instruments	12,833	15,997	12,860	15,931
- Property and equipment	44,480	-	44,480	-
	57,313	15,997	57,340	15,931
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Currency translation differences in respect of:				
- Foreign operations	563,658	385,959	572,523	436,824
- Net investment hedge	(210,589)	(194,936)	(202,073)	(221,232)
Net change in revaluation of financial investments at fair value through other comprehensive income	8,493	(681,739)	512,459	(896,956)
Net change in cash flow hedges	37,527	89,627	(4,374)	185,212
	399,089	(401,089)	878,535	(496,152)
Income tax effect	1,446	128,348	(97,212)	154,776
Share of changes in associated companies' reserves	1,149	(2,115)	3,037	(2,314)
Other comprehensive income / (loss) for the period, net of tax	458,997	(258,859)	841,700	(327,759)
Total comprehensive income for the period	2,086,811	1,172,692	4,192,519	2,516,608
Total comprehensive income for the period attributable to:				
- Equity holders of the Bank	1,994,404	1,106,361	4,094,511	2,429,594
- Non-controlling interests	92,407	66,331	98,008	87,014
	2,086,811	1,172,692	4,192,519	2,516,608

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2023

<u>Bank</u>	Note	2nd Quarter Ended		Half Year Ended	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Operating revenue		4,104,533	3,187,314	8,398,151	6,546,737
Interest income	A16	3,869,099	3,084,840	7,673,223	6,057,113
Interest expense	A17	(2,049,914)	(1,206,525)	(3,937,537)	(2,396,786)
Net interest income		1,819,185	1,878,315	3,735,686	3,660,327
Fee and commission income	A18 (a)	311,859	293,453	615,641	557,116
Fee and commission expense	A18 (b)	(136,203)	(120,645)	(268,365)	(207,342)
Net fee and commission income	A18	175,656	172,808	347,276	349,774
Net gains and losses on financial instruments	A19	(12,798)	17,694	29,581	49,457
Other operating income	A20	224,984	142,266	414,234	299,284
Net income		2,207,027	2,211,083	4,526,777	4,358,842
Other operating expenses	A21	(671,937)	(669,404)	(1,359,921)	(1,331,115)
Operating profit before impairment losses		1,535,090	1,541,679	3,166,856	3,027,727
Writeback of allowance / (Allowance) for impairment on loans, advances and financing	A22	76,389	(36,757)	145,542	(73,188)
Writeback of allowance / (Allowance) for impairment on other assets	A23	3,863	(1,889)	7,200	(3,572)
Profit before tax expense and zakat		1,615,342	1,503,033	3,319,598	2,950,967
Tax expense and zakat	B5	(304,550)	(384,079)	(691,932)	(813,441)
Profit for the period		1,310,792	1,118,954	2,627,666	2,137,526

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2023

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Profit for the period	1,310,792	1,118,954	2,627,666	2,137,526
Other comprehensive income / (loss):				
<u>Items that will not be reclassified subsequently to profit or loss:</u>				
Net change in revaluation of equity instruments	12,780	15,951	12,787	15,808
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Currency translation differences in respect of foreign operations	6,136	(29,897)	17,550	(46,411)
Net change in revaluation of financial investments at fair value through other comprehensive income	(34,066)	(466,707)	295,346	(643,462)
Net change in cash flow hedges	34,592	28,057	3,675	72,087
	6,662	(468,547)	316,571	(617,786)
Income tax effect	(126)	105,276	(71,765)	137,130
Other comprehensive income / (loss) for the period, net of tax	19,316	(347,320)	257,593	(464,848)
Total comprehensive income for the period	1,330,108	771,634	2,885,259	1,672,678

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PUBLIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2023

<----- 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 2023	9,417,653	314,153	1,188,430	39,258,985	50,179,221	1,346,587	51,525,808	
Profit for the period	-	-	-	3,332,538	3,332,538	18,281	3,350,819	
Other comprehensive income for the period	-	-	761,973	-	761,973	79,727 *	841,700	
Total comprehensive income for the period	-	-	761,973	3,332,538	4,094,511	98,008	4,192,519	
Transactions with owners / other equity movements:								
Transfer to statutory reserves	-	-	241	(241)	-	-	-	
Transfer to regulatory reserves	-	265,153	-	(265,153)	-	-	-	
Transfer to general reserves	-	-	327,075	(327,075)	-	-	-	
Dividends paid	-	-	-	(970,535)	(970,535)	(5,258)	(975,793)	
	-	265,153	327,316	(1,563,004)	(970,535)	(5,258)	(975,793)	
At 30 June 2023	<u>9,417,653</u>	<u>579,306</u>	<u>2,277,719</u>	<u>41,028,519</u>	<u>53,303,197</u>	<u>1,439,337</u>	<u>54,742,534</u>	

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

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2023

<----- 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 2022	9,417,653	248,231	1,435,886	37,060,892	48,162,662	1,262,745	49,425,407
Profit for the period	-	-	-	2,815,511	2,815,511	28,856	2,844,367
Other comprehensive (loss) / income for the period	-	-	(385,917)	-	(385,917)	58,158 *	(327,759)
Total comprehensive (loss) / income for the period	-	-	(385,917)	2,815,511	2,429,594	87,014	2,516,608
Transactions with owners / other equity movements:							
Transfer to statutory reserves	-	-	157	(157)	-	-	-
Transfer from regulatory reserves	-	(52,060)	-	52,060	-	-	-
Transfer to general reserves	-	-	176,300	(176,300)	-	-	-
Dividends paid	-	-	-	(1,494,623)	(1,494,623)	(8,256)	(1,502,879)
	-	(52,060)	176,457	(1,619,020)	(1,494,623)	(8,256)	(1,502,879)
At 30 June 2022	<u>9,417,653</u>	<u>196,171</u>	<u>1,226,426</u>	<u>38,257,383</u>	<u>49,097,633</u>	<u>1,341,503</u>	<u>50,439,136</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 STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2023

<----- 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 2023	9,417,653	257,054	269,926	30,783,281	40,727,914
Profit for the period	-	-	-	2,627,666	2,627,666
Other comprehensive income for the period	-	-	257,593	-	257,593
Total comprehensive income for the period	-	-	257,593	2,627,666	2,885,259
Transactions with owners / other equity movements:					
Transfer to statutory reserves	-	-	241	(241)	-
Transfer to regulatory reserves	-	256,012	-	(256,012)	-
Dividends paid	-	-	-	(970,535)	(970,535)
	-	256,012	241	(1,226,788)	(970,535)
At 30 June 2023	9,417,653	513,066	527,760	32,184,159	42,642,638

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2023

<----- 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 2022	9,417,653	211,063	605,282	29,804,266	40,038,264
Profit for the period	-	-	-	2,137,526	2,137,526
Other comprehensive loss for the period	-	-	(464,848)	-	(464,848)
Total comprehensive (loss) / income for the period	<u>-</u>	<u>-</u>	<u>(464,848)</u>	<u>2,137,526</u>	<u>1,672,678</u>
Transactions with owners / other equity movements:					
Transfer to statutory reserves	-	-	157	(157)	-
Transfer from regulatory reserves	-	(55,520)	-	55,520	-
Dividends paid	-	-	-	(1,494,623)	(1,494,623)
	<u>-</u>	<u>(55,520)</u>	<u>157</u>	<u>(1,439,260)</u>	<u>(1,494,623)</u>
At 30 June 2022	<u>9,417,653</u>	<u>155,543</u>	<u>140,591</u>	<u>30,502,532</u>	<u>40,216,319</u>

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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 HALF YEAR ENDED 30 JUNE 2023

	Group		Bank	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Cash Flows from Operating Activities				
Profit before tax expense and zakat	4,304,451	4,022,903	3,319,598	2,950,967
Adjustments for non-cash items:				
Share of (profit) / loss after tax of equity accounted associated companies	(3,210)	1,468	-	-
Allowance / (Writeback of allowance) for impairment on loans, advances and financing	125,894	287,904	(87,278)	140,115
Depreciation of right-of-use assets and property and equipment	184,502	183,747	135,388	136,140
Net gain on financial instruments	(23,260)	(51,945)	(22,043)	(50,774)
Dividend income	(2,803)	(2,105)	(455,658)	(465,056)
(Writeback of allowance) / Allowance for impairment on other assets	(4,971)	4,834	(7,200)	3,572
Other non-cash items	(3,647)	1,705	(3,177)	822
Operating profit before working capital changes	<u>4,576,956</u>	<u>4,448,511</u>	<u>2,879,630</u>	<u>2,715,786</u>
Changes in working capital:				
Increase in operating assets	(12,009,535)	(11,396,332)	(5,528,549)	(6,721,114)
Increase / (Decrease) in operating liabilities	2,760,674	14,269,094	(1,069,963)	7,043,686
Cash (used in) / generated from operations	<u>(4,671,905)</u>	<u>7,321,273</u>	<u>(3,718,882)</u>	<u>3,038,358</u>
Tax expense and zakat paid	(1,142,161)	(927,644)	(779,772)	(603,235)
Net cash (used in) / generated from operating activities	<u>(5,814,066)</u>	<u>6,393,629</u>	<u>(4,498,654)</u>	<u>2,435,123</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	(73,496)	(67,735)	(47,949)	(44,515)
Purchase of leasehold land	-	(39,787)	-	-
Addition to investment properties	(325)	(18)	-	-
Proceeds from disposal of properties	27,048	20,249	25,502	14,758
Net purchase of financial investments	(2,239,333)	(3,360,574)	(300,899)	(1,076,152)
Investment in collective investments	-	-	(107,248)	(78,902)
Additional investment in a subsidiary company	-	-	(437)	(300,000)
Dividends received	2,803	2,105	517,737	553,285
Net cash (used in) / generated from investing activities	<u>(2,283,303)</u>	<u>(3,445,760)</u>	<u>86,706</u>	<u>(931,526)</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 2022.

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 HALF YEAR ENDED 30 JUNE 2023

	Group		Bank	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash Flows from Financing Activities				
Dividends paid	(975,793)	(1,502,879)	(970,535)	(1,494,623)
Net proceeds from issuance of debt securities	-	2,000,000	-	2,000,000
Net proceeds from term loan facilities	-	2,139,649	-	1,551,659
Repayment of term loan facilities	-	(2,147,680)	-	(1,557,145)
Repayment of lease liabilities	(43,195)	(42,413)	(30,776)	(30,695)
Redemption of debt securities	(1,010,000)	(2,000,000)	(1,010,000)	(2,000,000)
Net cash used in financing activities	<u>(2,028,988)</u>	<u>(1,553,323)</u>	<u>(2,011,311)</u>	<u>(1,530,804)</u>
Net change in cash and cash equivalents	(10,126,357)	1,394,546	(6,423,259)	(27,207)
Cash and cash equivalents at beginning of the year	18,795,171	14,048,205	15,075,723	11,378,216
Exchange differences on translation of opening balances	400,046	431,609	-	-
Cash and cash equivalents at end of the period	<u>9,068,860</u>	<u>15,874,360</u>	<u>8,652,464</u>	<u>11,351,009</u>
Note:				
Cash and balances with banks	11,096,623	19,651,316	8,652,464	14,183,234
Less: Balances with banks with original maturity more than three months	(2,027,763)	(3,776,956)	-	(2,832,225)
Cash and cash equivalents at end of the period	<u>9,068,860</u>	<u>15,874,360</u>	<u>8,652,464</u>	<u>11,351,009</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 2022.

PUBLIC BANK BERHAD
Company Registration No.: 196501000672 (6463-H)
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Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Policy Document on Financial Reporting Issued by Bank Negara Malaysia

A1. Basis of Preparation

The unaudited condensed interim financial statements for the 2nd quarter and financial half year ended 30 June 2023 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 2022. 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 2022.

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 2022, except for the adoption of the following during the current financial period:

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)
- Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)
- Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 Insurance Contracts)
- International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)

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.

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.

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A1. Basis of Preparation (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes) - The amendments clarify 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.

Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 Insurance Contracts) - In order to avoid the temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of MFRS 17 and MFRS 9, the amendment provides an option for the presentation of comparative information about financial assets as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset.

International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes) - The amendments give entities temporary relief from recognising and disclosing accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform; and introduces targeted disclosure requirements to help investors better understand an entity's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

The adoption of MFRS 17 Insurance Contracts and its related Amendments did not have any material financial impact on the financial statements of the Group as the general insurance subsidiary company's business and operations are not material to the Group.

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

The following 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 January 2024

- Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)
- Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)

Effective date of these Amendments to Standards has been deferred, pending further announcement

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements) - The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures) - The amendments require entities to disclose information that would enable users of financial statements to assess the effects of supplier finance arrangements on an entity's liability, cash flows and exposures to liquidity risk.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - The amendments clarify that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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

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A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2022 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

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.

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.

During the financial half year ended 30 June 2023:

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

On 7 April 2023, the Bank had redeemed the sixth tranche of Senior MTNs amounting to RM910 million in nominal value together with accrued interest.

RM10.0 Billion Basel III Compliant Additional Tier I Capital Securities ("ATICS") Programme

On 26 June 2023, the Bank had early redeemed the first tranche of ATICS amounting to RM100 million in nominal value together with accrued distribution.

A7. Dividends Paid and Distributed

A third interim dividend of 5.0 sen per share for the financial year ended 31 December 2022 amounting to RM970,534,587 was paid on 22 March 2023.

