

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	Note	Group		Bank	
		30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
ASSETS					
Cash and balances with banks		15,147,586	16,816,838	8,712,983	11,008,446
Reverse repurchase agreements		7,148,438	6,314,493	6,598,225	5,564,858
Financial assets held-for-trading	A8	5,714,017	18,364,018	5,261,231	14,478,780
Derivative financial assets	A27	1,589,091	703,072	1,574,938	691,014
Financial investments available-for-sale	A9	27,208,598	25,458,820	20,385,208	20,391,822
Financial investments held-to-maturity	A10	21,884,344	20,414,387	17,557,651	17,866,819
Loans, advances and financing	A11	266,194,415	243,221,839	215,473,469	201,928,027
Other assets	A12	2,847,991	2,472,233	2,571,373	2,450,489
Statutory deposits with Central Banks		10,048,822	8,063,746	7,951,352	6,375,578
Deferred tax assets		69,233	69,325	-	-
Investment in subsidiary companies		-	-	4,611,050	4,436,050
Investment in associated companies		195,741	157,415	121,325	121,325
Investment properties		144,781	107,028	-	-
Property and equipment		1,646,912	1,475,578	640,864	658,965
Intangible assets		2,405,334	2,083,142	695,393	695,393
TOTAL ASSETS		<u>362,245,303</u>	<u>345,721,934</u>	<u>292,155,062</u>	<u>286,667,566</u>
LIABILITIES					
Deposits from customers	A13	296,338,788	276,540,176	232,788,425	226,216,991
Deposits from banks	A14	13,648,491	20,669,732	13,991,194	17,696,650
Bills and acceptances payable		628,252	661,718	984,971	661,168
Recourse obligations on loans and financing sold to Cagamas		1,922,020	1,922,020	1,422,004	1,422,004
Derivative financial liabilities	A27	1,313,427	488,193	1,415,330	523,725
Debt securities issued and other borrowed funds	B9	11,676,619	11,427,765	10,561,469	10,440,383
Other liabilities	A15	5,191,822	4,496,646	4,115,493	3,363,265
Provision for tax expense and zakat		682,231	554,594	316,953	340,988
Deferred tax liabilities		93,509	86,309	47,860	59,231
TOTAL LIABILITIES		<u>331,495,159</u>	<u>316,847,153</u>	<u>265,643,699</u>	<u>260,724,405</u>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2014.

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
EQUITY				
Share capital	3,882,138	3,882,138	3,882,138	3,882,138
Reserves	25,907,440	24,291,867	22,778,562	22,210,360
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Equity attributable to equity holders of the Bank	29,640,241	28,024,668	26,511,363	25,943,161
Non-controlling interests	1,109,903	850,113	-	-
TOTAL EQUITY	30,750,144	28,874,781	26,511,363	25,943,161
TOTAL LIABILITIES AND EQUITY	362,245,303	345,721,934	292,155,062	286,667,566
COMMITMENTS AND CONTINGENCIES	A26 109,616,569	95,812,661	102,879,926	91,048,625
CAPITAL ADEQUACY	A29			
<u>Before deducting interim dividends *</u>				
Common Equity Tier I Capital Ratio	10.211%	11.328%	11.304%	12.686%
Tier I Capital Ratio	11.379%	12.776%	12.715%	14.397%
Total Capital Ratio	14.781%	16.384%	14.998%	16.324%
<u>After deducting interim dividends *</u>				
Common Equity Tier I Capital Ratio	10.211%	10.781%	11.304%	12.029%
Tier I Capital Ratio	11.379%	12.228%	12.715%	13.740%
Total Capital Ratio	14.781%	15.836%	14.998%	15.668%
Net assets per share attributable to ordinary equity holders of the Bank (RM)	7.68	7.26	6.87	6.72

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

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PUBLIC BANK BERHAD
(6463 - H)
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015

Group	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Operating revenue		4,914,523	4,324,008	14,252,504	12,331,486
Interest income	A16	3,619,557	3,247,158	10,609,223	9,215,894
Interest expense	A17	(1,990,766)	(1,696,183)	(5,886,657)	(4,840,188)
Net interest income		1,628,791	1,550,975	4,722,566	4,375,706
Net income from Islamic banking business	A30b	210,981	216,108	624,243	625,310
		1,839,772	1,767,083	5,346,809	5,001,016
Net fee and commission income	A18	391,539	355,653	1,150,127	1,025,343
Net gains and losses on financial instruments	A19	51,500	50,041	174,293	150,447
Other operating income	A20	188,039	74,890	377,813	233,964
Net income		2,470,850	2,247,667	7,049,042	6,410,770
Other operating expenses	A21	(741,112)	(648,527)	(2,166,136)	(1,970,409)
Operating profit		1,729,738	1,599,140	4,882,906	4,440,361
Allowance for impairment on loans, advances and financing	A22	(113,877)	(46,619)	(250,540)	(196,131)
(Allowance for) / writeback of impairment on other assets		(2,826)	(399)	(1,898)	439
		1,613,035	1,552,122	4,630,468	4,244,669
Share of profit after tax of equity accounted associated companies		759	61	3,151	2,308
Profit before tax expense and zakat		1,613,794	1,552,183	4,633,619	4,246,977
Tax expense and zakat	B5	(396,829)	(350,049)	(1,019,551)	(949,978)
Profit for the period		1,216,965	1,202,134	3,614,068	3,296,999
Profit for the period attributable to :					
- Equity holders of the Bank		1,201,395	1,191,521	3,569,724	3,264,849
- Non-controlling interests		15,570	10,613	44,344	32,150
		1,216,965	1,202,134	3,614,068	3,296,999
Earnings per RM1.00 share:					
- basic / diluted (sen)	B12	31.1	31.9	92.4	91.2

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Profit for the period	1,216,965	1,202,134	3,614,068	3,296,999
Other comprehensive income / (loss):				
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of:				
- Foreign operations	848,191	88,976	1,227,092	(7,596)
- Net investment hedge	(589,182)	(59,253)	(848,900)	5,051
Revaluation reserves:				
- Net loss on revaluation of financial investments available-for-sale	(136,061)	(2,793)	(29,109)	(14,444)
- Share of (loss) / gain of equity accounted associated companies	(329)	29	(134)	13
Hedging reserves:				
- Net change in cash flow hedges	65,935	15,618	56,670	26,952
	188,554	42,577	405,619	9,976
Income tax relating to components of other comprehensive income / (loss):				
- Revaluation reserves	26,670	294	1,433	4,115
- Hedging reserves	(15,825)	(3,905)	(13,601)	(6,738)
	10,845	(3,611)	(12,168)	(2,623)
Other comprehensive income for the period, net of tax	199,399	38,966	393,451	7,353
Total comprehensive income for the period	1,416,364	1,241,100	4,007,519	3,304,352
Total comprehensive income for the period attributable to:				
- Equity holders of the Bank	1,244,909	1,215,105	3,739,395	3,273,827
- Non-controlling interests	171,455	25,995	268,124	30,525
	1,416,364	1,241,100	4,007,519	3,304,352

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015

<u>Bank</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Operating revenue		3,313,011	3,278,532	10,268,678	9,391,278
Interest income	A16	3,293,780	2,990,661	9,695,256	8,458,784
Interest expense	A17	(1,927,706)	(1,632,236)	(5,687,573)	(4,653,755)
Net interest income		1,366,074	1,358,425	4,007,683	3,805,029
Net fee and commission income	A18	162,537	140,895	469,831	397,503
Net gains and losses on financial instruments	A19	47,443	53,962	172,267	148,972
Other operating (loss) / income	A20	(196,765)	187,852	281,789	683,202
Net income		1,379,289	1,741,134	4,931,570	5,034,706
Other operating expenses	A21	(488,264)	(439,698)	(1,452,688)	(1,352,006)
Operating profit		891,025	1,301,436	3,478,882	3,682,700
Allowance for impairment on loans, advances and financing	A22	(49,939)	(19,309)	(103,943)	(82,474)
(Allowance for) / writeback of impairment on other assets		(2,826)	(377)	(1,886)	486
Profit before tax expense and zakat		838,260	1,281,750	3,373,053	3,600,712
Tax expense and zakat	B5	(181,001)	(272,677)	(671,903)	(759,073)
Profit for the period		657,259	1,009,073	2,701,150	2,841,639

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Profit for the period	<u>657,259</u>	<u>1,009,073</u>	<u>2,701,150</u>	<u>2,841,639</u>
Other comprehensive (loss) / income:				
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net (loss) / gain on revaluation of financial investments available-for-sale	(83,387)	953	699	(16,944)
Hedging reserves:				
- Net change in cash flow hedges	1,052	42,072	(12,671)	92,804
	<u>(82,335)</u>	<u>43,025</u>	<u>(11,972)</u>	<u>75,860</u>
Income tax relating to components of other comprehensive (loss) / income:				
- Revaluation reserves	20,012	(238)	(195)	4,236
- Hedging reserves	(253)	(10,518)	3,041	(23,201)
	<u>19,759</u>	<u>(10,756)</u>	<u>2,846</u>	<u>(18,965)</u>
Other comprehensive (loss) / income for the period, net of tax	<u>(62,576)</u>	<u>32,269</u>	<u>(9,126)</u>	<u>56,895</u>
Total comprehensive income for the period	<u>594,683</u>	<u>1,041,342</u>	<u>2,692,024</u>	<u>2,898,534</u>

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015

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

<u>Group</u>	Non-distributable			Distributable		Total Shareholders' Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000	Treasury Shares RM'000			
At 1 January 2015	3,882,138	5,535,515	6,883,560	11,872,792	(149,337)	28,024,668	850,113	28,874,781
Profit for the period	-	-	-	3,569,724	-	3,569,724	44,344	3,614,068
Other comprehensive income for the period	-	-	169,671	-	-	169,671	223,780 *	393,451
Total comprehensive income for the period	-	-	169,671	3,569,724	-	3,739,395	268,124	4,007,519
Transactions with owners / other equity movements:								
Transfer to statutory reserves	-	-	5,543	(5,543)	-	-	-	-
Transfer to regulatory reserves	-	-	176,067	(176,067)	-	-	-	-
Transfer to general reserves	-	-	87,865	(87,865)	-	-	-	-
Transfer from Profit Equalisation Reserve of the Islamic banking institution	-	-	(44)	44	-	-	-	-
Dividends paid	-	-	-	(2,123,822)	-	(2,123,822)	(8,334)	(2,132,156)
	-	-	269,431	(2,393,253)	-	(2,123,822)	(8,334)	(2,132,156)
At 30 September 2015	3,882,138	5,535,515	7,322,662	13,049,263	(149,337)	29,640,241	1,109,903	30,750,144

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

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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015

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

<u>Group</u>	Non-distributable			Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000					
At 1 January 2014	3,531,926	1,073,310	4,526,365	11,507,565	(215,572)	20,423,594	773,602	21,197,196	
Profit for the period	-	-	-	3,264,849	-	3,264,849	32,150	3,296,999	
Other comprehensive income / (loss) for the period	-	-	8,978	-	-	8,978	(1,625) *	7,353	
Total comprehensive income for the period	-	-	8,978	3,264,849	-	3,273,827	30,525	3,304,352	
Transactions with owners / other equity movements:									
Issuance of shares pursuant to rights issue exercise	350,212	4,461,628	-	-	-	4,811,840	-	4,811,840	
Disposal of treasury shares	-	-	-	109,404	66,235	175,639	-	175,639	
Transfer to statutory reserves	-	-	6,625	(6,625)	-	-	-	-	
Transfer to regulatory reserves	-	-	1,258,672	(1,258,672)	-	-	-	-	
Transfer to general reserves	-	-	329	(329)	-	-	-	-	
Dividends paid	-	-	-	(1,936,675)	-	(1,936,675)	(6,200)	(1,942,875)	
	<u>350,212</u>	<u>4,461,628</u>	<u>1,265,626</u>	<u>(3,092,897)</u>	<u>66,235</u>	<u>3,050,804</u>	<u>(6,200)</u>	<u>3,044,604</u>	
At 30 September 2014	<u>3,882,138</u>	<u>5,534,938</u>	<u>5,800,969</u>	<u>11,679,517</u>	<u>(149,337)</u>	<u>26,748,225</u>	<u>797,927</u>	<u>27,546,152</u>	

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015

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

	Non-distributable		Distributable		Treasury Shares RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	<u>Reserves</u> Other Reserves RM'000	<u>Reserves</u> Retained Profits RM'000		
Bank						
At 1 January 2015	3,882,138	5,535,515	6,144,009	10,530,836	(149,337)	25,943,161
Profit for the period	-	-	-	2,701,150	-	2,701,150
Other comprehensive loss for the period	-	-	(9,126)	-	-	(9,126)
Total comprehensive (loss) / income for the period	-	-	(9,126)	2,701,150	-	2,692,024
Transactions with owners / other equity movements:						
Transfer to regulatory reserves	-	-	151,840	(151,840)	-	-
Dividends paid	-	-	-	(2,123,822)	-	(2,123,822)
	-	-	151,840	(2,275,662)	-	(2,123,822)
At 30 September 2015	3,882,138	5,535,515	6,286,723	10,956,324	(149,337)	26,511,363

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015

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

	Non-distributable			Distributable		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000	
Bank						
At 1 January 2014	3,531,926	1,073,310	3,803,152	10,629,239	(215,572)	18,822,055
Profit for the period	-	-	-	2,841,639	-	2,841,639
Other comprehensive income for the period	-	-	56,895	-	-	56,895
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>56,895</u>	<u>2,841,639</u>	<u>-</u>	<u>2,898,534</u>
Transactions with owners / other equity movements:						
Issuance of shares pursuant to rights issue exercise	350,212	4,461,628	-	-	-	4,811,840
Disposal of treasury shares	-	-	-	109,404	66,235	175,639
Transfer to regulatory reserves	-	-	1,248,513	(1,248,513)	-	-
Transfer to general reserves	-	-	329	(329)	-	-
Dividends paid	-	-	-	(1,936,675)	-	(1,936,675)
	<u>350,212</u>	<u>4,461,628</u>	<u>1,248,842</u>	<u>(3,076,113)</u>	<u>66,235</u>	<u>3,050,804</u>
At 30 September 2014	<u>3,882,138</u>	<u>5,534,938</u>	<u>5,108,889</u>	<u>10,394,765</u>	<u>(149,337)</u>	<u>24,771,393</u>

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015

	Group		Bank	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Cash Flows from Operating Activities				
Profit before tax expense and zakat	4,633,619	4,246,977	3,373,053	3,600,712
Adjustments for non-cash items:				
Share of profit after tax of equity accounted associated companies	(3,151)	(2,308)	-	-
Allowance for impaired loans and financing	420,061	388,477	193,682	182,565
Depreciation of property and equipment	132,553	115,119	104,602	89,473
Net gain on financial instruments	(28,363)	(17,631)	(26,931)	(18,267)
Dividend income	(135,766)	(125,277)	(689,305)	(609,986)
Transfer to profit equalisation reserves	23	286	-	-
Impairment loss / (written back)	1,898	(439)	1,886	(486)
Other non-cash items	(7,444)	6,997	(798)	213
Operating profit before working capital changes	<u>5,013,430</u>	<u>4,612,201</u>	<u>2,956,189</u>	<u>3,244,224</u>
Changes in working capital:				
Increase in operating assets	(13,265,365)	(15,920,910)	(6,929,988)	(11,205,687)
Increase in operating liabilities	12,963,150	17,511,770	4,070,542	14,923,940
Cash generated from operations	<u>4,711,215</u>	<u>6,203,061</u>	<u>96,743</u>	<u>6,962,477</u>
Tax expense and zakat paid	(896,830)	(933,997)	(704,464)	(737,091)
Net cash generated from / (used in) operating activities	<u>3,814,385</u>	<u>5,269,064</u>	<u>(607,721)</u>	<u>6,225,386</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	(302,191)	(102,278)	(84,790)	(48,242)
Proceeds from disposal of properties	12,509	21,731	12,044	21,423
Net (purchase) / sale of financial investments	(3,232,822)	(10,382,823)	328,556	(7,877,746)
Additional investment in a subsidiary company	-	-	(175,000)	-
Dividends received	135,766	131,378	934,492	826,348
Net cash (used in) / generated from investing activities	<u>(3,386,738)</u>	<u>(10,331,992)</u>	<u>1,015,302</u>	<u>(7,078,217)</u>

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015

	Group		Bank	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Cash Flows from Financing Activities				
Dividends paid	(2,132,156)	(1,942,875)	(2,123,822)	(1,936,675)
Net proceeds from rights issue	-	4,811,840	-	4,811,840
Net proceeds from disposal of treasury shares	-	175,639	-	175,639
Net drawdown / (repayment) of borrowings	1,808	(6,786)	-	-
Net proceeds from issuance of debt securities	-	1,498,215	-	999,500
Net cash (used in) / generated from financing activities	<u>(2,130,348)</u>	<u>4,536,033</u>	<u>(2,123,822)</u>	<u>4,050,304</u>
Net change in cash and cash equivalents	(1,702,701)	(526,895)	(1,716,241)	3,197,473
Cash and cash equivalents at beginning of the year	13,877,375	20,183,223	8,974,149	11,386,416
Exchange differences on translation of opening balances	<u>718,316</u>	<u>(4,409)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the period	<u><u>12,892,990</u></u>	<u><u>19,651,919</u></u>	<u><u>7,257,908</u></u>	<u><u>14,583,889</u></u>
Note:				
Cash and balances with banks	15,147,586	25,936,165	8,712,983	19,567,382
Less: Balances with banks with maturity more than one month	<u>(2,254,596)</u>	<u>(6,284,246)</u>	<u>(1,455,075)</u>	<u>(4,983,493)</u>
Cash and cash equivalents at end of the period	<u><u>12,892,990</u></u>	<u><u>19,651,919</u></u>	<u><u>7,257,908</u></u>	<u><u>14,583,889</u></u>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2014.

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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 interim financial statements for the 3rd quarter and nine months ended 30 September 2015 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale, derivative financial instruments and investment properties.