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	900,527	214,801	900,527	214,801
Malaysian Government Securities	253,357	302,620	243,192	302,620
Malaysian Government Investment Issues	244,632	40,662	224,435	40,662
Bank Negara Malaysia Monetary Notes	294,824	-	294,824	-
	<u>1,693,340</u>	<u>558,083</u>	<u>1,662,978</u>	<u>558,083</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,343,801</u>	-	-	-
Non-money market instruments:				
Equity securities:				
- Unquoted shares in Malaysia	359,828	391,242	339,238	368,855
Total financial assets at FVTPL	<u>3,396,969</u>	<u>949,325</u>	<u>2,002,216</u>	<u>926,938</u>

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	217,396	618,797	217,396	349,765
Malaysian Government Securities	17,988,166	20,562,422	17,166,630	19,815,634
Malaysian Government Investment Issues	28,835,075	26,923,746	14,068,699	14,121,212
Bank Negara Malaysia Monetary Notes	299,315	-	299,315	-
Other foreign government securities	250,886	167,201	-	-
	<u>47,590,838</u>	<u>48,272,166</u>	<u>31,752,040</u>	<u>34,286,611</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,249,332</u>	<u>842,032</u>	<u>1,696,991</u>	<u>1,722,871</u>
Non-money market instruments:				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	1,645	1,675	-	-
- Unquoted shares	428,595	413,287	421,370	406,384
Debt securities:				
- Cagamas bonds	291,638	443,938	70,630	301,389
- Unquoted corporate bonds / sukuk	5,319,128	4,894,191	364,359	437,031
	<u>6,041,006</u>	<u>5,753,091</u>	<u>856,359</u>	<u>1,144,804</u>
Total financial investments at FVOCI	<u>54,881,176</u>	<u>54,867,289</u>	<u>34,305,390</u>	<u>37,154,286</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 recognised in other comprehensive income. Such ECL do not reduce the carrying amount 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 2023	16,369	-	-	16,369
New financial investments purchased	2,345	-	-	2,345
Net allowance made	105	-	-	105
Amount derecognised	(2,525)	-	-	(2,525)
Exchange differences	22	-	-	22
At 30 June 2023	<u>16,316</u>	<u>-</u>	<u>-</u>	<u>16,316</u>
At 1 January 2022	13,585	-	-	13,585
New financial investments purchased	4,174	-	-	4,174
Net allowance made	987	-	-	987
Amount derecognised	(3,568)	-	-	(3,568)
Change in models / risk parameters	1,169	-	-	1,169
Exchange differences	22	-	-	22
At 31 December 2022	<u>16,369</u>	<u>-</u>	<u>-</u>	<u>16,369</u>
Bank				
At 1 January 2023	6,400	-	-	6,400
New financial investments purchased	1,643	-	-	1,643
Net allowance made	3	-	-	3
Amount derecognised	(2,183)	-	-	(2,183)
At 30 June 2023	<u>5,863</u>	<u>-</u>	<u>-</u>	<u>5,863</u>
At 1 January 2022	6,304	-	-	6,304
New financial investments purchased	3,599	-	-	3,599
Net allowance written back	(6)	-	-	(6)
Amount derecognised	(3,497)	-	-	(3,497)
At 31 December 2022	<u>6,400</u>	<u>-</u>	<u>-</u>	<u>6,400</u>

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A10. Financial Investments at Amortised Cost

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
At amortised cost				
Government securities and treasury bills:				
Malaysian Government Securities	2,554,873	1,099,289	2,515,228	1,059,635
Malaysian Government Investment Issues	9,606,591	8,075,557	4,544,856	3,654,151
Foreign Government Treasury Bills	1,582,268	1,485,035	53,132	32,313
Other foreign government securities	248,279	608,130	2,138	2,636
	<u>13,992,011</u>	<u>11,268,011</u>	<u>7,115,354</u>	<u>4,748,735</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>2,098,405</u>	<u>1,827,367</u>	<u>1,731,514</u>	<u>708,670</u>
Non-money market instruments:				
Debt securities:				
- Cagamas bonds / sukuk	6,246,426	5,146,601	5,143,036	4,043,212
- Unquoted corporate bonds / sukuk	6,041,282	7,332,574	5,085,123	6,063,380
	<u>12,287,708</u>	<u>12,479,175</u>	<u>10,228,159</u>	<u>10,106,592</u>
Allowance for impairment	(4,903)	(4,322)	(3,626)	(2,981)
Total financial investments at amortised cost	<u>28,373,221</u>	<u>25,570,231</u>	<u>19,071,401</u>	<u>15,561,016</u>

PUBLIC BANK BERHAD
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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 2023	4,303	-	19	4,322
New financial investments purchased	1,232	-	-	1,232
Net allowance written back	(189)	-	-	(189)
Amount derecognised	(485)	-	-	(485)
Exchange differences	23	-	-	23
At 30 June 2023	<u>4,884</u>	<u>-</u>	<u>19</u>	<u>4,903</u>
At 1 January 2022	4,336	-	19	4,355
New financial investments purchased	1,912	-	-	1,912
Net allowance written back	(6)	-	-	(6)
Amount derecognised	(1,887)	-	-	(1,887)
Exchange differences	(52)	-	-	(52)
At 31 December 2022	<u>4,303</u>	<u>-</u>	<u>19</u>	<u>4,322</u>
Bank				
At 1 January 2023	2,962	-	19	2,981
New financial investments purchased	845	-	-	845
Net allowance written back	(16)	-	-	(16)
Amount derecognised	(184)	-	-	(184)
At 30 June 2023	<u>3,607</u>	<u>-</u>	<u>19</u>	<u>3,626</u>
At 1 January 2022	3,008	-	19	3,027
New financial investments purchased	1,370	-	-	1,370
Net allowance made	117	-	-	117
Amount derecognised	(1,460)	-	-	(1,460)
Exchange differences	(73)	-	-	(73)
At 31 December 2022	<u>2,962</u>	<u>-</u>	<u>19</u>	<u>2,981</u>

PUBLIC BANK BERHAD
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A11. Loans, Advances and Financing

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
At amortised cost				
Overdrafts	9,329,347	9,116,969	6,122,091	6,025,328
Term loans / financing				
- Housing loans / financing	157,820,155	152,915,174	117,591,600	114,661,406
- Syndicated term loans / financing	4,050,544	4,238,211	878,846	1,153,793
- Hire purchase receivables	64,276,055	60,933,018	49,925,836	47,420,073
- Other term loans / financing	131,363,101	129,578,837	100,557,691	100,395,985
Credit card receivables	2,505,760	2,528,424	2,401,005	2,438,998
Bills receivables	124,906	141,162	120,906	134,422
Trust receipts	140,238	174,668	90,600	101,184
Claims on customers under acceptance credits	2,932,861	3,093,295	2,702,811	2,882,387
Revolving credits	12,408,375	11,976,772	8,697,462	8,560,112
Staff loans *	2,207,048	2,195,407	1,872,433	1,876,822
Gross loans, advances and financing	<u>387,158,390</u>	<u>376,891,937</u>	<u>290,961,281</u>	<u>285,650,510</u>
Allowance for impairment on loans, advances and financing:				
- Expected credit losses	(4,276,696)	(4,308,821)	(2,922,783)	(3,072,845)
- Stage 1: 12-Month ECL	(1,379,833)	(2,074,558)	(882,984)	(1,392,936)
- Stage 2: Lifetime ECL not credit-impaired	(2,440,386)	(1,858,411)	(1,757,971)	(1,443,023)
- Stage 3: Lifetime ECL credit-impaired	(456,477)	(375,852)	(281,828)	(236,886)
Net loans, advances and financing	<u>382,881,694</u>	<u>372,583,116</u>	<u>288,038,498</u>	<u>282,577,665</u>

* Included in staff loans of the Group and of the Bank are loans to Directors of subsidiary companies amounting to RM14,515,000 (2022: RM8,480,000) and RM7,470,000 (2022 - RM7,791,000) respectively.

a) By class

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Retail loans / financing *				
- Housing loans / financing	157,820,161	152,915,181	117,591,600	114,661,406
- Hire purchase	63,988,209	60,672,636	49,925,836	47,420,073
- Credit cards	2,505,760	2,528,424	2,401,005	2,438,998
- Other loans / financing ^	116,690,219	114,931,108	84,667,285	84,173,303
	<u>341,004,349</u>	<u>331,047,349</u>	<u>254,585,726</u>	<u>248,693,780</u>
Corporate loans / financing	46,154,041	45,844,588	36,375,555	36,956,730
	<u>387,158,390</u>	<u>376,891,937</u>	<u>290,961,281</u>	<u>285,650,510</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 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Non-bank financial institutions				
- Stock-broking companies	4,957	5,115	4,957	5,115
- Others	16,334,816	15,584,596	14,601,255	14,393,888
Business enterprises				
- Small and medium enterprises	72,479,851	71,764,392	57,517,012	57,053,743
- Others	26,358,703	26,598,868	18,822,686	19,583,288
Government and statutory bodies	1,019,499	1,017,220	18,432	15,604
Individuals	266,949,195	258,144,587	197,631,312	192,439,610
Other entities	26,790	20,272	16,607	15,343
Foreign entities	3,984,579	3,756,887	2,349,020	2,143,919
	<u>387,158,390</u>	<u>376,891,937</u>	<u>290,961,281</u>	<u>285,650,510</u>

c) By interest/profit rate sensitivity

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Fixed rate				
- Housing loans / financing	1,094,632	1,145,645	49,835	35,408
- Hire purchase receivables	61,287,640	58,111,038	49,784,363	47,292,216
- Other fixed rate loans / financing	23,553,114	23,221,035	11,977,762	12,406,183
Variable rate				
- Base rate / base lending rate plus	248,824,216	242,732,800	198,298,636	194,321,075
- Cost plus	37,865,709	37,822,072	30,674,213	31,428,956
- Other variable rates	14,533,079	13,859,347	176,472	166,672
	<u>387,158,390</u>	<u>376,891,937</u>	<u>290,961,281</u>	<u>285,650,510</u>

d) By residual contractual maturity

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Maturity within one year	31,790,349	32,003,265	19,739,517	21,747,532
More than one year to three years	32,882,881	28,799,158	25,583,664	21,667,013
More than three years to five years	31,440,450	32,868,993	26,249,371	27,409,810
More than five years	291,044,710	283,220,521	219,388,729	214,826,155
	<u>387,158,390</u>	<u>376,891,937</u>	<u>290,961,281</u>	<u>285,650,510</u>

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A11. Loans, Advances and Financing (continued)

e) By geographical distribution

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Malaysia	360,805,473	352,065,239	290,423,784	285,141,923
Hong Kong SAR and the People's Republic of China	14,642,837	14,064,723	-	-
Cambodia	6,214,322	5,605,533	-	-
Other countries	5,495,758	5,156,442	537,497	508,587
	<u>387,158,390</u>	<u>376,891,937</u>	<u>290,961,281</u>	<u>285,650,510</u>

f) Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Purchase of securities	4,262,545	4,151,491	3,704,250	3,690,597
Purchase of transport vehicles	64,515,048	61,165,783	50,170,709	47,657,702
Purchase of properties	247,082,573	241,152,228	190,685,484	187,135,065
(of which: - residential	163,387,359	158,506,338	122,287,796	119,386,908
- non-residential)	83,695,214	82,645,890	68,397,688	67,748,157
Purchase of fixed assets (excluding properties)	463,941	434,072	75,220	74,061
Personal use	14,189,350	13,793,372	6,959,001	6,884,049
Credit card	2,505,760	2,528,424	2,401,005	2,438,998
Purchase of consumer durables	737	785	264	308
Construction	7,411,045	7,396,488	5,021,779	5,151,885
Working capital	43,140,278	42,173,138	29,210,063	29,383,925
Other purpose	3,587,113	4,096,156	2,733,506	3,233,920
	<u>387,158,390</u>	<u>376,891,937</u>	<u>290,961,281</u>	<u>285,650,510</u>

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A11. Loans, Advances and Financing (continued)

g) Gross loans, advances and financing by sector

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Agriculture, hunting, forestry and fishing	3,037,692	3,036,518	2,450,830	2,468,206
Mining and quarrying	245,703	236,131	138,792	128,535
Manufacturing	11,499,776	11,664,437	8,114,418	8,179,013
Electricity, gas and water	79,100	83,294	36,795	39,268
Construction	17,873,380	17,835,469	13,700,243	13,738,521
Wholesale & retail trade and restaurants & hotels	34,053,914	33,251,044	27,093,994	26,851,993
Transport, storage and communication	4,781,562	4,655,463	2,394,837	2,515,932
Finance, insurance and business services	20,486,716	19,736,990	17,922,153	17,567,542
Real estate	24,059,596	24,075,734	18,163,890	18,393,218
Community, social and personal services	3,259,164	3,308,015	1,853,019	1,925,417
Households	266,290,079	257,708,575	199,086,969	193,835,806
Others	1,491,708	1,300,267	5,341	7,059
	<u>387,158,390</u>	<u>376,891,937</u>	<u>290,961,281</u>	<u>285,650,510</u>

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
At 1 January	1,584,096	1,101,923	1,063,774	741,668
Impaired during the period / year	1,368,628	1,563,157	570,561	992,022
Reclassified as non-impaired	(435,539)	(453,297)	(292,795)	(308,069)
Recoveries	(171,837)	(316,789)	(80,224)	(211,222)
Amount written off	(180,487)	(270,376)	(67,227)	(105,953)
Loans / financing converted to foreclosed properties	(39,185)	(46,886)	(37,274)	(39,485)
Exchange differences	21,970	6,364	1,669	(5,187)
Closing balance	<u>2,147,646</u>	<u>1,584,096</u>	<u>1,158,484</u>	<u>1,063,774</u>
Gross impaired loans and financing as a percentage of gross loans, advances and financing	<u>0.55%</u>	<u>0.42%</u>	<u>0.40%</u>	<u>0.37%</u>

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A11. Loans, Advances and Financing (continued)

i) Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Malaysia	1,352,087	1,186,647	1,124,066	1,028,531
Hong Kong SAR and the People's Republic of China	542,565	181,644	-	-
Cambodia	106,734	95,034	-	-
Other countries	146,260	120,771	34,418	35,243
	<u>2,147,646</u>	<u>1,584,096</u>	<u>1,158,484</u>	<u>1,063,774</u>

j) Impaired loans, advances and financing by economic purpose

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Purchase of securities	38,767	36,545	38,418	36,545
Purchase of transport vehicles	207,119	172,580	119,029	112,553
Purchase of properties	1,352,254	878,840	754,328	684,006
(of which: - residential	530,809	398,837	326,638	259,800
- non-residential)	821,445	480,003	427,690	424,206
Purchase of fixed assets (excluding properties)	11,592	8,702	284	285
Personal use	117,039	114,555	29,045	22,209
Credit card	17,099	17,364	16,121	16,414
Purchase of consumer durables	5	9	5	9
Construction	16,323	13,810	7,842	7,747
Working capital	384,725	339,279	190,724	181,622
Other purpose	2,723	2,412	2,688	2,384
	<u>2,147,646</u>	<u>1,584,096</u>	<u>1,158,484</u>	<u>1,063,774</u>

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A11. Loans, Advances and Financing (continued)

k) Impaired loans, advances and financing by sector

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Agriculture, hunting, forestry and fishing	12,964	13,084	12,937	13,026
Mining and quarrying	11,853	11,044	11,853	11,044
Manufacturing	82,697	88,494	39,964	41,573
Electricity, gas and water	5,587	5,362	25	5
Construction	107,610	96,278	90,826	86,948
Wholesale & retail trade and restaurants & hotels	219,414	142,330	105,730	113,292
Transport, storage and communication	17,850	14,679	11,438	8,770
Finance, insurance and business services	56,511	106,364	24,714	25,253
Real estate	696,445	355,283	342,088	331,503
Community, social and personal services	1,889	1,446	1,651	1,368
Households	905,849	731,229	517,258	430,991
Others	28,977	18,503	-	1
	<u>2,147,646</u>	<u>1,584,096</u>	<u>1,158,484</u>	<u>1,063,774</u>

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A11. Loans, Advances and Financing (continued)

1) 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 2023	2,074,558	1,858,411	375,852	4,308,821
Changes due to loans, advances and financing recognised as at 1 January 2023:	269,838	(279,988)	10,150	-
- Transfer to Stage 1: 12-Month ECL	284,137	(275,174)	(8,963)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(12,342)	32,080	(19,738)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(1,957)	(36,894)	38,851	-
New loans, advances and financing originated	57,180	22,600	6,850	86,630
Net remeasurement due to changes in credit risk	(995,028)	886,361	200,390	91,723
Loans, advances and financing derecognised (other than write-off)	(30,964)	(24,785)	(10,630)	(66,379)
Modifications to contractual cash flows of loans, advances and financing	(1,245)	(24,764)	45,381	19,372
Amount written off	-	-	(180,487)	(180,487)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(11)	(11)
Exchange differences	5,494	2,551	8,982	17,027
At 30 June 2023	<u>1,379,833</u>	<u>2,440,386</u>	<u>456,477</u>	<u>4,276,696</u>

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A11. Loans, Advances and Financing (continued)

- 1) 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 2022	2,110,401	1,621,549	242,339	3,974,289
Changes due to loans, advances and financing recognised as at 1 January 2022:	238,319	(294,845)	56,526	-
- Transfer to Stage 1: 12-Month ECL	280,882	(268,975)	(11,907)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(36,450)	50,887	(14,437)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(6,113)	(76,757)	82,870	-
New loans, advances and financing originated	108,654	51,567	43,349	203,570
Net remeasurement due to changes in credit risk	(282,834)	397,888	293,645	408,699
Loans, advances and financing derecognised (other than write-off)	(58,904)	(56,393)	(25,490)	(140,787)
Modifications to contractual cash flows of loans, advances and financing	(6,369)	301,157	35,251	330,039
Changes in models / risk parameters	(38,599)	(164,548)	(2,512)	(205,659)
Amount written off	(418)	-	(270,376)	(270,794)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(1,120)	(1,120)
Exchange differences	4,308	2,036	4,240	10,584
At 31 December 2022	<u>2,074,558</u>	<u>1,858,411</u>	<u>375,852</u>	<u>4,308,821</u>

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A11. Loans, Advances and Financing (continued)

1) 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 2023	1,392,936	1,443,023	236,886	3,072,845
Changes due to loans and advances recognised as at 1 January 2023:	203,578	(197,960)	(5,618)	-
- Transfer to Stage 1: 12-Month ECL	212,895	(207,224)	(5,671)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(9,123)	23,600	(14,477)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(194)	(14,336)	14,530	-
New loans and advances originated	29,375	11,658	292	41,325
Net remeasurement due to changes in credit risk	(728,569)	539,451	84,304	(104,814)
Loans and advances derecognised (other than write-off)	(14,194)	(15,629)	(7,533)	(37,356)
Modifications to contractual cash flows of loans and advances	(824)	(22,572)	40,735	17,339
Amount written off	-	-	(67,227)	(67,227)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(11)	(11)
Exchange differences	682	-	-	682
At 30 June 2023	882,984	1,757,971	281,828	2,922,783

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A11. Loans, Advances and Financing (continued)

- 1) 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 2022	1,472,405	1,302,102	136,414	2,910,921
Changes due to loans and advances recognised as at 1 January 2022:	193,128	(230,404)	37,276	-
- Transfer to Stage 1: 12-Month ECL	215,539	(207,137)	(8,402)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(21,971)	33,064	(11,093)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(440)	(56,331)	56,771	-
New loans and advances originated	63,156	26,359	1,998	91,513
Net remeasurement due to changes in credit risk	(270,569)	307,387	156,800	193,618
Loans and advances derecognised (other than write-off)	(27,338)	(44,603)	(18,511)	(90,452)
Modifications to contractual cash flows of loans and advances	(6,296)	209,739	29,982	233,425
Changes in models / risk parameters	(30,731)	(127,557)	-	(158,288)
Amount written off	(366)	-	(105,953)	(106,319)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(1,120)	(1,120)
Exchange differences	(453)	-	-	(453)
At 31 December 2022	<u>1,392,936</u>	<u>1,443,023</u>	<u>236,886</u>	<u>3,072,845</u>

A12. Other Assets

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Deferred handling fees	275,261	258,491	215,012	203,529
Interest / Income receivable	99,950	82,242	21,217	30,448
Other receivables, deposits and prepayments	2,005,613	2,399,026	1,623,402	2,059,811
Collateral pledged for derivative transactions	95,813	198,436	95,813	198,436
Employee benefits	165,875	158,128	163,029	155,393
Amount due from trust funds	222,459	176,012	-	-
Foreclosed properties	231,361	209,247	202,769	180,978
Outstanding contracts on clients' accounts	128,456	268,283	-	-
Amount due from subsidiary companies	-	-	41,793	42,695
Distribution receivable from collective investments	-	-	25,823	32,295
Dividend receivable from subsidiary companies	-	-	541,685	597,292
	<u>3,224,788</u>	<u>3,749,865</u>	<u>2,930,543</u>	<u>3,500,877</u>

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A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
At amortised cost				
Core deposits:				
- Demand deposits	69,145,255	68,676,154	55,538,490	55,820,713
- Savings deposits	48,972,784	49,356,557	33,772,703	34,258,061
- Fixed deposits	229,651,193	217,537,372	165,600,523	160,124,646
	<u>347,769,232</u>	<u>335,570,083</u>	<u>254,911,716</u>	<u>250,203,420</u>
Money market deposits	58,673,002	59,081,617	47,120,260	43,251,118
Other deposits	43,415	67,057	33,295	50,897
	<u>406,485,649</u>	<u>394,718,757</u>	<u>302,065,271</u>	<u>293,505,435</u>

b) By type of customer

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Federal and state governments	6,318,044	7,995,307	1,584,879	953,927
Local government and statutory authorities	3,415,594	3,417,572	2,396,842	2,288,005
Business enterprises	110,198,659	113,813,691	89,463,585	91,223,265
Individuals	214,335,351	209,056,024	159,354,311	161,180,717
Foreign customers	20,796,544	12,957,849	15,325,587	8,126,545
Others	51,421,457	47,478,314	33,940,067	29,732,976
	<u>406,485,649</u>	<u>394,718,757</u>	<u>302,065,271</u>	<u>293,505,435</u>

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Due within six months	215,668,337	233,910,652	160,678,339	173,842,926
More than six months to one year	71,191,805	38,342,917	51,926,943	29,418,128
More than one year to three years	1,459,127	4,360,349	111,057	109,984
More than three years to five years	4,246	5,071	3,764	4,726
More than five years	680	-	680	-
	<u>288,324,195</u>	<u>276,618,989</u>	<u>212,720,783</u>	<u>203,375,764</u>

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A14. Deposits from Banks and Other Financial Institutions

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Licensed banks	6,076,906	4,456,035	3,841,284	2,864,790
Licensed Islamic banks	-	400,000	-	-
Licensed investment banks	600,041	705,894	380,132	357,416
Bank Negara Malaysia	2,190,463	2,269,606	2,127,347	2,204,920
Other financial institutions	3,449,109	5,943,307	5,834,897	9,084,140
	<u>12,316,519</u>	<u>13,774,842</u>	<u>12,183,660</u>	<u>14,511,266</u>

A15. Other Liabilities

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest / Income payable	2,361,000	1,896,870	1,628,297	1,354,424
Other payables and accruals	2,926,310	3,814,228	2,340,242	3,208,513
Collateral received for derivative transactions	539,722	295,771	539,722	295,771
Amount due to trust funds	74,416	75,703	-	-
Unprocessed sales and / or redemptions	118,645	92,660	-	-
Accrued restoration costs	72,790	72,711	70,692	70,957
Allowance for impairment on loan / financing commitments and financial guarantees	70,563	75,953	58,679	62,451
Outstanding contracts on clients' accounts	128,839	251,610	-	-
Dividend payable to shareholders	9,040	32,718	3,782	14,444
Amount due to subsidiary companies	-	-	28,589	12,645
	<u>6,301,325</u>	<u>6,608,224</u>	<u>4,670,003</u>	<u>5,019,205</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 2023	49,857	24,799	1,297	75,953
Changes due to loan / financing commitments and financial guarantees recognised as at 1 January 2023:	5,891	(5,865)	(26)	-
- Transfer to Stage 1: 12-Month ECL	6,878	(6,828)	(50)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(982)	1,171	(189)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(5)	(208)	213	-
New loan / financing commitments and financial guarantees originated	2,544	1,211	1	3,756
Net remeasurement due to changes in credit risk	(8,609)	(97)	164	(8,542)
Loan / financing commitments and financial guarantees derecognised	(1,001)	(384)	(10)	(1,395)
Modifications to contractual cash flows of loan / financing commitments and financial guarantees	(26)	818	(63)	729
Exchange differences	61	1	-	62
At 30 June 2023	48,717	20,483	1,363	70,563
At 1 January 2022	51,361	23,175	328	74,864
Changes due to loan / financing commitments and financial guarantees recognised as at 1 January 2022:	3,747	(3,850)	103	-
- Transfer to Stage 1: 12-Month ECL	4,759	(4,737)	(22)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(1,004)	1,061	(57)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(8)	(174)	182	-
New loan / financing commitments and financial guarantees originated	4,491	4,611	50	9,152
Net remeasurement due to changes in credit risk	(3,079)	3,796	460	1,177
Loan / financing commitments and financial guarantees derecognised	(2,721)	(2,194)	(91)	(5,006)
Modifications to contractual cash flows of loan / financing commitments and financial guarantees	(30)	2,211	447	2,628
Changes in models / risk parameters	(4,050)	(2,951)	-	(7,001)
Exchange differences	138	1	-	139
At 31 December 2022	49,857	24,799	1,297	75,953

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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 2023	41,804	19,522	1,125	62,451
Changes due to loan commitments and financial guarantees recognised as at 1 January 2023:	4,057	(4,029)	(28)	-
- Transfer to Stage 1: 12-Month ECL	4,900	(4,857)	(43)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(838)	968	(130)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(5)	(140)	145	-
New loan commitments and financial guarantees originated	1,943	1,135	-	3,078
Net remeasurement due to changes in credit risk	(6,269)	(42)	45	(6,266)
Loan commitments and financial guarantees derecognised	(853)	(317)	(10)	(1,180)
Modifications to contractual cash flows of loan commitments and financial guarantees	(13)	721	(112)	596
At 30 June 2023	40,669	16,990	1,020	58,679
At 1 January 2022	41,515	18,236	310	60,061
Changes due to loan commitments and financial guarantees recognised as at 1 January 2022:	2,859	(2,937)	78	-
- Transfer to Stage 1: 12-Month ECL	3,671	(3,649)	(22)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(806)	853	(47)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(6)	(141)	147	-
New loan commitments and financial guarantees originated	3,299	3,150	11	6,460
Net remeasurement due to changes in credit risk	(2,014)	3,671	403	2,060
Loan commitments and financial guarantees derecognised	(1,857)	(1,825)	(89)	(3,771)
Modifications to contractual cash flows of loan commitments and financial guarantees	(28)	1,616	412	2,000
Changes in models/risk parameters	(1,970)	(2,389)	-	(4,359)
At 31 December 2022	41,804	19,522	1,125	62,451

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A16. Interest Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>Group</u>				
Loans and advances	3,782,129	2,947,483	7,454,448	5,794,520
Balances with banks	108,401	48,335	222,939	95,218
Financial investments at fair value through other comprehensive income	315,284	313,551	642,186	596,515
Financial investments at amortised cost	205,948	170,665	399,235	338,575
Others	16,235	11,372	31,738	20,796
	<u>4,427,997</u>	<u>3,491,406</u>	<u>8,750,546</u>	<u>6,845,624</u>
Financial assets at fair value through profit or loss	7,914	9,328	14,587	16,230
	<u>4,435,911</u>	<u>3,500,734</u>	<u>8,765,133</u>	<u>6,861,854</u>
Of which:				
Interest income earned on impaired loans and advances	<u>29,613</u>	<u>13,408</u>	<u>52,191</u>	<u>26,886</u>
	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>Bank</u>				
Loans and advances	3,325,189	2,596,054	6,576,869	5,107,019
Balances with banks	89,122	38,505	179,056	81,189
Financial investments at fair value through other comprehensive income	257,304	256,794	531,047	485,281
Financial investments at amortised cost	177,842	158,490	348,400	318,198
Others	12,044	25,669	23,842	49,196
	<u>3,861,501</u>	<u>3,075,512</u>	<u>7,659,214</u>	<u>6,040,883</u>
Financial assets at fair value through profit or loss	7,598	9,328	14,009	16,230
	<u>3,869,099</u>	<u>3,084,840</u>	<u>7,673,223</u>	<u>6,057,113</u>
Of which:				
Interest income earned on impaired loans and advances	<u>12,294</u>	<u>5,286</u>	<u>23,604</u>	<u>10,792</u>