The unaudited 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 interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2014. The explanatory notes attached to the unaudited 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 the Bank since the year ended 31 December 2014.

The unaudited 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 interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2014.

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group and the Bank:

Effective for annual periods commencing on or after 1 January 2016

- Equity Method in Separate Financial Statements (Amendments to MFRS 127)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012–2014 Cycle"
- Disclosure Initiative (Amendments to MFRS 101)
- Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)

Effective for annual periods commencing on or after 1 January 2018

- MFRS 15 Revenue from Contracts with Customers
- MFRS 9 Financial Instruments (2014)

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A1. Basis of Preparation (continued)

The amendments to MFRS 127 allow an entity to use the equity method in its separate financial statement to account for investments in subsidiary companies, joint ventures and associated companies, in addition to the existing cost method. The adoption of these amendments is not expected to have any impact on the financial statement of the Bank as the Bank will continue to use its existing cost method to account for its investments in subsidiary companies and associated companies.

The amendments to MFRS 10 and MFRS 128 address the inconsistency between the requirements of MFRS 10 and MFRS 128 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The adoption of these amendments is not expected to have any material impact on the financial statements of the Group and the Bank.

The Annual Improvements to MFRSs 2012 – 2014 Cycle consist of the following amendments:

(a) MFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations

The amendment introduces specific guidance in MFRS 5 for cases in which an entity reclassifies an asset from held-for-sale to held-for-distribution or vice versa and cases in which held-for-distribution is discontinued. The amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal and that changing the disposal method does not change the date of classification.

(b) MFRS 7 Financial Instruments: Disclosures

MFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset and an entity must assess the nature of the fee and arrangement in order to assess whether the disclosures are required.

The amendments also clarify the applicability of the amendments to MFRS 7 on offsetting disclosures to condensed interim financial statements.

(c) MFRS 119 Employee Benefits

The amendment clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. When there is no deep market for high quality corporate bonds, government bonds denominated in similar currency must be used.

(d) MFRS 134 Interim Financial Reporting

The amendment clarifies the meaning of 'elsewhere in the interim financial report' as used in MFRS 134 and states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and some other statement that is available to users of the financial statements on the same terms and at the same time.

The adoption of the Annual Improvements to MFRSs 2012 – 2014 Cycle is not expected to have any material impact on the financial statements of the Group and the Bank.

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A1. Basis of Preparation (continued)

The amendments to MFRS 101 aim to improve the presentation and disclosure in the financial statements and are designed to encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. Since the amendments only affect disclosures, the adoption of these amendments is not expected to have any financial impact on the Group and the Bank.

The amendments to MFRS 10, MFRS 12 and MFRS 128 address issues that have arisen in the application of the consolidation exception for investment entities and provide relief in certain circumstances. The amendments clarify the exemption from preparing consolidated financial statements for an intermediate parent entity, a subsidiary providing services that support parent's investment activities, application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity, and the disclosures required. The adoption of these amendments is not expected to have any impact on the financial statements of the Group and the Bank.

MFRS 15 establishes principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The core principle of MFRS 15 is that an entity recognises revenue in a manner which reflects the consideration an entity expects to be entitled in exchange for goods or services. The adoption of MFRS 15 is not expected to have any material impact on the financial statements of the Group and the Bank.

MFRS 9 Financial Instruments (2014)

This final version of MFRS 9 replaces all previous versions of MFRS 9. Retrospective application is required, but comparative information is not compulsory. The standard introduces new requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The approach for classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held with two measurement categories – amortised cost and fair value. For impairment, MFRS 9 introduces an expected-loss impairment model which will require more timely recognition of expected credit losses to reflect changes of credit risk of financial instruments. For hedge accounting, MFRS 9 establishes a more principle-based approach that aligns the accounting treatment with risk management activities so that entities can reflect these activities in their financial statements. The standard does not explicitly address macro hedge accounting, which is being considered in a separate project.

MFRS 9 introduces significant changes in the way the Group accounts for financial instruments. Due to the complexity of the standard and its requirements, the financial effects of its adoption are still being assessed by the Group.

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A1. Basis of Preparation (continued)

Revised Bank Negara Malaysia's ("BNM") Policy Document on Classification and Impairment Provisions for Loans/Financing ("revised BNM Policy Document")

On 6 April 2015, BNM issued a revised Policy Document on Classification and Impairment Provisions for Loans/Financing which is applicable to licensed banks, licensed Islamic banks and licensed investment banks (collectively referred to as "banking institutions") in Malaysia. The revised BNM Policy Document replaces two previous guidelines issued by BNM namely Classification and Impairment Provisions for Loans/Financing dated 9 November 2011 and Classification and Impairment Provisions for Loans/Financing - Maintenance of Regulatory Reserves dated 4 February 2014. Some of the key changes introduced in the revised BNM Policy Document include classification of a loan/financing as impaired when the loan/financing is classified as rescheduled and restructured ("R&R") in BNM's Central Credit Reference Information System ("CCRIS") and reclassification of a R&R loan/financing from impaired to non-impaired when repayments based on revised and restructured terms have been observed continuously for a period of at least 6 months.

The requirements in the revised BNM Policy Document are effective on 1 January 2015, except for the following:

- i) The requirements to classify a loan/financing described in Paragraph 9 of the revised BNM Policy Document as R&R in the CCRIS, which will be effective on or after 1 April 2015; and
- ii) The requirement for a banking institution to maintain, in aggregate, collective impairment provisions and regulatory reserves of not less than 1.2% of total outstanding loans/financing, net of individual impairment provisions, which will be effective beginning 31 December 2015.

The Group and the Bank have early adopted the classification of a loan/financing as impaired when the loan/financing is classified as R&R and the requirement to maintain, in aggregate, collective impairment provisions and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment provisions in the previous financial year ended 31 December 2014. The adoption of the remaining requirements of the revised BNM Policy Document has resulted in a change in the reclassification policy of R&R loans/financing from impaired to non-impaired. Previously, where a loan is in arrears for less than ninety (90) days and has been R&R, the loan will be reclassified from impaired to non-impaired when repayments based on the revised and/or restructured terms have been observed continuously for a period of ninety (90) days. With effect from April 2015, the observation period for such loans/financing will be extended to six (6) months in line with the requirements of the revised BNM Policy Document.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2014 was not qualified.

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A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 3rd quarter and nine months ended 30 September 2015.

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 the Bank in the 3rd quarter and nine months ended 30 September 2015.

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 3rd quarter and nine months ended 30 September 2015.

A6. Debt and Equity Securities

There were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Bank.

A7. Dividends Paid and Distributed

During the nine months ended 30 September 2015 :-

- a) A second interim single tier dividend of 31% in respect of the financial year ended 31 December 2014, amounting to RM1,197,063,153 was paid on 5 March 2015.
- b) A first interim single tier dividend of 24% in respect of the financial year ending 31 December 2015, amounting to RM926,758,570 was paid on 24 August 2015.

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A8. Financial Assets Held-for-trading

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	-	77,292	-	77,292
Malaysian Government Securities	210,487	971,970	210,487	971,970
Malaysian Government Investment Certificates	30,042	91,272	30,042	91,272
Bank Negara Malaysia Monetary Notes	-	1,053,737	-	1,053,737
	<u>240,529</u>	<u>2,194,271</u>	<u>240,529</u>	<u>2,194,271</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	4,828,950	15,705,105	4,531,416	12,242,739
Bankers' acceptances and Islamic accepted bills	100,287	367,994	-	-
	<u>4,929,237</u>	<u>16,073,099</u>	<u>4,531,416</u>	<u>12,242,739</u>
Non-money market instruments:				
Debt securities:				
- Unquoted private debt securities	544,251	96,648	489,286	41,770
	<u>5,714,017</u>	<u>18,364,018</u>	<u>5,261,231</u>	<u>14,478,780</u>
Total financial assets held-for-trading	<u>5,714,017</u>	<u>18,364,018</u>	<u>5,261,231</u>	<u>14,478,780</u>

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A9. Financial Investments Available-for-sale

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	103,975	389,603	-	78,452
Malaysian Government Securities	4,255,072	5,792,980	4,175,901	5,792,980
Malaysian Government Investment Certificates	10,093,055	6,435,034	5,333,241	4,398,611
Bank Negara Malaysia Monetary Notes	10	4,935,145	10	3,152,223
	<u>14,452,112</u>	<u>17,552,762</u>	<u>9,509,152</u>	<u>13,422,266</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>6,343,605</u>	<u>1,091,364</u>	<u>5,302,232</u>	<u>1,002,749</u>
Non-money market instruments:				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	4,275	7,086	-	-
- Unquoted shares #	119,755	112,086	114,781	107,921
Debt securities:				
- Unquoted private debt securities	876,579	1,421,176	526,713	1,052,762
Unit trust funds	5,412,272	5,274,346	4,932,330	4,806,124
	<u>6,412,881</u>	<u>6,814,694</u>	<u>5,573,824</u>	<u>5,966,807</u>
Total financial investments available-for-sale	<u>27,208,598</u>	<u>25,458,820</u>	<u>20,385,208</u>	<u>20,391,822</u>

Stated at cost, net of impairment loss.