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A17. Interest Expense

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits from banks and other financial institutions	63,664	78,002	167,136	140,990
Deposits from customers	2,006,747	1,069,943	3,812,172	2,114,627
Loans sold to Cagamas	45,874	27,001	91,244	69,455
Debt securities issued and other borrowed funds	95,450	95,096	196,512	190,062
Others	13,568	13,046	28,040	24,728
	<u>2,225,303</u>	<u>1,283,088</u>	<u>4,295,104</u>	<u>2,539,862</u>
	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits from banks and other financial institutions	74,781	74,981	186,659	132,876
Deposits from customers	1,825,776	997,976	3,446,397	1,983,258
Loans sold to Cagamas	45,874	27,001	91,244	69,455
Debt securities issued and other borrowed funds	87,726	92,908	181,542	185,797
Others	15,757	13,659	31,695	25,400
	<u>2,049,914</u>	<u>1,206,525</u>	<u>3,937,537</u>	<u>2,396,786</u>

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A18. Net Fee and Commission Income

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
(a) Fee and commission income:				
Commissions	206,146	187,608	410,091	348,575
Service charges and fees	77,221	80,801	154,000	151,760
Guarantee fees	8,208	7,873	16,718	14,928
Commitment fees	15,907	17,347	30,115	34,110
Unit trust management fees	313,018	314,421	618,785	639,884
Fee on sale of trust units	61,450	71,989	119,581	164,666
Brokerage and commissions from stockbroking activities	26,979	26,178	71,199	60,943
Other fee and commission income	14,129	18,160	27,134	30,071
	<u>723,058</u>	<u>724,377</u>	<u>1,447,623</u>	<u>1,444,937</u>
(b) Fee and commission expense:				
Unit trust agency fee	(104,389)	(118,226)	(207,727)	(251,253)
Debit / credit card related fee	(130,268)	(114,893)	(256,613)	(196,683)
Loan related fee	(973)	(4,173)	(7,494)	(6,434)
Other fee and commission expense	(9,405)	(5,374)	(15,435)	(11,549)
	<u>(245,035)</u>	<u>(242,666)</u>	<u>(487,269)</u>	<u>(465,919)</u>
Net fee and commission income	<u>478,023</u>	<u>481,711</u>	<u>960,354</u>	<u>979,018</u>
	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
(a) Fee and commission income:				
Commissions	222,152	200,615	439,397	379,883
Service charges and fees	58,518	59,440	117,944	116,046
Guarantee fees	7,570	7,385	15,614	14,065
Commitment fees	14,888	15,858	28,113	31,034
Other fee and commission income	8,731	10,155	14,573	16,088
	<u>311,859</u>	<u>293,453</u>	<u>615,641</u>	<u>557,116</u>
(b) Fee and commission expense:				
Debit / credit card related fee	(130,187)	(114,880)	(256,497)	(196,670)
Loan related fee	(3,918)	(3,169)	(7,398)	(4,833)
Other fee and commission expense	(2,098)	(2,596)	(4,470)	(5,839)
	<u>(136,203)</u>	<u>(120,645)</u>	<u>(268,365)</u>	<u>(207,342)</u>
Net fee and commission income	<u>175,656</u>	<u>172,808</u>	<u>347,276</u>	<u>349,774</u>

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A19. Net Gains and Losses on Financial Instruments

	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Group				
Net (loss) / gain arising on financial assets at fair value through profit or loss:				
- net gain / (loss) on disposal	237	(2,773)	3,815	(3,662)
- gross dividend income	1,573	572	1,573	572
- unrealised revaluation (loss) / gain	<u>(32,563)</u>	17,799	<u>(32,503)</u>	18,709
	<u>(30,753)</u>	<u>15,598</u>	<u>(27,115)</u>	<u>15,619</u>
Net gain arising on trading derivatives				
- unrealised revaluation gain	<u>-</u>	<u>46</u>	<u>1</u>	<u>43</u>
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	16,394	1,715	54,473	32,319
- gross dividend income	533	1,513	2,803	2,105
	<u>16,927</u>	<u>3,228</u>	<u>57,276</u>	<u>34,424</u>
Net gain arising on financial investments at amortised cost				
- net gain on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,456</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	442	(727)	1,338	(1,272)
- cash flow hedge	(59)	538	(49)	690
	<u>383</u>	<u>(189)</u>	<u>1,289</u>	<u>(582)</u>
Net gains and losses on financial instruments	<u>(13,443)</u>	<u>18,683</u>	<u>31,451</u>	<u>50,960</u>

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

	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Bank				
Net (loss) / gain arising on financial assets at fair value through profit or loss:				
- net gain / (loss) on disposal	318	(2,780)	3,558	(3,673)
- gross dividend income	1,483	483	1,483	483
- unrealised revaluation (loss) / gain	<u>(30,544)</u>	16,535	<u>(30,473)</u>	17,445
	<u>(28,743)</u>	<u>14,238</u>	<u>(25,432)</u>	<u>14,255</u>
Net gain arising on trading derivatives				
- unrealised revaluation gain	<u>-</u>	46	<u>1</u>	43
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	15,605	1,519	52,564	31,160
- gross dividend income	399	1,373	2,497	1,873
	<u>16,004</u>	<u>2,892</u>	<u>55,061</u>	<u>33,033</u>
Net gain arising on financial investments at amortised cost				
- net gain on disposal	<u>-</u>	<u>-</u>	<u>-</u>	1,456
Net (loss) / gain representing ineffective portions of hedging derivatives:				
- fair value hedge	-	(20)	-	(20)
- cash flow hedge	(59)	538	(49)	690
	<u>(59)</u>	<u>518</u>	<u>(49)</u>	<u>670</u>
Net gains and losses on financial instruments	<u>(12,798)</u>	17,694	<u>29,581</u>	<u>49,457</u>

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A20. Other Operating Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>Group</u>				
Other income:				
Foreign exchange profit	109,111	17,980	198,785	102,004
Rental income from:				
- investment properties	5,420	4,224	10,791	8,657
- other properties	2,930	2,950	5,667	5,656
Net gain on disposal of property and equipment	164	116	225	2,813
Net gain on disposal of foreclosed properties	851	137	2,485	320
Net gain / (loss) on revaluation of investment properties	3,752	(1,188)	3,752	(1,188)
Others	18,538	20,461	38,422	39,116
Total other operating income	<u>140,766</u>	<u>44,680</u>	<u>260,127</u>	<u>157,378</u>
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>Bank</u>				
Distribution income from collective investments	47,787	33,325	100,776	72,598
Dividend income from subsidiary companies				
- quoted outside Malaysia	14,385	22,585	14,385	22,585
- unquoted in Malaysia	300,000	310,000	338,000	368,000
	<u>362,172</u>	<u>365,910</u>	<u>453,161</u>	<u>463,183</u>
Other (loss) / income:				
Foreign exchange loss	(157,746)	(243,218)	(82,866)	(203,614)
Rental income from other properties	3,326	3,344	6,456	6,373
Net gain on disposal of property and equipment	164	17	225	47
Net gain on disposal of foreclosed properties	851	137	2,485	320
Others	16,217	16,076	34,773	32,975
	<u>(137,188)</u>	<u>(223,644)</u>	<u>(38,927)</u>	<u>(163,899)</u>
Total other operating income	<u>224,984</u>	<u>142,266</u>	<u>414,234</u>	<u>299,284</u>

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A21. Other Operating Expenses

Group	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	672,980	633,656	1,326,908	1,259,417
- Pension costs	81,903	88,833	171,449	177,254
- Others	38,980	43,784	83,089	88,217
	793,863	766,273	1,581,446	1,524,888
Establishment costs				
- Depreciation	93,115	92,080	184,502	183,747
- Insurance	6,329	5,861	12,880	13,094
- Water and electricity	14,056	12,384	26,562	23,040
- General repairs and maintenance	14,105	13,924	30,830	29,301
- Information technology expenses	52,031	42,878	99,896	83,693
- Others	24,829	24,280	51,329	48,412
	204,465	191,407	405,999	381,287
Marketing expenses				
- Advertisement and publicity	9,830	11,964	20,309	23,829
- Others	20,295	17,546	37,692	33,572
	30,125	29,510	58,001	57,401
Administration and general expenses				
- Communication expenses	16,943	34,593	37,774	53,828
- Legal and professional fees	14,605	12,432	25,537	21,907
- Others	38,264	38,427	83,662	78,269
	69,812	85,452	146,973	154,004
Total other operating expenses	1,098,265	1,072,642	2,192,419	2,117,580

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A21. Other Operating Expenses (continued)

Bank	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
- Salaries, allowances and bonuses	507,190	480,078	1,003,887	955,911
- Pension costs	68,699	76,730	145,193	153,345
- Others	29,026	34,059	62,477	69,358
	<u>604,915</u>	<u>590,867</u>	<u>1,211,557</u>	<u>1,178,614</u>
Establishment costs				
- Depreciation	67,688	67,677	135,388	136,140
- Insurance	5,178	4,528	10,485	10,439
- Water and electricity	9,037	8,217	17,203	15,670
- General repairs and maintenance	9,372	10,134	21,045	20,729
- Information technology expenses	39,612	33,313	76,373	64,549
- Others	11,650	11,580	25,451	23,144
	<u>142,537</u>	<u>135,449</u>	<u>285,945</u>	<u>270,671</u>
Marketing expenses				
- Advertisement and publicity	4,730	4,819	9,013	9,258
- Others	12,177	9,204	22,369	16,961
	<u>16,907</u>	<u>14,023</u>	<u>31,382</u>	<u>26,219</u>
Administration and general expenses				
- Communication expenses	13,084	17,364	29,538	33,105
- Legal and professional fees	9,381	8,649	16,072	14,194
- Others	18,127	18,598	42,012	38,386
	<u>40,592</u>	<u>44,611</u>	<u>87,622</u>	<u>85,685</u>
Cost of resource sharing charged to Public Islamic Bank Berhad *	(133,014)	(115,546)	(256,585)	(230,074)
Total other operating expenses	<u>671,937</u>	<u>669,404</u>	<u>1,359,921</u>	<u>1,331,115</u>

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

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Credit related	(58,640)	(50,581)	(112,921)	(99,797)
Non-credit branch support	(50,991)	(43,364)	(97,683)	(85,162)
Other administration function	(23,383)	(21,601)	(45,981)	(45,115)
	<u>(133,014)</u>	<u>(115,546)</u>	<u>(256,585)</u>	<u>(230,074)</u>

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

	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>Group</u>				
Expected credit losses	73,246	138,065	125,894	287,904
Impaired loans and financing written off	17	115	37	117
Impaired loans and financing recovered	<u>(49,070)</u>	<u>(58,278)</u>	<u>(100,194)</u>	<u>(108,391)</u>
	<u>24,193</u>	<u>79,902</u>	<u>25,737</u>	<u>179,630</u>
	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>Bank</u>				
Expected credit losses	(49,780)	73,776	(87,278)	140,115
Impaired loans written off	16	115	36	117
Impaired loans recovered	<u>(26,625)</u>	<u>(37,134)</u>	<u>(58,300)</u>	<u>(67,044)</u>
	<u>(76,389)</u>	<u>36,757</u>	<u>(145,542)</u>	<u>73,188</u>

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A23. (Writeback of allowance) / Allowance for Impairment on Other Assets

	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Group				
Expected credit losses on:				
- Financial investments at fair value through other comprehensive income	(189)	1,039	(75)	936
- Financial investments at amortised cost	427	84	558	(16)
- Deposits and placements with banks and other financial institutions	372	53	1,712	273
Allowance (written back) / made on:				
- Foreclosed properties	(3,899)	1,448	(7,203)	3,641
- Other receivables	37	(53)	37	-
	<u>(3,252)</u>	<u>2,571</u>	<u>(4,971)</u>	<u>4,834</u>

	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Bank				
Expected credit losses on:				
- Financial investments at fair value through other comprehensive income	(403)	640	(537)	243
- Financial investments at amortised cost	456	60	645	(53)
Allowance (written back) / made on:				
- Foreclosed properties	(3,916)	1,189	(7,308)	3,382
	<u>(3,863)</u>	<u>1,889</u>	<u>(7,200)</u>	<u>3,572</u>

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A24. Segment Information

2nd Quarter Ended 30 June 2023	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	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
External revenue	735,579	3,106,683	505,486	340,031	39,623	374,987	2,657	555,294	5,660,340	602,954	-	6,263,294
Revenue from other segments	2,002	406,249	11,940	509,770	265	13,010	12,729	165,641	1,121,606	37,628	(1,159,234)	-
	737,581	3,512,932	517,426	849,801	39,888	387,997	15,386	720,935	6,781,946	640,582	(1,159,234)	6,263,294
Net interest income / (expense) and												
Islamic banking income	230,726	1,404,779	151,069	(45,936)	6,042	3,242	(4,945)	497,096	2,242,073	364,724	(839)	2,605,958
Other income	494	187,257	8,369	79,905	11,269	254,655	2,783	15,378	560,110	45,461	(225)	605,346
Net income / (expense)	231,220	1,592,036	159,438	33,969	17,311	257,897	(2,162)	512,474	2,802,183	410,185	(1,064)	3,211,304
Other operating expenses	(68,349)	(606,847)	(5,246)	(14,373)	(12,046)	(63,007)	(8,249)	(121,357)	(899,474)	(199,855)	1,064	(1,098,265)
Writeback of allowance /												
(Allowance) for impairment on loans, advances and financing	78,506	(41,327)	(7,054)	-	204	77	-	-	30,406	(54,599)	-	(24,193)
Writeback of allowance / (Allowance)												
for impairment on other assets	-	3,898	-	79	(66)	-	(37)	(288)	3,586	(334)	-	3,252
Profit / (loss) by segments	241,377	947,760	147,138	19,675	5,403	194,967	(10,448)	390,829	1,936,701	155,397	-	2,092,098
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									3,370	-		3,370
Profit before tax expense and zakat									1,940,071	155,397		2,095,468

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A24. Segment Information (continued)