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A10. Financial Investments Held-to-maturity

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
At amortised cost				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	-	174,363	-	9,752
Malaysian Government Securities	2,105,348	2,317,575	2,075,035	2,287,544
Malaysian Government Investment Certificates	12,371,373	11,160,710	10,128,147	10,103,198
Bank Negara Malaysia Monetary Notes	-	439,542	-	439,542
Foreign Government Treasury Bills	920,970	708,132	55,020	20,149
Other foreign government securities	140,757	131,043	30	-
	<u>15,538,448</u>	<u>14,931,365</u>	<u>12,258,232</u>	<u>12,860,185</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,639,617</u>	<u>1,065,018</u>	<u>1,631,800</u>	<u>1,586,876</u>
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	1,259,808	1,247,447	1,219,417	1,207,484
- Unquoted private debt securities	3,446,521	3,170,638	2,448,252	2,212,355
	<u>4,706,329</u>	<u>4,418,085</u>	<u>3,667,669</u>	<u>3,419,839</u>
Accumulated impairment losses	(50)	(81)	(50)	(81)
Total financial investments held-to-maturity	<u><u>21,884,344</u></u>	<u><u>20,414,387</u></u>	<u><u>17,557,651</u></u>	<u><u>17,866,819</u></u>

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A11. Loans, Advances and Financing

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
At amortised cost				
Overdrafts	11,067,551	10,195,284	8,598,679	8,394,145
Term loans				
- Housing loans / financing	84,856,546	77,610,372	71,674,410	67,116,548
- Syndicated term loans / financing	2,667,351	1,513,802	1,168,683	1,008,885
- Hire purchase receivables	51,342,496	48,288,687	37,390,184	35,306,545
- Other term loans / financing	104,165,606	92,882,403	84,440,439	77,281,485
Credit card receivables	1,675,126	1,664,137	1,656,464	1,651,400
Bills receivables	173,070	171,747	151,003	153,681
Trust receipts	294,923	334,435	247,189	253,595
Claims on customers under acceptance credits	4,012,633	4,206,587	3,801,477	4,053,227
Revolving credits	6,172,876	6,680,739	6,035,319	6,510,882
Staff loans *	1,620,337	1,495,860	1,505,554	1,403,626
Gross loans, advances and financing	<u>268,048,515</u>	<u>245,044,053</u>	<u>216,669,401</u>	<u>203,134,019</u>
Allowance for impaired loans and financing:				
- collective assessment allowance	(1,717,731)	(1,682,128)	(1,154,361)	(1,143,525)
- individual assessment allowance	(136,369)	(140,086)	(41,571)	(62,467)
Net loans, advances and financing	<u>266,194,415</u>	<u>243,221,839</u>	<u>215,473,469</u>	<u>201,928,027</u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM3,391,000 (2014: RM3,402,000) and RM3,112,000 (2014 - RM3,069,000) respectively.

A11a. By class

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Retail loans / financing *				
- Housing loans / financing	84,856,546	77,610,372	71,674,410	67,116,548
- Hire purchase	51,342,496	48,288,687	37,390,184	35,306,545
- Credit cards	1,675,126	1,664,137	1,656,464	1,651,400
- Other loans / financing ^	92,078,925	83,615,227	76,704,302	71,399,103
	<u>229,953,093</u>	<u>211,178,423</u>	<u>187,425,360</u>	<u>175,473,596</u>
Corporate loans / financing	38,095,422	33,865,630	29,244,041	27,660,423
	<u>268,048,515</u>	<u>245,044,053</u>	<u>216,669,401</u>	<u>203,134,019</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)

A11b. By type of customer

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Non-bank financial institutions				
- Stock-broking companies	7,555	8,803	7,555	8,803
- Others	5,664,242	6,672,659	5,432,720	6,553,083
Business enterprises				
- Small and medium enterprises	62,343,404	55,544,630	54,251,237	49,161,029
- Others	26,313,712	24,310,180	19,648,063	18,987,132
Government and statutory bodies	1,341,726	331,246	11,099	13,663
Individuals	169,582,360	155,717,324	134,598,411	126,060,649
Other entities	42,187	40,369	38,675	37,536
Foreign entities	2,753,329	2,418,842	2,681,641	2,312,124
	<u>268,048,515</u>	<u>245,044,053</u>	<u>216,669,401</u>	<u>203,134,019</u>

A11c. By interest / profit rate sensitivity

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Fixed rate				
- Housing loans / financing	637,651	682,813	56,685	79,311
- Hire purchase receivables	49,476,919	46,454,805	37,372,706	35,293,363
- Other fixed rate loans / financing	18,029,216	15,788,687	8,121,121	8,249,418
Variable rate				
- Base rate / base lending rate plus	160,644,305	147,647,383	146,632,843	136,427,954
- Cost plus	23,997,329	22,797,600	23,065,689	22,107,737
- Other variable rates	15,263,095	11,672,765	1,420,357	976,236
	<u>268,048,515</u>	<u>245,044,053</u>	<u>216,669,401</u>	<u>203,134,019</u>

A11d. By residual contractual maturity

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Maturity within one year	31,845,348	33,519,550	24,768,516	28,173,351
More than one year to three years	22,606,343	19,854,855	17,910,725	15,876,998
More than three years to five years	24,707,144	22,993,262	19,187,627	18,037,149
More than five years	188,889,680	168,676,386	154,802,533	141,046,521
	<u>268,048,515</u>	<u>245,044,053</u>	<u>216,669,401</u>	<u>203,134,019</u>

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A11. Loans, Advances and Financing (continued)

A11e. By geographical distribution

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Malaysia	246,283,394	228,337,847	215,611,976	202,409,537
Hong Kong SAR and the People's Republic of China	16,636,305	12,991,337	-	-
Cambodia	4,071,391	2,990,387	-	-
Other countries	1,057,425	724,482	1,057,425	724,482
	268,048,515	245,044,053	216,669,401	203,134,019

A11f. Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Purchase of securities	2,412,250	2,735,265	1,971,772	2,442,734
Purchase of transport vehicles	51,600,786	48,537,246	37,656,213	35,557,749
Purchase of landed properties	156,138,964	141,982,677	134,123,035	124,781,538
(of which: - residential	87,103,888	79,378,865	73,815,028	68,836,084
- non-residential)	69,035,076	62,603,812	60,308,007	55,945,454
Purchase of fixed assets (excluding landed properties)	215,398	245,063	175,302	214,981
Personal use	10,405,725	9,401,614	5,243,857	4,804,696
Credit card	1,675,126	1,664,137	1,656,464	1,651,400
Purchase of consumer durables	2,132	2,437	157	283
Construction	4,933,350	3,930,563	4,050,038	3,245,636
Mergers and acquisitions	164,911	181,552	164,911	181,552
Working capital	36,177,813	32,695,312	27,386,161	26,792,202
Other purpose	4,322,060	3,668,187	4,241,491	3,461,248
	268,048,515	245,044,053	216,669,401	203,134,019

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A11. Loans, Advances and Financing (continued)

A11g. Gross loans, advances and financing by sectors

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Agriculture, hunting, forestry and fishing	3,528,798	2,936,114	2,915,010	2,357,855
Mining and quarrying	228,123	212,118	194,174	179,813
Manufacturing	9,836,783	9,112,010	8,498,311	8,118,522
Electricity, gas and water	60,150	46,009	12,798	10,832
Construction	7,859,128	7,257,376	6,476,726	6,148,560
Wholesale & retail trade and restaurants & hotels	24,106,355	22,105,505	20,978,853	19,774,038
Transport, storage and communication	3,590,345	3,534,084	2,769,332	2,661,683
Finance, insurance and business services	14,616,969	14,977,836	12,721,425	13,455,331
Real estate	29,406,810	25,230,068	24,324,334	21,400,509
Community, social and personal services	3,448,335	2,316,978	1,930,599	1,851,904
Households	169,495,144	155,917,337	135,763,487	127,091,475
Others	1,871,575	1,398,618	84,352	83,497
	<u>268,048,515</u>	<u>245,044,053</u>	<u>216,669,401</u>	<u>203,134,019</u>

A11h. Loans, advances and financing pledged as collateral are as follows:

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Bankers' acceptances rediscounted	<u>646,169</u>	<u>204,124</u>	<u>646,169</u>	<u>204,124</u>

A11i. Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
At 1 January	1,488,699	1,484,779	1,153,829	1,135,737
Impaired during the period / year	2,109,082	2,745,274	1,476,272	1,965,840
Reclassified as non-impaired	(1,460,162)	(1,921,658)	(1,125,483)	(1,481,655)
Recoveries	(287,199)	(324,762)	(227,673)	(247,577)
Amount written off	(444,077)	(482,772)	(206,063)	(197,092)
Loans converted to foreclosed properties / investments	(16,800)	(21,724)	(16,587)	(21,542)
Exchange differences	28,284	9,562	1,949	118
Closing balance	<u>1,417,827</u>	<u>1,488,699</u>	<u>1,056,244</u>	<u>1,153,829</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.53%</u>	<u>0.61%</u>	<u>0.49%</u>	<u>0.57%</u>

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A11. Loans, Advances and Financing (continued)

A11j. Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Malaysia	1,250,472	1,375,695	1,028,181	1,141,700
Hong Kong SAR and the People's Republic of China	90,400	62,326	-	-
Cambodia	48,892	38,549	-	-
Other countries	28,063	12,129	28,063	12,129
	<u>1,417,827</u>	<u>1,488,699</u>	<u>1,056,244</u>	<u>1,153,829</u>

A11k. Impaired loans, advances and financing by economic purpose

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Purchase of securities	3,432	3,434	3,432	3,434
Purchase of transport vehicles	382,671	412,764	268,520	299,684
Purchase of landed properties	614,304	668,989	530,476	593,786
(of which: - residential	449,399	504,808	381,575	441,735
- non-residential)	164,905	164,181	148,901	152,051
Purchase of fixed assets (excluding landed properties)	62	164	62	160
Personal use	147,852	146,527	44,524	51,070
Credit card	21,081	25,409	21,054	25,353
Purchase of consumer durables	1	75	1	-
Construction	13,921	12,841	10,583	10,449
Working capital	218,530	202,794	161,640	154,249
Other purpose	15,973	15,702	15,952	15,644
	<u>1,417,827</u>	<u>1,488,699</u>	<u>1,056,244</u>	<u>1,153,829</u>

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A11. Loans, Advances and Financing (continued)

A11i. Impaired loans, advances and financing by sectors

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Agriculture, hunting, forestry and fishing	22,012	17,682	12,829	10,278
Mining and quarrying	2,205	2,220	756	1,056
Manufacturing	73,061	95,216	63,332	86,383
Electricity, gas and water	2,477	1,738	-	-
Construction	59,442	53,219	55,171	49,705
Wholesale & retail trade and restaurants & hotels	132,555	118,792	106,045	92,422
Transport, storage and communication	42,761	51,344	40,075	49,327
Finance, insurance and business services	25,007	26,795	17,033	19,137
Real estate	49,551	34,991	41,498	33,189
Community, social and personal services	6,787	16,669	5,891	15,976
Households	998,942	1,068,180	713,434	795,747
Others	3,027	1,853	180	609
	<u>1,417,827</u>	<u>1,488,699</u>	<u>1,056,244</u>	<u>1,153,829</u>

A11m. Movements in the allowance for impaired loans, advances and financing are as follows:

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
<u>Collective Assessment Allowance</u>				
At 1 January	1,682,128	1,592,085	1,143,525	1,071,089
Allowance made during the period / year	279,026	358,852	198,334	259,153
Amount written off	(256,574)	(271,729)	(190,431)	(187,246)
Exchange differences	13,151	2,920	2,933	529
Closing balance	<u>1,717,731</u>	<u>1,682,128</u>	<u>1,154,361</u>	<u>1,143,525</u>

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
<u>Individual Assessment Allowance</u>				
At 1 January	140,086	167,925	62,467	79,765
Allowance made during the period / year	163,080	190,432	13,214	9,525
Amount written back in respect of recoveries	(22,045)	(22,731)	(17,866)	(15,310)
Amount written off	(187,503)	(211,043)	(15,632)	(9,846)
Amount transferred to allowance for impairment loss on foreclosed properties	(612)	(1,667)	(612)	(1,667)
Exchange differences	43,363	17,170	-	-
Closing balance	<u>136,369</u>	<u>140,086</u>	<u>41,571</u>	<u>62,467</u>

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A12. Other Assets

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Deferred handling fees	266,665	254,694	196,374	191,097
Interest / Income receivable	40,084	89,802	24,101	75,681
Other receivables, deposits and prepayments	1,876,711	1,415,176	1,759,574	1,326,005
Manager's stocks	76,169	99,265	-	-
Employee benefits	242,963	269,797	237,442	263,673
Amount due from trust funds	90,279	107,730	-	-
Foreclosed properties	60,999	56,089	60,337	55,210
Outstanding contracts on clients' accounts	194,121	179,680	-	-
Amount due from subsidiary companies	-	-	37,245	37,336
Dividend receivable from subsidiary companies	-	-	256,300	501,487
	2,847,991	2,472,233	2,571,373	2,450,489

A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
At amortised cost				
Core deposits:				
- Demand deposits	43,090,410	41,431,899	36,397,828	35,771,299
- Savings deposits	30,007,838	27,675,462	20,271,531	19,094,648
- Fixed deposits	164,634,473	147,600,034	125,982,270	121,430,943
	237,732,721	216,707,395	182,651,629	176,296,890
Wholesale deposits:				
- Negotiable instruments of deposit	1,502,492	7,222,073	-	3,674,808
- Money market deposits	56,995,013	52,524,700	50,032,663	46,163,811
	58,497,505	59,746,773	50,032,663	49,838,619
Other deposits	108,562	86,008	104,133	81,482
	296,338,788	276,540,176	232,788,425	226,216,991

b) By type of customer

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Federal and state governments	7,535,746	3,229,842	1,155,858	549,568
Local government and statutory authorities	3,157,660	3,419,087	1,716,983	1,806,029
Business enterprises	83,960,564	83,961,654	67,338,189	70,180,944
Individuals	143,622,635	124,941,888	118,141,738	107,897,350
Foreign customers	4,058,983	5,884,641	3,385,098	5,262,723
Others	54,003,200	55,103,064	41,050,559	40,520,377
	296,338,788	276,540,176	232,788,425	226,216,991

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A13. Deposits from Customers (continued)

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Due within six months	204,042,351	183,926,889	158,929,250	152,166,260
More than six months to one year	18,903,758	23,113,861	16,910,112	19,025,282
More than one year to three years	182,313	302,336	172,829	75,204
More than three years to five years	3,556	3,721	2,742	2,816
	<u>223,131,978</u>	<u>207,346,807</u>	<u>176,014,933</u>	<u>171,269,562</u>

A14. Deposits from Banks

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
At amortised cost				
Licensed banks	6,007,529	10,484,982	4,951,376	8,085,476
Licensed Islamic banks	-	940,000	-	-
Licensed investment banks	267,836	350,344	271,742	260,990
Bank Negara Malaysia	447,769	344,471	440,366	340,503
Other financial institutions	6,925,357	8,549,935	8,327,710	9,009,681
	<u>13,648,491</u>	<u>20,669,732</u>	<u>13,991,194</u>	<u>17,696,650</u>

A15. Other Liabilities

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Interest / Income payable	1,729,531	1,399,565	1,480,341	1,236,480
Other payables and accruals	3,077,843	2,534,807	2,527,109	1,986,008
Amount due to trust funds	61,410	47,243	-	-
Unprocessed sales and / or redemptions	40,351	190,902	-	-
Profit Equalisation Reserve of the investment account holder	24	55	-	-
Finance lease liabilities	100,816	136,627	100,816	136,627
Outstanding contracts on clients' accounts	178,225	171,746	-	-
Dividend payable to shareholders	3,622	15,701	3,622	1,121
Amount due to subsidiary companies	-	-	3,605	3,029
	<u>5,191,822</u>	<u>4,496,646</u>	<u>4,115,493</u>	<u>3,363,265</u>

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A16. Interest Income

	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Group</u>				
Loans and advances	3,052,523	2,712,686	8,864,715	7,761,684
Balances with banks	146,125	223,413	401,012	572,472
Financial investments available-for-sale	121,544	68,444	321,230	202,360
Financial investments held-to-maturity	184,695	128,899	548,053	296,886
Others	35,304	33,943	104,304	108,093
	3,540,191	3,167,385	10,239,314	8,941,495
Financial assets held-for-trading	79,366	79,773	369,909	274,399
	3,619,557	3,247,158	10,609,223	9,215,894

Of which:

Interest income earned on impaired loans
and advances

	14,472	15,255	42,892	42,948
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	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Bank</u>				
Loans and advances	2,765,848	2,497,354	8,081,317	7,127,158
Balances with banks	137,155	210,360	369,346	537,020
Financial investments available-for-sale	109,632	66,693	294,331	193,468
Financial investments held-to-maturity	173,895	114,112	516,191	245,549
Others	35,305	33,940	104,301	107,987
	3,221,835	2,922,459	9,365,486	8,211,182
Financial assets held-for-trading	71,945	68,202	329,770	247,602
	3,293,780	2,990,661	9,695,256	8,458,784

Of which:

Interest income earned on impaired loans
and advances

	13,891	14,706	40,958	41,085
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A17. Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits from banks	112,654	66,713	328,510	191,331
Deposits from customers	1,731,490	1,504,450	5,131,418	4,295,362
Loans sold to Cagamas	14,517	-	43,078	-
Debt securities issued and other borrowed funds	124,337	124,649	370,156	351,760
Others	7,768	371	13,495	1,735
	<u>1,990,766</u>	<u>1,696,183</u>	<u>5,886,657</u>	<u>4,840,188</u>