2nd Quarter Ended 30 June 2022	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	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
External revenue	649,503	2,410,892	373,031	244,457	43,396	387,000	2,311	467,340	4,577,930	395,756	-	4,973,686
Revenue from other segments	897	381,129	6,157	281,723	155	11,233	12,517	75,222	769,033	5,531	(774,564)	-
	<u>650,400</u>	<u>2,792,021</u>	<u>379,188</u>	<u>526,180</u>	<u>43,551</u>	<u>398,233</u>	<u>14,828</u>	<u>542,562</u>	<u>5,346,963</u>	<u>401,287</u>	<u>(774,564)</u>	<u>4,973,686</u>
Net interest income / (expense) and												
Islamic banking income	215,908	1,492,131	147,060	46,492	8,807	1,743	(3,431)	415,670	2,324,380	309,045	(1,001)	2,632,424
Other income	362	184,466	6,846	67,041	18,766	254,113	2,449	19,269	553,312	764	(9,002)	545,074
Net income / (expense)	<u>216,270</u>	<u>1,676,597</u>	<u>153,906</u>	<u>113,533</u>	<u>27,573</u>	<u>255,856</u>	<u>(982)</u>	<u>434,939</u>	<u>2,877,692</u>	<u>309,809</u>	<u>(10,003)</u>	<u>3,177,498</u>
Other operating expenses	(63,091)	(573,207)	(4,876)	(15,187)	(11,777)	(65,683)	(7,333)	(159,692)	(900,846)	(181,799)	10,003	(1,072,642)
Writeback of allowance /												
(Allowance) for impairment on loans, advances and financing	73,135	(127,644)	(10,081)	-	78	20	-	-	(64,492)	(15,410)	-	(79,902)
(Allowance) / Writeback of allowance for impairment on other assets	-	(1,448)	-	(363)	53	-	-	(776)	(2,534)	(37)	-	(2,571)
Profit / (Loss) by segments	<u>226,314</u>	<u>974,298</u>	<u>138,949</u>	<u>97,983</u>	<u>15,927</u>	<u>190,193</u>	<u>(8,315)</u>	<u>274,471</u>	<u>1,909,820</u>	<u>112,563</u>	<u>-</u>	<u>2,022,383</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									246	-		246
Profit before tax expense and zakat									<u>1,910,066</u>	<u>112,563</u>	<u>-</u>	<u>2,022,629</u>

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A24. Segment Information

Half Year Ended 30 June 2023	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	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
External revenue	1,444,449	6,070,685	987,331	690,176	90,453	739,411	5,328	1,158,852	11,186,685	1,199,846	-	12,386,531
Revenue from other segments	2,668	731,187	20,548	999,426	462	27,626	25,425	320,815	2,128,157	70,150	(2,198,307)	-
	1,447,117	6,801,872	1,007,879	1,689,602	90,915	767,037	30,753	1,479,667	13,314,842	1,269,996	(2,198,307)	12,386,531
Net interest income / (expense) and												
Islamic banking income	458,200	2,832,275	295,435	(95,598)	12,292	8,240	(9,696)	1,084,801	4,585,949	678,256	(1,711)	5,262,494
Other income	744	378,261	10,246	171,628	31,716	502,325	5,573	29,719	1,130,212	123,207	(1,487)	1,251,932
Net income / (expense)	458,944	3,210,536	305,681	76,030	44,008	510,565	(4,123)	1,114,520	5,716,161	801,463	(3,198)	6,514,426
Other operating expenses	(137,518)	(1,192,201)	(10,524)	(29,135)	(25,508)	(123,048)	(16,221)	(271,058)	(1,805,213)	(390,404)	3,198	(2,192,419)
Writeback of allowance /												
(Allowance) for impairment on loans, advances and financing	86,751	(35,787)	(2,845)	-	323	67	-	-	48,509	(74,246)	-	(25,737)
Writeback of allowance / (Allowance)												
for impairment on other assets	-	7,202	-	(34)	(24)	-	(37)	(427)	6,680	(1,709)	-	4,971
Profit / (Loss) by segments	408,177	1,989,750	292,312	46,861	18,799	387,584	(20,381)	843,035	3,966,137	335,104	-	4,301,241
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									3,210	-		3,210
Profit before tax expense and zakat									3,969,347	335,104		4,304,451
Cost income ratio	30.0%	37.1%	3.4%	38.3%	58.0%	24.1%	n/a	24.3%	31.6%	48.7%		33.7%

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A24. Segment Information (continued)

Half Year Ended	Hire	Retail	Corporate	Treasury and	Investment	Fund	Others	Head	Total	Total	Inter-	Group
30 June 2023	Purchase	Operations	Lending	Capital Market	Banking	Management	RM'000	Office and	Domestic	Overseas	segment	Total
	RM'000	RM'000	RM'000	Operations	RM'000	RM'000	RM'000	Funding	Operations	Operations	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Center	RM'000	RM'000	RM'000	RM'000
Gross loans, advances and financing	61,461,358	256,419,127	42,375,804	-	428,232	119,435	1,517	-	360,805,473	26,352,917	-	387,158,390
Loans growth	5.5%	2.1%	0.3%	-	-0.7%	-0.1%	2.4%	-	2.5%	6.1%	-	2.7%
Impaired loans, advances and financing	157,346	762,505	431,381	-	-	855	-	-	1,352,087	795,559	-	2,147,646
Impaired loan and financing ratio	0.26%	0.30%	1.02%	-	-	0.72%	-	-	0.37%	3.02%	-	0.55%
Deposits from customers	-	310,092,306	185,666	67,157,743	956,121	-	-	-	378,391,836	28,093,813	-	406,485,649
Deposits growth	-	5.4%	-29.0%	-6.4%	-9.2%	-	-	-	3.1%	1.9%	-	3.0%
Segment assets	<u>60,879,713</u>	<u>317,423,326</u>	<u>41,328,549</u>	<u>78,282,120</u>	<u>2,782,102</u>	<u>466,035</u>	<u>822,345</u>	<u>56,270,989</u>	<u>558,255,179</u>	<u>41,943,271</u>	<u>(106,885,995)</u>	<u>493,312,455</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									126,394	19		126,413
Unallocated assets									2,442,321	-		2,442,321
Intangible assets									775,493	1,847,654		2,623,147
Total assets									<u>561,599,387</u>	<u>43,790,944</u>		<u>498,504,336</u>

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A24. Segment Information (continued)

Half Year Ended 30 June 2022	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	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
External revenue	1,287,209	4,661,519	731,446	463,704	90,593	805,658	4,591	990,996	9,035,716	825,194	-	9,860,910
Revenue from other segments	1,113	786,950	11,259	582,941	304	23,065	24,883	175,353	1,605,868	9,344	(1,615,212)	-
	<u>1,288,322</u>	<u>5,448,469</u>	<u>742,705</u>	<u>1,046,645</u>	<u>90,897</u>	<u>828,723</u>	<u>29,474</u>	<u>1,166,349</u>	<u>10,641,584</u>	<u>834,538</u>	<u>(1,615,212)</u>	<u>9,860,910</u>
Net interest income / (expense) and Islamic banking income	433,452	2,925,100	294,742	70,484	18,227	4,059	(6,717)	795,972	4,535,319	605,790	(2,050)	5,139,059
Other income	750	378,268	9,929	136,778	39,872	520,601	7,484	55,094	1,148,776	57,013	(18,433)	1,187,356
Net income	434,202	3,303,368	304,671	207,262	58,099	524,660	767	851,066	5,684,095	662,803	(20,483)	6,326,415
Other operating expenses	(125,796)	(1,127,505)	(9,517)	(29,857)	(23,925)	(132,520)	(14,424)	(315,874)	(1,779,418)	(358,645)	20,483	(2,117,580)
Writeback of allowance / (Allowance) for impairment on loans, advances and financing	18,515	(153,889)	(2,687)	-	168	20	-	-	(137,873)	(41,757)	-	(179,630)
(Allowance) / Writeback of allowance for impairment on other assets	-	(3,641)	-	(57)	7	-	-	(863)	(4,554)	(280)	-	(4,834)
Profit / (Loss) by segments	<u>326,921</u>	<u>2,018,333</u>	<u>292,467</u>	<u>177,348</u>	<u>34,349</u>	<u>392,160</u>	<u>(13,657)</u>	<u>534,329</u>	<u>3,762,250</u>	<u>262,121</u>	<u>-</u>	<u>4,024,371</u>
Reconciliation of segment profits to consolidated profits: Share of loss after tax of equity accounted associated companies									(1,468)	-		(1,468)
Profit before tax expense and zakat									<u>3,760,782</u>	<u>262,121</u>		<u>4,022,903</u>
Cost income ratio	29.0%	34.1%	3.1%	14.4%	41.2%	25.3%	>100.0%	37.1%	31.3%	54.1%		33.5%

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A24. Segment Information (continued)

Half Year Ended 30 June 2022	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	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
Gross loans, advances and financing	56,174,270	244,987,511	41,967,429	-	352,982	120,665	1,565	-	343,604,422	24,360,488		367,964,910
Loans growth	5.1%	2.4%	1.2%	-	-9.6%	-0.1%	7.8%	-	2.7%	4.2%		2.8%
Impaired loans, advances and financing	111,333	505,139	106,293	-	-	927	-	-	723,692	342,209		1,065,901
Impaired loan and financing ratio	0.20%	0.21%	0.25%	-	-	0.77%	-	-	0.21%	1.40%		0.29%
Deposits from customers	-	296,522,136	303,186	61,107,738	994,378	-	-	-	358,927,438	29,325,007		388,252,445
Deposits growth	-	2.9%	64.6%	-3.4%	2.8%	-	-	-	1.8%	5.6%		2.1%
Segment assets	<u>55,201,119</u>	<u>303,781,285</u>	<u>41,085,416</u>	<u>76,613,816</u>	<u>2,396,864</u>	<u>438,507</u>	<u>823,199</u>	<u>52,381,639</u>	<u>532,721,845</u>	<u>41,635,996</u>	<u>(100,833,871)</u>	<u>473,523,970</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									111,647	17		111,664
Unallocated assets									2,645,140	-		2,645,140
Intangible assets									775,493	1,756,273		2,531,766
Total assets									<u>536,254,125</u>	<u>43,392,286</u>		<u>478,812,540</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 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Contingent liabilities				
Direct credit substitutes	903,816	904,534	850,563	853,422
Transaction-related contingent items	1,750,007	1,736,851	1,422,189	1,395,517
Short term self-liquidating trade-related contingencies	568,371	593,742	174,370	157,871
	3,222,194	3,235,127	2,447,122	2,406,810
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	35,340,702	33,021,059	26,568,585	25,634,872
- not exceeding one year	24,773,038	24,727,099	19,873,109	19,887,896
Unutilised credit card lines	9,601,867	9,152,427	9,130,424	8,766,415
Forward asset purchases	655,713	114,875	575,332	114,875
	70,371,320	67,015,460	56,147,450	54,404,058
Derivative financial instruments				
Foreign exchange related contracts:				
- up to one year	21,203,782	28,235,903	19,652,956	27,842,160
- more than one year to five years	1,091,427	1,255,118	1,091,427	1,255,118
Interest / Profit rate related contracts:				
- up to one year	25,000	25,000	25,000	25,000
- more than one year to five years	5,219,918	4,652,413	7,978,825	7,430,683
- more than five years	514,935	302,733	600,000	200,000
Commodity related contracts:				
- up to one year	222	230	222	230
	28,055,284	34,471,397	29,348,430	36,753,191
	101,648,798	104,721,984	87,943,002	93,564,059