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits from banks	106,094	58,246	301,510	168,073
Deposits from customers	1,678,393	1,450,879	4,968,710	4,137,870
Loans sold to Cagamas	14,517	-	43,078	-
Debt securities issued and other borrowed funds	121,037	122,798	361,134	346,237
Others	7,665	313	13,141	1,575
	<u>1,927,706</u>	<u>1,632,236</u>	<u>5,687,573</u>	<u>4,653,755</u>

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A18. Net Fee and Commission Income

	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Group</u>				
Fee and commission income:				
Commissions	105,988	102,392	324,185	287,645
Service charges and fees	87,882	73,368	246,425	216,656
Guarantee fees	10,290	6,764	29,941	24,081
Processing fees	8,186	7,032	21,264	18,735
Commitment fees	24,421	21,446	66,162	52,941
Unit trust management fees	209,264	203,252	629,133	591,362
Fee on sale of trust units	80,191	72,822	239,695	213,498
Net brokerage and commissions from stockbroking activities	21,776	23,853	69,694	66,607
Other fee and commission income	12,249	9,469	50,236	34,298
	<u>560,247</u>	<u>520,398</u>	<u>1,676,735</u>	<u>1,505,823</u>
Fee and commission expense:				
Loan related fee *	(68,927)	(65,269)	(217,206)	(191,682)
Unit trust agency fee	(94,284)	(94,306)	(293,546)	(273,278)
Other fee and commission expense	(5,497)	(5,170)	(15,856)	(15,520)
	<u>(168,708)</u>	<u>(164,745)</u>	<u>(526,608)</u>	<u>(480,480)</u>
Net fee and commission income	<u>391,539</u>	<u>355,653</u>	<u>1,150,127</u>	<u>1,025,343</u>
	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Bank</u>				
Fee and commission income:				
Commissions	127,828	115,175	371,096	329,456
Service charges and fees	57,616	55,400	174,764	159,513
Guarantee fees	9,753	6,203	28,238	22,109
Processing fees	3,872	3,511	9,839	9,196
Commitment fees	23,016	20,524	62,236	50,039
Other fee and commission income	9,900	7,472	41,878	24,724
	<u>231,985</u>	<u>208,285</u>	<u>688,051</u>	<u>595,037</u>
Fee and commission expense:				
Loan related fee *	(65,820)	(64,152)	(208,187)	(188,499)
Other fee and commission expense	(3,628)	(3,238)	(10,033)	(9,035)
	<u>(69,448)</u>	<u>(67,390)</u>	<u>(218,220)</u>	<u>(197,534)</u>
Net fee and commission income	<u>162,537</u>	<u>140,895</u>	<u>469,831</u>	<u>397,503</u>

* Includes debit/credit cards related fee and commission expense.

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A19. Net Gains and Losses on Financial Instruments

	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Group				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	1,182	4,849	10,164	7,539
- unrealised revaluation (loss) / gain	(1,346)	1,548	(889)	3,294
	<u>(164)</u>	<u>6,397</u>	<u>9,275</u>	<u>10,833</u>
Net gain / (loss) arising on trading derivatives:				
- net gain on disposal	-	2,297	-	10,447
- unrealised revaluation gain / (loss)	2,663	(5,971)	(86)	(13,044)
	<u>2,663</u>	<u>(3,674)</u>	<u>(86)</u>	<u>(2,597)</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	3,747	1,927	24,109	11,336
- gross dividend income	42,536	43,617	135,766	125,277
	<u>46,283</u>	<u>45,544</u>	<u>159,875</u>	<u>136,613</u>
Net gain representing ineffective portions of hedging derivatives:				
- fair value hedge	2,233	1,408	4,008	4,465
- cash flow hedge	485	366	1,221	1,133
	<u>2,718</u>	<u>1,774</u>	<u>5,229</u>	<u>5,598</u>
Net gains and losses on financial instruments	<u>51,500</u>	<u>50,041</u>	<u>174,293</u>	<u>150,447</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Bank</u>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	1,169	4,822	10,141	7,406
- unrealised revaluation (loss) / gain	(1,314)	1,546	(962)	3,293
	(145)	6,368	9,179	10,699
Net (loss) / gain arising on trading derivatives				
- net gain on disposal	-	2,297	-	10,447
- unrealised revaluation gain / (loss)	6	(2,067)	5	(9,362)
	6	230	5	1,085
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	3,475	1,928	22,738	8,063
- gross dividend income	42,514	43,609	135,195	123,299
	45,989	45,537	157,933	131,362
Net gain representing ineffective portions of hedging derivatives:				
- fair value hedge	1,108	1,461	3,929	4,693
- cash flow hedge	485	366	1,221	1,133
	1,593	1,827	5,150	5,826
Net gains and losses on financial instruments	47,443	53,962	172,267	148,972

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A20. Other Operating Income / (Loss)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Group</u>				
Other income:				
Foreign exchange profit	167,283	62,797	317,996	187,710
Rental income from:				
- investment properties	2,331	1,693	6,149	4,943
- other properties	4,125	4,203	12,569	12,111
Net gain on disposal of property and equipment	269	128	954	941
Net gain / (loss) on disposal of foreclosed properties	396	(511)	1,462	477
Net gain / (loss) on revaluation of investment properties	275	(9)	6,843	1,689
Others	13,360	6,589	31,840	26,093
Total other operating income	<u>188,039</u>	<u>74,890</u>	<u>377,813</u>	<u>233,964</u>
	3rd Quarter Ended	3rd Quarter Ended	Nine Months Ended	Nine Months Ended
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Bank</u>				
Gross dividend income from:				
- associated companies	-	-	-	6,101
- subsidiary companies				
- quoted outside Malaysia	-	-	19,556	16,655
- unquoted in Malaysia	60,065	160,173	534,554	463,931
	<u>60,065</u>	<u>160,173</u>	<u>554,110</u>	<u>486,687</u>
Other income:				
Foreign exchange (loss) / profit	(269,370)	19,772	(305,610)	167,961
Rental income from other properties	3,272	3,271	9,596	9,284
Net gain on disposal of property and equipment	267	109	959	951
Net gain / (loss) on disposal of foreclosed properties	396	(511)	1,462	477
Others	8,605	5,038	21,272	17,842
	<u>(256,830)</u>	<u>27,679</u>	<u>(272,321)</u>	<u>196,515</u>
Total other operating (loss) / income	<u>(196,765)</u>	<u>187,852</u>	<u>281,789</u>	<u>683,202</u>

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A21. Other Operating Expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Personnel costs				
- Salaries, allowances and bonuses	423,723	375,126	1,271,437	1,148,249
- Pension costs	56,392	52,476	169,267	161,423
- Others	38,343	34,726	105,333	100,196
	518,458	462,328	1,546,037	1,409,868
Establishment costs				
- Depreciation	45,736	38,880	132,553	115,119
- Rental	27,604	24,362	79,604	72,345
- Insurance	4,658	4,531	15,055	15,952
- Water and electricity	13,684	13,694	38,674	38,750
- General repairs and maintenance	20,980	18,482	57,895	63,155
- Information technology expenses	10,714	7,321	29,742	20,918
- Others	14,531	12,475	39,652	36,545
	137,907	119,745	393,175	362,784
Marketing expenses				
- Advertisement and publicity	15,434	9,381	40,857	32,804
- Others	16,057	20,420	45,097	56,516
	31,491	29,801	85,954	89,320
Administration and general expenses				
- Communication expenses	9,347	8,067	23,733	23,473
- Legal and professional fees	13,314	9,057	35,467	31,280
- Others	30,595	19,529	81,770	53,684
	53,256	36,653	140,970	108,437
Total other operating expenses	741,112	648,527	2,166,136	1,970,409

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A21. Other Operating Expenses (continued)

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
Personnel costs				
- Salaries, allowances and bonuses	320,674	290,854	966,188	893,264
- Pension costs	49,299	46,537	148,677	143,586
- Others	32,525	27,992	89,257	84,632
	<u>402,498</u>	<u>365,383</u>	<u>1,204,122</u>	<u>1,121,482</u>
Establishment costs				
- Depreciation	35,479	30,049	104,602	89,473
- Rental	23,164	22,491	68,792	66,245
- Insurance	4,105	4,063	13,202	13,372
- Water and electricity	9,933	10,369	28,856	29,389
- General repairs and maintenance	18,629	15,914	51,106	55,862
- Information technology expenses	5,764	3,972	16,658	10,916
- Others	10,822	9,544	29,223	27,709
	<u>107,896</u>	<u>96,402</u>	<u>312,439</u>	<u>292,966</u>
Marketing expenses				
- Advertisement and publicity	6,457	5,389	15,456	13,727
- Others	10,770	11,786	31,530	30,392
	<u>17,227</u>	<u>17,175</u>	<u>46,986</u>	<u>44,119</u>
Administration and general expenses				
- Communication expenses	8,051	6,676	20,757	18,412
- Legal and professional fees	9,773	7,905	26,258	24,208
- Others	18,160	11,706	48,859	36,642
	<u>35,984</u>	<u>26,287</u>	<u>95,874</u>	<u>79,262</u>
Shared service cost charged to Public Islamic Bank Berhad	(75,341)	(65,549)	(206,733)	(185,823)
Total other operating expenses	<u>488,264</u>	<u>439,698</u>	<u>1,452,688</u>	<u>1,352,006</u>

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A22. Allowance for Impairment on Loans, Advances and Financing

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for impaired loans and financing:				
Collective assessment allowance	110,973	83,792	279,026	268,416
Individual assessment allowance	57,636	34,961	141,035	120,061
Writeback of allowance for				
bad debts from stockbroking activities	(1)	(58)	(10)	(57)
Impaired loans and financing written off	62	6	141	76
Impaired loans and financing recovered	(54,793)	(72,082)	(169,652)	(192,365)
	113,877	46,619	250,540	196,131

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Bank				
Allowance / (Writeback of allowance)				
for impaired loans:				
Collective assessment allowance	71,922	54,434	198,334	188,337
Individual assessment allowance	2,967	(2,704)	(4,652)	(5,772)
Impaired loans written off	62	6	141	71
Impaired loans recovered	(25,012)	(32,427)	(89,880)	(100,162)
	49,939	19,309	103,943	82,474

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A23. Segment Information

3rd Quarter Ended 30 September 2015	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	652,364	2,343,339	377,322	440,611	45,547	289,719	1,579	356,667	4,507,148	407,375	-	4,914,523
Revenue from other segments	-	338,727	3,152	430,336	3,561	4,400	7,522	472,432	1,260,130	1,488	(1,261,618)	-
	<u>652,364</u>	<u>2,682,066</u>	<u>380,474</u>	<u>870,947</u>	<u>49,108</u>	<u>294,119</u>	<u>9,101</u>	<u>829,099</u>	<u>5,767,278</u>	<u>408,863</u>	<u>(1,261,618)</u>	<u>4,914,523</u>
Net interest income and												
Islamic banking income	189,116	1,121,448	98,790	50,919	6,449	4,664	(2,094)	103,199	1,572,491	267,281	-	1,839,772
Other income	1,267	165,815	12,311	78,214	16,079	170,685	9,007	121,544	574,922	74,020	(17,864)	631,078
Net income	<u>190,383</u>	<u>1,287,263</u>	<u>111,101</u>	<u>129,133</u>	<u>22,528</u>	<u>175,349</u>	<u>6,913</u>	<u>224,743</u>	<u>2,147,413</u>	<u>341,301</u>	<u>(17,864)</u>	<u>2,470,850</u>
Other operating expenses	(60,196)	(394,735)	(2,913)	(7,470)	(9,603)	(41,056)	(3,757)	(112,756)	(632,486)	(126,490)	17,864	(741,112)
(Allowance) / Writeback of												
allowance for impairment on												
loans, advances and financing	(55,013)	(27,253)	(1,371)	-	327	-	-	-	(83,310)	(30,567)	-	(113,877)
Allowance for												
impairment on other assets	-	(2,826)	-	-	-	-	-	-	(2,826)	-	-	(2,826)
Profit by segments	<u>75,174</u>	<u>862,449</u>	<u>106,817</u>	<u>121,663</u>	<u>13,252</u>	<u>134,293</u>	<u>3,156</u>	<u>111,987</u>	<u>1,428,791</u>	<u>184,244</u>	<u>-</u>	<u>1,613,035</u>
Reconciliation of segment profits												
to consolidated profits:												
Share of (loss) / profit after tax												
of equity accounted associated												
companies									(1,759)	2,518		759
Profit before tax expense and zakat									<u>1,427,032</u>	<u>186,762</u>		<u>1,613,794</u>

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A23. Segment Information (continued)

	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
3rd Quarter Ended 30 September 2014												
External revenue	612,289	2,117,744	287,371	497,673	52,261	276,309	1,405	193,863	4,038,915	285,093	-	4,324,008
Revenue from other segments	-	361,879	3,774	210,957	1,767	4,332	7,496	362,244	952,449	1,708	(954,157)	-
	<u>612,289</u>	<u>2,479,623</u>	<u>291,145</u>	<u>708,630</u>	<u>54,028</u>	<u>280,641</u>	<u>8,901</u>	<u>556,107</u>	<u>4,991,364</u>	<u>286,801</u>	<u>(954,157)</u>	<u>4,324,008</u>
Net interest income and												
Islamic banking income	212,800	1,158,416	76,084	39,875	5,596	4,567	(2,052)	81,965	1,577,251	189,832	-	1,767,083
Other income	438	134,068	10,212	66,688	19,026	167,367	8,892	56,371	463,062	35,986	(18,464)	480,584
Net income	<u>213,238</u>	<u>1,292,484</u>	<u>86,296</u>	<u>106,563</u>	<u>24,622</u>	<u>171,934</u>	<u>6,840</u>	<u>138,336</u>	<u>2,040,313</u>	<u>225,818</u>	<u>(18,464)</u>	<u>2,247,667</u>
Other operating expenses	(56,671)	(343,200)	(2,645)	(6,490)	(8,645)	(44,506)	(3,782)	(97,921)	(563,860)	(103,131)	18,464	(648,527)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(58,266)	13,616	4,406	-	(83)	-	-	-	(40,327)	(6,292)	-	(46,619)
Allowance for impairment on other assets	-	(399)	-	-	-	-	-	-	(399)	-	-	(399)
Profit by segments	<u>98,301</u>	<u>962,501</u>	<u>88,057</u>	<u>100,073</u>	<u>15,894</u>	<u>127,428</u>	<u>3,058</u>	<u>40,415</u>	<u>1,435,727</u>	<u>116,395</u>	<u>-</u>	<u>1,552,122</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(2,315)	2,376		61
Profit before tax expense and zakat									<u>1,433,412</u>	<u>118,771</u>		<u>1,552,183</u>

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A23. **Segment Information** (continued)

	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter-segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	1,919,634	6,790,062	1,086,802	1,406,591	152,298	869,590	4,732	937,981	13,167,690	1,084,814	-	14,252,504
Revenue from other segments	-	1,000,083	9,133	1,183,577	7,542	12,964	22,510	1,359,001	3,594,810	5,598	(3,600,408)	-
	1,919,634	7,790,145	1,095,935	2,590,168	159,840	882,554	27,242	2,296,982	16,762,500	1,090,412	(3,600,408)	14,252,504
Net interest income and												
Islamic banking income	590,125	3,266,034	278,264	168,291	20,355	13,726	(6,288)	295,967	4,626,474	720,335	-	5,346,809
Other income	2,741	451,781	41,667	217,340	51,167	520,766	26,995	266,409	1,578,866	177,010	(53,643)	1,702,233
Net income	592,866	3,717,815	319,931	385,631	71,522	534,492	20,707	562,376	6,205,340	897,345	(53,643)	7,049,042
Other operating expenses	(181,582)	(1,171,323)	(9,434)	(20,821)	(28,771)	(124,233)	(11,605)	(316,982)	(1,864,751)	(355,028)	53,643	(2,166,136)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(149,844)	(17,693)	2,986	-	138	-	-	-	(164,413)	(86,127)	-	(250,540)
Allowance for impairment on other assets	-	(1,898)	-	-	-	-	-	-	(1,898)	-	-	(1,898)
Profit by segments	261,440	2,526,901	313,483	364,810	42,889	410,259	9,102	245,394	4,174,278	456,190	-	4,630,468
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(3,227)	6,378		3,151
Profit before tax expense and zakat									4,171,051	462,568		4,633,619
Cost income ratio	30.6%	31.5%	2.9%	5.4%	40.2%	23.2%	56.0%	56.4%	30.1%	39.6%		30.7%

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A23. **Segment Information** (continued)

	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
Nine Months Ended 30 September 2015												
Gross loans, advances and financing	49,396,533	165,308,228	31,123,081	-	385,715	67,695	2,142	-	246,283,394	21,765,121	-	268,048,515
Loan growth	6.5%	7.9%	10.2%	-	-8.1%	12.5%	-5.9%	-	7.9%	30.3%	-	9.4%
Impaired loans, advances and financing	366,468	831,544	52,460	-	-	-	-	-	1,250,472	167,355	-	1,417,827
Impaired loan ratio	0.7%	0.5%	0.2%	-	-	-	-	-	0.5%	0.8%	-	0.5%
Deposits from customers	-	202,973,617	265,966	67,838,834	1,659,886	-	-	-	272,738,303	23,600,485	-	296,338,788
Deposit growth	-	4.9%	7.3%	8.0%	-16.8%	-	-	-	5.5%	30.6%	-	7.2%
Segment assets	<u>49,061,788</u>	<u>209,860,868</u>	<u>31,067,562</u>	<u>83,041,107</u>	<u>2,733,741</u>	<u>333,319</u>	<u>469,413</u>	<u>32,959,792</u>	<u>409,527,590</u>	<u>30,491,833</u>	<u>(81,306,176)</u>	<u>358,713,247</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									21,675	174,066		195,741
Unallocated assets									930,981	-		930,981
Intangible assets									769,251	1,636,083		2,405,334
Total assets									<u>411,249,497</u>	<u>32,301,982</u>		<u>362,245,303</u>

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A23. Segment Information (continued)