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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 June 2023												
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,331,849	-	-	1,331,849	12,031	-	-	12,031	7,507	-	-	7,507
- Swaps	18,850,522	-	-	18,850,522	497,680	-	-	497,680	84,735	-	-	84,735
- Options	99,206	-	-	99,206	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	222	-	-	222	-	-	-	-	-	-	-	-
	<u>20,281,799</u>	<u>-</u>	<u>-</u>	<u>20,281,799</u>	<u>509,711</u>	<u>-</u>	<u>-</u>	<u>509,711</u>	<u>92,242</u>	<u>-</u>	<u>-</u>	<u>92,242</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	-	341,093	214,935	556,028	-	19,003	14,714	33,717	-	-	-	-
Cash Flow Hedge												
Interest / Profit rate related contracts												
- Swaps	25,000	1,800,000	3,378,825	5,203,825	-	43,243	179,667	222,910	21	-	-	21
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	922,205	435,931	655,496	2,013,632	-	-	-	-	60,914	8,658	11,902	81,474
	<u>947,205</u>	<u>2,577,024</u>	<u>4,249,256</u>	<u>7,773,485</u>	<u>-</u>	<u>62,246</u>	<u>194,381</u>	<u>256,627</u>	<u>60,935</u>	<u>8,658</u>	<u>11,902</u>	<u>81,495</u>
Total	<u>21,229,004</u>	<u>2,577,024</u>	<u>4,249,256</u>	<u>28,055,284</u>	<u>509,711</u>	<u>62,246</u>	<u>194,381</u>	<u>766,338</u>	<u>153,177</u>	<u>8,658</u>	<u>11,902</u>	<u>173,737</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 2022	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	1,752,724	-	-	1,752,724	9,504	-	-	9,504	12,612	-	-	12,612
- Swaps	24,451,793	-	-	24,451,793	158,437	-	-	158,437	357,249	-	-	357,249
- Options	103,007	-	-	103,007	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	230	-	-	230	-	-	-	-	-	-	-	-
	<u>26,307,754</u>	<u>-</u>	<u>-</u>	<u>26,307,754</u>	<u>167,941</u>	<u>-</u>	<u>-</u>	<u>167,941</u>	<u>369,861</u>	<u>-</u>	<u>-</u>	<u>369,861</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	-	255,621	268,842	524,463	-	13,032	17,510	30,542	-	-	-	-
Cash Flow Hedge												
Interest / Profit rate related contracts												
- Swaps	25,000	1,500,000	2,930,683	4,455,683	-	50,080	177,331	227,411	25	-	-	25
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	1,928,379	220,696	1,034,422	3,183,497	-	2,463	18,207	20,670	126,159	-	-	126,159
	<u>1,953,379</u>	<u>1,976,317</u>	<u>4,233,947</u>	<u>8,163,643</u>	<u>-</u>	<u>65,575</u>	<u>213,048</u>	<u>278,623</u>	<u>126,184</u>	<u>-</u>	<u>-</u>	<u>126,184</u>
Total	<u>28,261,133</u>	<u>1,976,317</u>	<u>4,233,947</u>	<u>34,471,397</u>	<u>167,941</u>	<u>65,575</u>	<u>213,048</u>	<u>446,564</u>	<u>496,045</u>	<u>-</u>	<u>-</u>	<u>496,045</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	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 June 2023												
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,306,219	-	-	1,306,219	12,026	-	-	12,026	7,490	-	-	7,490
- Swaps	17,325,326	-	-	17,325,326	496,534	-	-	496,534	77,013	-	-	77,013
- Options	99,206	-	-	99,206	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	222	-	-	222	-	-	-	-	-	-	-	-
	<u>18,730,973</u>	<u>-</u>	<u>-</u>	<u>18,730,973</u>	<u>508,560</u>	<u>-</u>	<u>-</u>	<u>508,560</u>	<u>84,503</u>	<u>-</u>	<u>-</u>	<u>84,503</u>
Hedging Derivatives:												
Cash Flow Hedge												
Interest rate related contracts												
- Swaps	25,000	3,500,000	5,078,825	8,603,825	-	56,548	190,887	247,435	21	20,802	14,609	35,432
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	922,205	435,931	655,496	2,013,632	-	-	-	-	60,914	8,658	11,902	81,474
	<u>947,205</u>	<u>3,935,931</u>	<u>5,734,321</u>	<u>10,617,457</u>	<u>-</u>	<u>56,548</u>	<u>190,887</u>	<u>247,435</u>	<u>60,935</u>	<u>29,460</u>	<u>26,511</u>	<u>116,906</u>
Total	<u>19,678,178</u>	<u>3,935,931</u>	<u>5,734,321</u>	<u>29,348,430</u>	<u>508,560</u>	<u>56,548</u>	<u>190,887</u>	<u>755,995</u>	<u>145,438</u>	<u>29,460</u>	<u>26,511</u>	<u>201,409</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 2022	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	1,731,904	-	-	1,731,904	9,494	-	-	9,494	12,598	-	-	12,598
- Swaps	24,078,870	-	-	24,078,870	158,253	-	-	158,253	354,086	-	-	354,086
- Options	103,007	-	-	103,007	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	230	-	-	230	-	-	-	-	-	-	-	-
	<u>25,914,011</u>	<u>-</u>	<u>-</u>	<u>25,914,011</u>	<u>167,747</u>	<u>-</u>	<u>-</u>	<u>167,747</u>	<u>366,684</u>	<u>-</u>	<u>-</u>	<u>366,684</u>
Hedging Derivatives:												
Cash Flow Hedge												
Interest rate related contracts												
- Swaps	25,000	2,700,000	4,930,683	7,655,683	-	65,001	186,324	251,325	25	8,259	34,663	42,947
Net Investment Hedge												
Foreign exchange contracts												
- Forwards	1,928,379	220,696	1,034,422	3,183,497	-	2,463	18,207	20,670	126,159	-	-	126,159
	<u>1,953,379</u>	<u>2,920,696</u>	<u>5,965,105</u>	<u>10,839,180</u>	<u>-</u>	<u>67,464</u>	<u>204,531</u>	<u>271,995</u>	<u>126,184</u>	<u>8,259</u>	<u>34,663</u>	<u>169,106</u>
Total	<u>27,867,390</u>	<u>2,920,696</u>	<u>5,965,105</u>	<u>36,753,191</u>	<u>167,747</u>	<u>67,464</u>	<u>204,531</u>	<u>439,742</u>	<u>492,868</u>	<u>8,259</u>	<u>34,663</u>	<u>535,790</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 RM766,338,000 (2022: RM446,564,000) and RM755,995,000 (2022: RM439,742,000) 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 RM95,813,000 (2022: RM198,436,000) 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 2022 and Pillar 3 Disclosures section of the 2022 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 June 2023	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	1,693,340	-	1,693,340
- Money market instruments	-	1,343,801	-	1,343,801
- Non-money market instruments	-	-	359,828	359,828
	-	3,037,141	359,828	3,396,969
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	47,590,838	-	47,590,838
- Money market instruments	-	1,249,332	-	1,249,332
- Non-money market instruments	1,645	5,610,766	428,595	6,041,006
	1,645	54,450,936	428,595	54,881,176
Derivative financial assets	-	766,338	-	766,338
Total financial assets measured at fair value	1,645	58,254,415	788,423	59,044,483
Non-financial assets				
Investment properties	-	-	762,631	762,631
Financial liabilities				
Derivative financial liabilities	-	173,737	-	173,737
Total financial liabilities measured at fair value	-	173,737	-	173,737

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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 2022	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	558,083	-	558,083
- Non-money market instruments	-	-	391,242	391,242
	-	558,083	391,242	949,325
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	48,272,166	-	48,272,166
- Money market instruments	-	842,032	-	842,032
- Non-money market instruments	1,675	5,338,129	413,287	5,753,091
	1,675	54,452,327	413,287	54,867,289
Derivative financial assets	-	446,564	-	446,564
Total financial assets measured at fair value	1,675	55,456,974	804,529	56,263,178
Non-financial assets				
Investment properties	-	-	669,570	669,570
Financial liabilities				
Derivative financial liabilities	-	496,045	-	496,045
Total financial liabilities measured at fair value	-	496,045	-	496,045

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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 June 2023	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	1,662,978	-	1,662,978
- Non-money market instruments	-	-	339,238	339,238
	-	1,662,978	339,238	2,002,216
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	31,752,040	-	31,752,040
- Money market instruments	-	1,696,991	-	1,696,991
- Non-money market instruments	-	434,989	421,370	856,359
	-	33,884,020	421,370	34,305,390
Derivative financial assets	-	755,995	-	755,995
Total financial assets measured at fair value	-	36,302,993	760,608	37,063,601
Financial liabilities				
Derivative financial liabilities	-	201,409	-	201,409
Total financial liabilities measured at fair value	-	201,409	-	201,409

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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 2022	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	558,083	-	558,083
- Non-money market instruments	-	-	368,855	368,855
	-	558,083	368,855	926,938
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	34,286,611	-	34,286,611
- Money market instruments	-	1,722,871	-	1,722,871
- Non-money market instruments	-	738,420	406,384	1,144,804
	-	36,747,902	406,384	37,154,286
Derivative financial assets	-	439,742	-	439,742
Total financial assets measured at fair value	-	37,745,727	775,239	38,520,966
Financial liabilities				
Derivative financial liabilities	-	535,790	-	535,790
Total financial liabilities measured at fair value	-	535,790	-	535,790

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2022: 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 ->			
	Financial Assets at Fair Value Through Profit or Loss RM'000	Financial Investments at Fair Value Through Other Comprehensive Income RM'000	Investment Properties RM'000	Total RM'000
At 1 January 2023	391,242	413,287	669,570	1,474,099
Recognised in profit or loss				
- unrealised revaluation (loss) / gain	(31,414)	-	3,752	(27,662)
Recognised in other comprehensive income				
- unrealised revaluation gain	-	12,890	44,480	57,370
Addition	-	-	325	325
Transfer from owner occupied property	-	-	30,964	30,964
Exchange differences	-	2,418	13,540	15,958
At 30 June 2023	<u>359,828</u>	<u>428,595</u>	<u>762,631</u>	<u>1,551,054</u>
At 1 January 2022	365,568	392,801	606,074	1,364,443
Recognised in profit or loss				
- unrealised revaluation gain	25,674	-	5,110	30,784
Recognised in other comprehensive income				
- unrealised revaluation gain	-	18,347	15,046	33,393
Addition	-	-	43,361	43,361
Transfer from owner occupied property	-	-	2,054	2,054
Reversal of over-provision	-	-	(13,149)	(13,149)
Exchange differences	-	2,139	11,074	13,213
At 31 December 2022	<u>391,242</u>	<u>413,287</u>	<u>669,570</u>	<u>1,474,099</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 2023	368,855	406,384	775,239
Recognised in profit or loss			
- unrealised revaluation loss	(29,617)	-	(29,617)
Recognised in other comprehensive income			
- unrealised revaluation gain	-	12,787	12,787
Exchange differences	-	2,199	2,199
At 30 June 2023	<u>339,238</u>	<u>421,370</u>	<u>760,608</u>
At 1 January 2022	344,650	386,070	730,720
Recognised in profit or loss			
- unrealised revaluation gain	24,205	-	24,205
Recognised in other comprehensive income			
- unrealised revaluation gain	-	18,388	18,388
Exchange differences	-	1,926	1,926
At 31 December 2022	<u>368,855</u>	<u>406,384</u>	<u>775,239</u>

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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 June 2023	31 December 2022	30 June 2023	31 December 2022
<u>Before deducting interim dividends *</u>				
Common Equity Tier I ("CET I") capital ratio	15.204%	14.862%	14.103%	13.472%
Tier I capital ratio	15.222%	14.912%	14.103%	13.513%
Total capital ratio	<u>18.179%</u>	<u>17.925%</u>	<u>17.301%</u>	<u>16.722%</u>
<u>After deducting interim dividends *</u>				
CET I capital ratio	14.663%	14.552%	13.387%	13.072%
Tier I capital ratio	14.681%	14.603%	13.387%	13.113%
Total capital ratio	<u>17.638%</u>	<u>17.616%</u>	<u>16.585%</u>	<u>16.322%</u>

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 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	2,058,935	998,895	494,752	235,063
Retained profits	40,332,102	38,962,590	32,163,295	30,762,417
Qualifying non-controlling interests	768,306	721,467	-	-
Less: Goodwill and other intangible assets	(2,623,147)	(2,539,021)	(695,393)	(695,393)
Less: Deferred tax assets, net	(510,420)	(630,201)	(298,087)	(392,775)
Less: Defined benefit pension fund assets	(165,875)	(158,128)	(163,253)	(155,613)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	<u>(164,454)</u>	<u>(154,918)</u>	<u>(6,505,741)</u>	<u>(6,505,741)</u>
Total CET I capital	49,113,100	46,618,337	34,413,226	32,665,611
Additional Tier I capital securities	-	99,942	-	99,942
Qualifying CET I and additional Tier I capital instruments held by third parties	<u>60,220</u>	<u>58,268</u>	<u>-</u>	<u>-</u>
Total Tier I capital	<u>49,173,320</u>	<u>46,776,547</u>	<u>34,413,226</u>	<u>32,765,553</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 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
<u>Tier II capital</u>				
Stage 1 and Stage 2 expected credit loss allowances #	3,658,092	3,575,757	2,710,019	2,782,854
Qualifying regulatory reserves	-	-	95,518	-
Subordinated notes	4,999,201	4,999,096	4,999,201	4,999,096
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	738,243	734,353	-	-
Others	155,496	140,839	-	-
Total Tier II capital	<u>9,551,032</u>	<u>9,450,045</u>	<u>7,804,738</u>	<u>7,781,950</u>
Total capital	<u>58,724,352</u>	<u>56,226,592</u>	<u>42,217,964</u>	<u>40,547,503</u>

Excludes expected credit loss allowances restricted from Tier II capital of the Group and of the Bank of RM255,544,000 (2022: RM453,732,000) and RM NIL (2022: RM125,217,000) respectively.

In arriving at the total capital of the Group and of the Bank above, the interim dividends declared subsequent to the financial period/year end were not deducted.

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.

Banking institutions are also required to maintain a CCB of 2.5% and a CCyB above the minimum regulatory capital adequacy ratios. A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Group and the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Group and the Bank have applied CCyB on their private sector credit exposures outside Malaysia in line with the respective jurisdictions' requirement to maintain their CCyB. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

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.

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Credit risk	292,647,370	286,060,596	224,442,923	222,628,352
Market risk	6,384,426	4,552,498	3,268,107	4,218,024
Operational risk	23,416,599	22,457,709	15,739,284	15,042,201
Large exposure risk	588,448	607,456	567,858	585,069
	<u>323,036,843</u>	<u>313,678,259</u>	<u>244,018,172</u>	<u>242,473,646</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 June 2023							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	12.901%	36.028%	25.194%	22.916%	29.272%	N/A	N/A
Tier I capital ratio	12.901%	36.028%	25.194%	22.916%	29.272%	N/A	N/A
Total capital ratio	15.952%	36.755%	25.282%	23.708%	30.329%	27.294%	22.043%
<u>After deducting interim dividends: *</u>							
CET I capital ratio	12.901%	36.028%	25.194%	22.761%	28.666%	N/A	N/A
Tier I capital ratio	12.901%	36.028%	25.194%	22.761%	28.666%	N/A	N/A
Total capital ratio	15.952%	36.755%	25.282%	23.554%	29.723%	27.294%	22.043%
31 December 2022							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	12.863%	38.729%	24.821%	22.470%	28.855%	N/A	N/A
Tier I capital ratio	12.863%	38.729%	24.821%	22.470%	28.855%	N/A	N/A
Total capital ratio	16.025%	39.489%	24.888%	23.251%	29.902%	23.110%	23.140%
<u>After deducting interim dividends: *</u>							
CET I capital ratio	12.863%	35.078%	24.821%	22.348%	27.805%	N/A	N/A
Tier I capital ratio	12.863%	35.078%	24.821%	22.348%	27.805%	N/A	N/A
Total capital ratio	16.025%	35.837%	24.888%	23.129%	28.852%	23.110%	23.140%

* 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 16.0%.
- 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%.

A31. Credit Exposures Arising From Credit Transactions With Connected Parties

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Outstanding credit exposures with connected parties (RM'000)	2,436,869	2,442,111	3,151,547	3,112,875
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures	0.57%	0.59%	0.99%	0.99%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.00%	0.00%	0.00%	0.00%

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A32. Operations of Islamic Banking

a) Statement of Financial Position As At 30 June 2023

	Note	Group	
		30 June 2023 RM'000	31 December 2022 RM'000
ASSETS			
Cash and balances with banks		298,989	3,065,329
Financial assets at fair value through profit or loss		1,343,801	-
Derivative financial assets		35,411	42,922
Financial investments at fair value through other comprehensive income		14,145,843	12,076,612
Financial investments at amortised cost		6,064,248	5,635,686
Financing and advances	A32(d)	69,058,259	65,637,072
Other assets		240,964	217,946
Statutory deposits with Bank Negara Malaysia		1,650,930	1,746,100
Deferred tax assets		122,409	148,606
Collective investment		599,512	589,838
Investment in an associated company		67,500	67,500
Right-of-use assets		19,124	19,846
Property and equipment		3,477	3,492
Total Assets		93,650,467	89,250,949
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	A32(e)	78,709,582	76,088,570
Deposits from banks and other financial institutions		4,039,394	2,715,451
Bills and acceptances payable		1,919	3,100
Recourse obligations on financing sold to Cagamas		1,100,000	1,100,000
Derivative financial liabilities		24,525	23,914
Senior Sukuk Murabahah		1,000,000	1,000,000
Subordinated Sukuk Murabahah		1,000,000	1,000,000
Lease liabilities		19,542	20,101
Other liabilities		596,794	463,445
Provision for zakat and taxation		47,079	92,947
Total Liabilities		86,538,835	82,507,528
Islamic Banking Funds		7,111,632	6,743,421
Total Liabilities and Islamic Banking Funds		93,650,467	89,250,949
COMMITMENTS AND CONTINGENCIES		14,812,306	13,328,439

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A32. Operations of Islamic Banking (continued)

b) Statement of Profit or Loss for the 2nd Quarter and Financial Half Year Ended 30 June 2023

	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and others	883,913	651,679	1,729,038	1,276,091
Income derived from investment of Islamic Banking Funds	76,794	54,925	150,246	106,384
Allowance for impairment on financing and advances	(25,734)	(620)	(13,183)	(25,862)
Allowance for impairment on other assets	(107)	(362)	(513)	(488)
Total distributable income	934,866	705,622	1,865,588	1,356,125
Income attributable to depositors and others	(610,938)	(319,061)	(1,175,082)	(621,371)
Total net income	323,928	386,561	690,506	734,754
Other operating expenses	(155,077)	(147,458)	(301,770)	(279,843)
Profit before zakat and taxation	168,851	239,103	388,736	454,911
Zakat	(777)	(705)	(1,295)	(1,410)
Taxation	(39,637)	(84,386)	(91,587)	(148,270)
Profit for the period	128,437	154,012	295,854	305,231

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

	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Income derived from investment of depositors' funds and others	883,913	651,679	1,729,038	1,276,091
Income derived from investment of Islamic Banking Funds	76,794	54,925	150,246	106,384
Income attributable to depositors and others	(610,938)	(319,061)	(1,175,082)	(621,371)
	349,769	387,543	704,202	761,104
Elimination of inter-company income and expenses	45,581	27,235	88,263	55,963
Net income from Islamic banking business	395,350	414,778	792,465	817,067
Of which:				
Financing income earned on impaired financing	2,273	900	3,918	1,872

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A32. Operations of Islamic Banking (continued)

c) Statement of Comprehensive Income for the 2nd Quarter and Financial Half Year Ended 30 June 2023

	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<u>Group</u>				
Profit for the period	<u>128,437</u>	<u>154,012</u>	<u>295,854</u>	<u>305,231</u>
Other comprehensive (loss) / income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net change in revaluation of financial investments at fair value through other comprehensive income	(8,070)	(139,105)	103,256	(161,653)
Net change in cash flow hedges	2,935	61,570	(8,049)	113,125
	<u>(5,135)</u>	<u>(77,535)</u>	<u>95,207</u>	<u>(48,528)</u>
Income tax effect	1,232	18,609	(22,850)	11,647
Other comprehensive (loss) / income for the period, net of tax	<u>(3,903)</u>	<u>(58,926)</u>	<u>72,357</u>	<u>(36,881)</u>
Total comprehensive income for the period	<u>124,534</u>	<u>95,086</u>	<u>368,211</u>	<u>268,350</u>

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A32. 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 June 2023							
At amortised cost							
Cash line	1,639,091	-	50,383	-	-	-	1,689,474
Term financing							
- House financing	5,017,409	-	-	28,255,423	-	-	33,272,832
- Syndicated financing	1,360,490	-	-	-	-	-	1,360,490
- Hire purchase receivables	-	11,184,478	-	-	-	-	11,184,478
- Other term financing	5,131,107	-	1,435,796	14,625,415	-	135,019	21,327,337
Credit card receivables	-	-	-	-	-	86,325	86,325
Bills receivables	-	-	-	-	2,455	-	2,455
Trust receipts	-	-	-	-	2,964	-	2,964
Claims on customers under acceptance credits	-	-	-	-	226,058	-	226,058
Revolving credits	670,717	-	-	-	-	-	670,717
Staff financing	-	15,713	-	112,862	-	-	128,575
Gross financing and advances	13,818,814	11,200,191	1,486,179	42,993,700	231,477	221,344	69,951,705
Allowance for impairment on financing and advances:							
- Expected credit losses							(893,446)
- Stage 1: 12-Month ECL							(181,992)
- Stage 2: Lifetime ECL not credit-impaired							(644,652)
- Stage 3: Lifetime ECL credit-impaired							(66,802)
Net financing and advances							69,058,259

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A32. 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 2022							
At amortised cost							
Cash line	1,582,097	-	27,635	-	-	-	1,609,732
Term financing							
- House financing	5,159,217	-	-	26,408,385	-	-	31,567,602
- Syndicated financing	1,360,085	-	-	-	-	-	1,360,085
- Hire purchase receivables	-	10,507,358	-	-	-	-	10,507,358
- Other term financing	4,504,667	-	1,538,824	14,214,875	-	149,016	20,407,382
Credit card receivables	-	-	-	-	-	74,392	74,392
Bill receivables	-	-	-	-	2,636	-	2,636
Trust receipts	-	-	-	-	3,709	-	3,709
Claims on customers under acceptance credits	-	-	-	-	205,354	-	205,354
Revolving credits	656,246	-	-	-	-	-	656,246
Staff financing	-	14,154	-	110,870	-	-	125,024
Gross financing and advances	13,262,312	10,521,512	1,566,459	40,734,130	211,699	223,408	66,519,520
Allowance for impairment on financing and advances:							
- Expected credit losses							(882,448)
- Stage 1: 12-Month ECL							(455,527)
- Stage 2: Lifetime ECL not credit-impaired							(376,749)
- Stage 3: Lifetime ECL credit-impaired							(50,172)
Net financing and advances							<u>65,637,072</u>

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A32. Operations of Islamic Banking (continued)

d) Financing and Advances (continued)

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

	Group	
	30 June 2023 RM'000	31 December 2022 RM'000
At 1 January	154,367	132,260
Impaired during the period / year	216,395	183,719
Reclassified as non-impaired	(114,895)	(89,625)
Recoveries	(15,559)	(35,025)
Amount written off	(13,707)	(29,561)
Financing converted to foreclosed properties	(1,911)	(7,401)
Closing balance	<u>224,690</u>	<u>154,367</u>
Gross impaired financing and advances as a percentage of gross financing and advances	<u>0.32%</u>	<u>0.23%</u>

e) Deposits from Customers

	Group	
	30 June 2023 RM'000	31 December 2022 RM'000
By type of deposit and contract		
At amortised cost		
Savings deposit		
- Qard	9,764,233	9,797,611
Demand deposit		
- Qard	7,982,601	7,653,155
Term deposit		
- Commodity Murabahah	48,757,496	42,025,215
- Special term deposit account		
- Commodity Murabahah	12,205,252	16,612,589
	<u>78,709,582</u>	<u>76,088,570</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

	Group			
	Half Year Ended			
	30 June 2023 RM'000	30 June 2022 RM'000	Variance RM'000	%
Key Profit or Loss Items:				
Profit before tax expense and zakat	4,304,451	4,022,903	281,548	7.0
Net profit attributable to equity holders of the Bank	3,332,538	2,815,511	517,027	18.4
Other comprehensive income / (loss) (net)	841,700	(327,759)	1,169,459	> 100.0

	Group			
	As At			
	30 June 2023 RM'000	30 June 2022 RM'000	Variance RM'000	%
Key Balance Sheet Items:				
Gross loans, advances and financing	387,158,390	367,964,910	19,193,480	5.2
Gross impaired loan and financing (%)	0.55%	0.29%	n/a	0.26
Deposits from customers	406,485,649	388,252,445	18,233,204	4.7

The Group's pre-tax profit for the financial half year ended 30 June 2023 increased by RM281.5 million or 7.0% to RM4,304.5 million as compared to RM4,022.9 million in the previous year corresponding period. In the current period, net interest income and income from Islamic banking business increased by RM123.4 million (+2.4%) which were attributable to the loans growth achieved over the last 12 months. Loan impairment allowance decreased by RM153.9 million (+85.7%) as adequate pre-emptive allowance has been made in prior years. Whereas, investment and other income improved by RM83.2 million (+40.0%) arising mainly from higher foreign exchange income. These were partially offset by higher other operating expenses (RM74.8 million or -3.5%) and lower net fee and commission income (RM18.7 million or -1.9%). The lower net fee and commission income were mainly due to lower fund management related fee income, in tandem with weaker market sentiment.

Net profit attributable to equity holders increased by RM517.0 million or 18.4% over the same period mainly due to the effect of additional tax charge arising from prosperity tax in the previous year.

Other comprehensive income (net) of the Group for the current period was RM841.7 million as compared to other comprehensive loss (net) of RM327.8 million in the corresponding period in 2022, an increase of RM1,169.5 million. This was mainly attributable to the reversal of losses on revaluation of financial investments recognised previously and higher gain on foreign currency translation in respect of foreign operations, partially offset by loss on cash flow hedges in the current period.

The Group's profit continued to be supported by healthy loans and customer deposits growth. Gross loans grew by RM19.2 billion or 5.2% to RM387.2 billion as at 30 June 2023 as compared to RM368.0 billion a year ago, mainly driven by growth in mortgage financing and hire purchase financing. Total deposits from customers increased by 4.7% or RM18.2 billion to RM406.5 billion as at 30 June 2023. The Group's gross impaired loan ratio remained low at 0.55% as at 30 June 2023 as compared to the average industry's gross impaired loan ratio of 1.76%.

The Group's Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio stood at a healthy level of 14.7%, 14.7% and 17.6% respectively. The Group's liquidity position also remained stable and healthy with liquidity coverage ratio standing at 134.4% as at 30 June 2023.

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B1. Performance Review (continued)

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

The performance of the respective operating segments for the financial half year ended 30 June 2023 as compared to the previous year corresponding period is analysed as follows:-

Profit Before Tax by Segments:	Group			
	Half Year Ended			
	30 June 2023	30 June 2022	Variance	%
	RM'000	RM'000	RM'000	
Retail operations	1,989,750	2,018,333	(28,583)	(1.4)
Hire purchase	408,177	326,921	81,256	24.9
Corporate lending	292,312	292,467	(155)	(0.1)
Treasury and capital market operations	46,861	177,348	(130,487)	(73.6)
Investment banking	18,799	34,349	(15,550)	(45.3)
Fund management	387,584	392,160	(4,576)	(1.2)
Head office, funding center and others	825,864	519,204	306,660	59.1
Total domestic operations	3,969,347	3,760,782	208,565	5.5
Overseas operations	335,104	262,121	72,983	27.8
	4,304,451	4,022,903	281,548	7.0

- 1) Retail operations – Pre-tax profit decreased by RM28.6 million (-1.4%) to RM1,989.8, which was mainly due to lower net interest and finance income and higher other operating expenses but partially mitigated by lower loan impairment allowance.
- 2) Hire purchase – Pre-tax profit increased by RM81.3 million (+24.9%) to RM408.2 million, which was due to higher writeback of loan impairment allowance, higher net interest and finance income. These were partially offset by higher other operating expenses.
- 3) Corporate lending – Pre-tax profit decreased marginally by RM0.2 million (-0.1%) to RM292.3 million.
- 4) Treasury and capital market operations – Pre-tax profit decreased by RM130.5 million (-73.6%) to RM46.9 million which was mainly due to unfavourable interest gapping activities, partially offset by higher investment income.
- 5) Investment banking – Pre-tax profit decreased by RM15.6 million (-45.3%) to RM18.8 million, due to lower net interest income, stock-broking income and investment income.
- 6) Fund management – Pre-tax profit decreased by RM4.6 million (-1.2%) to RM387.6 million mainly due to lower management fee from lower average net asset value of funds, partially mitigated by lower other operating expenses.
- 7) Head office, funding center and others – Pre-tax profit increased by RM306.7 million (+59.1%) to RM825.9 million, mainly due to higher net interest income arising from the positive effect of OPR hikes since last year.
- 8) Overseas operations – Pre-tax profit increased by RM73.0 million (+27.8%) to RM335.1 million which was due to higher net interest income, higher fee and other income. These were partially offset by higher loan impairment allowance and higher other operating expenses.

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B1. Performance Review (continued)

Current Quarter vs. Previous Year Corresponding Quarter

Key Profit or Loss Items:	Group		Variance RM'000	%
	2nd Quarter Ended			
	30 June 2023 RM'000	30 June 2022 RM'000		
Profit before tax expense and zakat	2,095,468	2,022,629	72,839	3.6
Net profit attributable to equity holders of the Bank	1,618,575	1,416,956	201,619	14.2
Other comprehensive income / (loss) (net)	458,997	(258,859)	717,856	> 100.0

For the 2nd quarter ended 30 June 2023, the Group registered a pre-tax profit of RM2,095.5 million, an increase of RM72.8 million or 3.6% as compared to the pre-tax profit of RM2,022.6 million in the previous year corresponding quarter. Net profit attributable to equity holders registered a higher increase of RM201.6 million or 14.2% to RM1,618.6 million over the same period due to the effect of additional tax charge arising from prosperity tax in the previous year. For the quarter under review, non-interest income increased by RM60.3 million (+11.1%) and loan impairment allowance decreased by RM55.7 million (+69.7%). These were partially offset by lower net interest income and income from Islamic banking business (RM26.5 million or -1.0%) and higher other operating expenses (RM25.6 million or -2.4%). Higher non-interest income was mainly due to higher foreign exchange income whereas lower loan impairment allowance was mainly attributed to adequate pre-emptive allowance made in the prior years. Lower net interest income and income from Islamic banking business were mainly due to the tapering effect of OPR hikes.

Other comprehensive income (net) of the Group for the current quarter was RM459.0 million as compared to other comprehensive loss (net) of RM258.9 million in the previous year corresponding quarter, an increase of RM717.9 million. This was mainly due to reversal of losses on revaluation of financial investments recognised previously and higher gain on foreign currency translation in respect of foreign operations.

Performance of the respective operating segments for the 2nd quarter ended 30 June 2023 as compared to the previous year corresponding quarter is analysed as follows:-

Profit Before Tax by Segments:	2nd Quarter Ended		Variance RM'000	%
	30 June			
	2023 RM'000	2022 RM'000		
Retail operations	947,760	974,298	(26,538)	(2.7)
Hire purchase	241,377	226,314	15,063	6.7
Corporate lending	147,138	138,949	8,189	5.9
Treasury and capital market operations	19,675	97,983	(78,308)	(79.9)
Investment banking	5,403	15,927	(10,524)	(66.1)
Fund management	194,967	190,193	4,774	2.5
Head office, funding center and others	383,751	266,402	117,349	44.0
Total domestic operations	1,940,071	1,910,066	30,005	1.6
Overseas operations	155,397	112,563	42,834	38.1
	<u>2,095,468</u>	<u>2,022,629</u>	<u>72,839</u>	3.6

- 1) Retail operations – Pre-tax profit decreased by RM26.5 million (-2.7%) to RM947.8 million mainly due to lower net interest and finance income and higher other operating expenses, but partially mitigated by lower loan impairment allowance.
- 2) Hire purchase – Pre-tax profit increased by RM15.1 million (+6.7%) to RM241.4 million mainly due to higher net interest and finance income and higher net writeback of loan impairment allowance. These were partially offset by higher other operating expenses.

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B1. Performance Review (continued)

Current Quarter vs. Previous Year Corresponding Quarter (continued)

- 3) Corporate lending – Pre-tax profit increased by RM8.2 million (+5.9%) mainly due to higher net interest and finance income and lower loan impairment allowance.
- 4) Treasury and capital market operations – Pre-tax profit decreased by RM78.3 million (-79.9%) to RM19.7 million, mainly attributed to lower net interest and finance income but mitigated by higher investment income.
- 5) Investment banking – Pre-tax profit decreased by RM10.5 million (-66.1%) to RM5.4 million mainly due to lower stock-broking income, lower investment income and lower net interest income.
- 6) Fund management – Pre-tax profit increased by RM4.8 million (+2.5%) to RM195.0 million, which was due to lower other operating expenses and higher interest income.
- 7) Head office, funding center and others – Pre-tax profit increased by RM117.3 million (+44.0%) to RM383.8 million, due to higher net interest income arising from the positive effect of OPR hikes and lower other operating expenses.
- 8) Overseas Operations – Pre-tax profit increased by RM42.8 million (+38.1%) to RM155.4 million mainly due to higher net interest income, higher fee and other income. These were partially offset by higher loan impairment allowance and higher other operating expenses.

B2. Variation of Results Against Preceding Quarter

Key Profit or Loss Items:	Group Quarter Ended		Variance	
	30 June 2023	31 March 2023		
	RM'000	RM'000	RM'000	%
Profit before tax expense and zakat	2,095,468	2,208,983	(113,515)	(5.1)
Net profit attributable to equity holders of the Bank	1,618,575	1,713,963	(95,388)	(5.6)
Other comprehensive income (net)	458,997	382,703	76,294	19.9

For the 2nd quarter ended 30 June 2023, the Group registered a pre-tax profit of RM2,095.5 million, a decrease of RM113.5 million or 5.1% as compared to the pre-tax profit of RM2,209.0 million for the immediate preceding quarter ended 31 March 2023. Net profit attributable to equity holders decreased by RM95.4 million or 5.6% to RM1,618.6 million over the same period. For the quarter under review, net interest and Islamic banking income decreased by RM50.6 million (-1.9%), investment income decreased by RM58.3 million whereas loan impairment allowance increased by RM22.6 million. These were mitigated by higher other income (RM21.4 million or +17.9%) mainly due to higher foreign exchange income.

Other comprehensive income (net) of the Group for the current quarter increased by RM76.3 million to RM459.0 million, mainly due to higher gain on foreign currency translation in respect of foreign operations arising from weakening of Ringgit Malaysia against United States Dollar and Hong Kong Dollar, and higher gain on cash flow hedges. This was partially offset by lower gain on revaluation of financial investments in the current quarter.

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B3. Prospects for 2023

The global economy is expected to grow in 2023, albeit at a slower pace. Growth is expected to be supported by positive factors such as China's reopening, resilient labour market, easing of supply chain conditions and recovery in services activity, particularly tourism. However, there are headwinds due to protracted geopolitical tensions and sharp tightening in financial conditions. And to some extent, banking stress in several advanced economies are also expected to negatively affect global growth.

The Malaysian economy is expected to continue to expand driven by domestic demand, improving labour market conditions, tourism activities and further progress of investment projects. Meanwhile, downside risks mainly stem from weaker-than-expected global growth and more volatile global financial market conditions, including the Ringgit that has come under renewed pressure recently. Domestic financial conditions also remain conducive to financial intermediation with the resilience in Malaysian banking system underpinned by ample liquidity and healthy capital buffers.

The Public Bank Group is fully committed to further strengthen its role as a financial intermediary as well as contribute to national development and economic growth. The Group continues to operate efficiently, maintain prudence in its management of credit risk as well as preserve its sound corporate governance and risk management practices.

The Public Bank Group is committed in embracing sustainability in its business strategy and operations. The Group's efforts encompass a wide array of initiatives in the areas of environmental, social and governance. In addressing climate change risk, the Group continues to promote the national transition to a low carbon economy by supporting green financing and embedding environmental considerations into its business strategies. The Group's offerings of attractive financing packages for the purchase of solar panel and energy efficient vehicles, among others, continue to support a green and lower carbon emission environment. The Group and several property developers are collaborating on property financing of green and sustainable development projects in Malaysia.

On digitalisation and technological innovation, the Public Bank Group continues to apply relevant roadmap and strategies for the development of digital initiatives. This includes ongoing upgrades and enhancement of information and communication technology infrastructure as well as exploration and adoption of new technologies to cater to the evolving customers' needs.

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

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. Similarly, the Group will remain supportive of its corporate and SME lending businesses by leveraging on its strong franchise and relationship with customers.

Amid uncertainties in financial markets, the Public Bank Group's treasury operations will remain vigilant in its business approach and will 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 would perform in tandem with financial market conditions that is expected to experience heightened volatility. However, the Public Bank Group is committed to offer 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 in Indochina, while leveraging on its strong branding and prudent management practices.

The Public Bank Group continues to ensure that it remains well-capitalised and well-funded at all times to support its business growth, 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 generate sustainable growth through challenging times and business cycles.

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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 2nd quarter and financial half year ended 30 June 2023 are as follows:

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Malaysian income tax	451,494	599,281	861,041	1,119,769
Overseas income tax	32,946	34,965	72,580	64,039
	<u>484,440</u>	<u>634,246</u>	<u>933,621</u>	<u>1,183,808</u>
(Over) / Under provision in prior years				
- Malaysian income tax	(3,179)	-	(3,238)	3,888
- Overseas income tax	(16)	(3,879)	(2,910)	(855)
	<u>481,245</u>	<u>630,367</u>	<u>927,473</u>	<u>1,186,841</u>
Deferred tax (income) / expense				
- Relating to origination and reversal of temporary differences	(14,368)	(39,959)	24,864	(5,698)
- Over provision	-	(35)	-	(4,017)
Tax expense	<u>466,877</u>	<u>590,373</u>	<u>952,337</u>	<u>1,177,126</u>
Zakat	777	705	1,295	1,410
	<u><u>467,654</u></u>	<u><u>591,078</u></u>	<u><u>953,632</u></u>	<u><u>1,178,536</u></u>

The Group's effective tax rate for the 2nd quarter and financial half year ended 30 June 2023 was 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.

The Group's effective tax rate for the 2nd quarter and financial half year ended 30 June 2022 was higher mainly due to one-off prosperity tax of 33% for Malaysian companies with chargeable income exceeding RM100 million in Year of Assessment 2022.

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B5. Tax Expense and Zakat (continued)

	2nd Quarter Ended		Half Year Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	324,076	415,232	668,192	803,234
Overseas income tax	2,027	446	5,221	1,575
	<u>326,103</u>	<u>415,678</u>	<u>673,413</u>	<u>804,809</u>
(Over) / Under provision in prior years				
- Malaysian income tax	(2,348)	-	(2,348)	3,982
- Overseas income tax	-	-	(2,055)	3,024
	<u>323,755</u>	<u>415,678</u>	<u>669,010</u>	<u>811,815</u>
Deferred tax (income) / expense				
- Relating to origination and reversal of temporary differences	(19,205)	(31,599)	22,922	5,608
- Over provision	-	-	-	(3,982)
	<u>304,550</u>	<u>384,079</u>	<u>691,932</u>	<u>813,441</u>

The Bank's effective tax rate for the 2nd quarter and financial half year ended 30 June 2023 was lower than the statutory tax rate mainly due to certain income not subject to tax.

The Bank's effective tax rate for the 2nd quarter and financial half year ended 30 June 2022 was higher mainly due to one-off prosperity tax of 33% with chargeable income exceeding RM100 million in Year of Assessment 2022.

B6. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at end of the current period.

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 2022 and Pillar 3 Disclosures section of the 2022 Annual Report.

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B9. Debt Securities Issued and Other Borrowed Funds

Group	More Than 1 Year		Less Than 1 Year		Sub-total		Total RM'000
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	
Unsecured							
As At 30 June 2023							
Hong Kong Dollar ("HKD") term loan	654,847	-	-	-	654,847	-	654,847
United States Dollar ("USD") term loan	931,821	-	-	-	931,821	-	931,821
USD syndicated term loan	1,724,715	-	-	-	1,724,715	-	1,724,715
RM Senior Medium Term notes / sukuk murabahah	-	1,889,887	-	-	-	1,889,887	1,889,887
RM Subordinated notes / sukuk murabahah	-	4,999,201	-	1,000,000	-	5,999,201	5,999,201
	3,311,383	6,889,088	-	1,000,000	3,311,383	7,889,088	11,200,471
As At 31 December 2022							
HKD term loan	620,128	-	-	-	620,128	-	620,128
USD term loan	878,457	-	-	-	878,457	-	878,457
USD syndicated term loan	1,626,029	-	-	-	1,626,029	-	1,626,029
RM Senior Medium Term notes / sukuk murabahah	-	1,889,856	-	909,976	-	2,799,832	2,799,832
RM Subordinated notes / sukuk murabahah	-	4,999,096	-	1,000,000	-	5,999,096	5,999,096
RM Additional Tier I capital securities	-	-	-	99,942	-	99,942	99,942
	3,124,614	6,888,952	-	2,009,918	3,124,614	8,898,870	12,023,484
As At 30 June 2022							
HKD term loan	616,168	-	-	-	616,168	-	616,168
USD term loan	-	-	881,407	-	881,407	-	881,407
USD syndicated term loan	1,625,569	-	-	-	1,625,569	-	1,625,569
RM Senior Medium Term notes / sukuk murabahah	-	889,824	-	909,930	-	1,799,754	1,799,754
RM Subordinated notes / sukuk murabahah	-	5,498,989	-	500,000	-	5,998,989	5,998,989
RM Additional Tier I capital securities	-	-	-	99,882	-	99,882	99,882
	2,241,737	6,388,813	881,407	1,509,812	3,123,144	7,898,625	11,021,769

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

Bank	More Than 1 Year		Less Than 1 Year		Sub-total		Total RM'000
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	
Unsecured							
As At 30 June 2023							
USD term loan	931,821	-	-	-	931,821	-	931,821
USD syndicated term loan	1,724,715	-	-	-	1,724,715	-	1,724,715
RM Senior Medium Term notes	-	889,887	-	-	-	889,887	889,887
RM Subordinated notes	-	3,999,201	-	1,000,000	-	4,999,201	4,999,201
	<u>2,656,536</u>	<u>4,889,088</u>	<u>-</u>	<u>1,000,000</u>	<u>2,656,536</u>	<u>5,889,088</u>	<u>8,545,624</u>
As At 31 December 2022							
USD term loan	878,457	-	-	-	878,457	-	878,457
USD syndicated term loan	1,626,029	-	-	-	1,626,029	-	1,626,029
RM Senior Medium Term notes	-	889,856	-	909,976	-	1,799,832	1,799,832
RM Subordinated notes	-	3,999,096	-	1,000,000	-	4,999,096	4,999,096
RM Additional Tier I capital securities	-	-	-	99,942	-	99,942	99,942
	<u>2,504,486</u>	<u>4,888,952</u>	<u>-</u>	<u>2,009,918</u>	<u>2,504,486</u>	<u>6,898,870</u>	<u>9,403,356</u>
As At 30 June 2022							
USD term loan	-	-	881,407	-	881,407	-	881,407
USD syndicated term loan	1,625,569	-	-	-	1,625,569	-	1,625,569
RM Senior Medium Term notes	-	889,824	-	909,930	-	1,799,754	1,799,754
RM Subordinated notes	-	4,998,989	-	-	-	4,998,989	4,998,989
RM Additional Tier I capital securities	-	-	-	99,882	-	99,882	99,882
	<u>1,625,569</u>	<u>5,888,813</u>	<u>881,407</u>	<u>1,009,812</u>	<u>2,506,976</u>	<u>6,898,625</u>	<u>9,405,601</u>
Exchange rates used:	HKD	USD					
As at 30 June 2023	0.59640	4.67250					
As at 31 December 2022	0.56525	4.40725					
As at 30 June 2022	0.56180	4.40750					

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B10. Changes in Material Litigation

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

B11. Dividends

(a) (i) A first interim dividend of 9.0 sen per share for the financial year ending 31 December 2023, amounting to RM1,746,962,256 computed based on 19,410,691,735 ordinary shares as at 30 June 2023, has been declared by the directors.

(ii) Amount per share: 9.0 sen

(iii) Entitlement date: 14 September 2023

(iv) Payment date: 22 September 2023

(b) Total dividend declared for the previous financial half year ended 30 June 2022:

- First interim dividend of 8.0 sen based on 19,410,691,735 ordinary shares.

B12. Earnings Per Share

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
Net profit attributable to equity holders (RM'000)	<u><u>1,618,575</u></u>	<u><u>1,416,956</u></u>	<u><u>3,332,538</u></u>	<u><u>2,815,511</u></u>
Weighted average number of ordinary shares in issue ('000)	<u><u>19,410,692</u></u>	<u><u>19,410,692</u></u>	<u><u>19,410,692</u></u>	<u><u>19,410,692</u></u>
Basic earnings per share (sen)	<u><u>8.34</u></u>	<u><u>7.30</u></u>	<u><u>17.17</u></u>	<u><u>14.50</u></u>

Diluted

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