Nine Months Ended 30 September 2014	<----- Operating Segments ----->											Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000	Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	
External revenue	1,807,425	6,006,278	851,765	1,406,034	162,769	805,544	4,186	451,530	11,495,531	835,955	-	12,331,486
Revenue from other segments	-	998,554	10,596	643,447	4,246	11,413	22,347	1,223,670	2,914,273	4,838	(2,919,111)	-
	<u>1,807,425</u>	<u>7,004,832</u>	<u>862,361</u>	<u>2,049,481</u>	<u>167,015</u>	<u>816,957</u>	<u>26,533</u>	<u>1,675,200</u>	<u>14,409,804</u>	<u>840,793</u>	<u>(2,919,111)</u>	<u>12,331,486</u>
Net interest income and												
Islamic banking income	669,398	3,238,338	221,607	121,547	15,573	12,097	(5,873)	170,516	4,443,203	557,813	-	5,001,016
Other income	1,424	385,502	36,420	195,873	60,765	484,568	26,379	166,830	1,357,761	104,886	(52,893)	1,409,754
Net income	<u>670,822</u>	<u>3,623,840</u>	<u>258,027</u>	<u>317,420</u>	<u>76,338</u>	<u>496,665</u>	<u>20,506</u>	<u>337,346</u>	<u>5,800,964</u>	<u>662,699</u>	<u>(52,893)</u>	<u>6,410,770</u>
Other operating expenses	(171,091)	(1,057,258)	(8,340)	(18,561)	(25,877)	(132,409)	(11,095)	(300,386)	(1,725,017)	(298,285)	52,893	(1,970,409)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(151,573)	(10,698)	19,757	-	209	-	-	-	(142,305)	(53,826)	-	(196,131)
Writeback of allowance for impairment on other assets	-	439	-	-	-	-	-	-	439	-	-	439
Profit by segments	<u>348,158</u>	<u>2,556,323</u>	<u>269,444</u>	<u>298,859</u>	<u>50,670</u>	<u>364,256</u>	<u>9,411</u>	<u>36,960</u>	<u>3,934,081</u>	<u>310,588</u>	<u>-</u>	<u>4,244,669</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(4,632)	6,940		2,308
Profit before tax expense and zakat									<u>3,929,449</u>	<u>317,528</u>		<u>4,246,977</u>
Cost income ratio	25.5%	29.2%	3.2%	5.8%	33.9%	26.7%	54.1%	89.0%	29.7%	45.0%		30.7%

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A23. Segment Information (continued)

Nine Months Ended 30 September 2014	<----- Operating Segments ----->								Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000	RM'000					
Gross loans, advances and financing	45,836,903	149,978,048	25,878,526	-	369,918	58,592	2,195	-	222,124,182	15,350,539		237,474,721	
Loan growth	6.2%	9.1%	1.2%	-	1.3%	8.7%	-0.7%	-	7.5%	5.6%		7.4%	
Impaired loans, advances and financing	388,408	959,339	77,257	-	-	-	-	-	1,425,004	116,739		1,541,743	
Impaired loan ratio	0.8%	0.6%	0.3%	-	-	-	-	-	0.6%	0.8%		0.7%	
Deposits from customers	-	189,189,842	240,437	60,454,975	1,641,714	-	-	-	251,526,968	16,846,594		268,373,562	
Deposit growth	-	7.3%	-21.3%	8.6%	-42.4%	-	-	-	7.0%	7.1%		7.0%	
Segment assets	<u>45,490,508</u>	<u>196,659,300</u>	<u>25,816,150</u>	<u>75,750,864</u>	<u>4,001,100</u>	<u>347,324</u>	<u>353,070</u>	<u>29,879,278</u>	<u>378,297,594</u>	<u>22,329,030</u>	<u>(72,519,029)</u>	<u>328,107,595</u>	
Reconciliation of segment assets to consolidated assets:													
Investment in associated companies									24,157	122,321		146,478	
Unallocated assets									768,783	-		768,783	
Intangible assets									769,251	1,233,135		2,002,386	
Total assets									<u>379,859,785</u>	<u>23,684,486</u>		<u>331,025,242</u>	

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A23. Segment Information (continued)

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

A24. Subsequent Events

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

A25. Changes in the Composition of the Group

There were no changes in the composition of the Group during the 3rd quarter and nine months ended 30 September 2015.

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A26. Commitments and Contingencies

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

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Contingent liabilities				
Direct credit substitutes	1,444,248	1,598,096	1,213,596	1,237,889
Transaction-related contingent items	1,499,900	1,285,971	1,292,071	1,121,989
Short term self-liquidating trade-related contingencies	336,837	405,965	153,048	296,586
	3,280,985	3,290,032	2,658,715	2,656,464
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	29,193,229	28,962,346	24,808,971	26,380,852
- not exceeding one year	24,359,776	23,074,157	21,070,950	20,356,377
Unutilised credit card lines	5,069,969	4,135,781	4,940,539	4,038,701
Forward asset purchases	371,959	1,059,113	205,746	875,083
	58,994,933	57,231,397	51,026,206	51,651,013
Derivative financial instruments				
Foreign exchange related contracts:				
- less than one year	30,566,806	21,082,468	29,477,766	20,782,159
- one year to less than five years	3,076,154	2,449,762	3,076,154	2,449,762
Interest / Profit rate related contracts:				
- less than one year	944,549	821,971	944,549	577,129
- one year to less than five years	12,274,197	10,716,883	12,972,400	11,211,950
- five years and above	474,809	220,000	2,720,000	1,720,000
Commodity related contracts:				
- less than one year	4,136	148	4,136	148
	47,340,651	35,291,232	49,195,005	36,741,148
	109,616,569	95,812,661	102,879,926	91,048,625

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A27. Derivative Financial Instruments

Details of derivative financial instruments outstanding as at 30 September 2015 and 31 December 2014 are as follows:

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

Group	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
As at 30 September 2015												
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,375,161	879	-	1,376,040	58,233	127	-	58,360	19,142	-	-	19,142
- Swaps	29,040,901	-	-	29,040,901	1,395,684	-	-	1,395,684	341,295	-	-	341,295
- Options	150,744	-	-	150,744	266	-	-	266	266	-	-	266
Precious metal contracts												
- Forwards	4,136	-	-	4,136	5	-	-	5	-	-	-	-
	30,570,942	879	-	30,571,821	1,454,188	127	-	1,454,315	360,703	-	-	360,703
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	944,549	3,100,000	3,694,606	7,739,155	36,756	2,095	29,730	68,581	279	7,175	22,742	30,196
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	2,196,625	878,650	3,075,275	-	-	-	-	-	684,786	236,030	920,816
Interest / Profit rate related contracts												
- Swaps	-	3,674,400	2,280,000	5,954,400	-	33,633	32,562	66,195	-	-	1,712	1,712
	944,549	8,971,025	6,853,256	16,768,830	36,756	35,728	62,292	134,776	279	691,961	260,484	952,724
Total	31,515,491	8,971,904	6,853,256	47,340,651	1,490,944	35,855	62,292	1,589,091	360,982	691,961	260,484	1,313,427

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A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 30 September 2015 and 31 December 2014 are as follows (continued):

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

Group As at 31 December 2014	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	1,061,020	1,337	-	1,062,357	17,131	4	-	17,135	15,745	32	-	15,777
- Swaps	19,942,011	-	-	19,942,011	543,550	-	-	543,550	128,529	-	-	128,529
- Options	79,437	-	-	79,437	52	-	-	52	52	-	-	52
Precious metal contracts												
- Forwards	148	-	-	148	-	-	-	-	1	-	-	1
	<u>21,082,616</u>	<u>1,337</u>	<u>-</u>	<u>21,083,953</u>	<u>560,733</u>	<u>4</u>	<u>-</u>	<u>560,737</u>	<u>144,327</u>	<u>32</u>	<u>-</u>	<u>144,359</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	821,971	3,799,550	3,412,933	8,034,454	-	58,972	47,497	106,469	10,099	-	10,617	20,716
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	1,573,987	874,438	2,448,425	-	-	-	-	-	236,171	86,345	322,516
Interest / Profit rate related contracts												
- Swaps	-	2,374,400	1,350,000	3,724,400	-	23,835	12,031	35,866	-	-	602	602
	<u>821,971</u>	<u>7,747,937</u>	<u>5,637,371</u>	<u>14,207,279</u>	<u>-</u>	<u>82,807</u>	<u>59,528</u>	<u>142,335</u>	<u>10,099</u>	<u>236,171</u>	<u>97,564</u>	<u>343,834</u>
Total	<u>21,904,587</u>	<u>7,749,274</u>	<u>5,637,371</u>	<u>35,291,232</u>	<u>560,733</u>	<u>82,811</u>	<u>59,528</u>	<u>703,072</u>	<u>154,426</u>	<u>236,203</u>	<u>97,564</u>	<u>488,193</u>

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A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 30 September 2015 and 31 December 2014 are as follows (continued):

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

Bank As at 30 September 2015	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	1,087,861	879	-	1,088,740	57,873	127	-	58,000	18,747	-	-	18,747
- Swaps	28,239,161	-	-	28,239,161	1,394,275	-	-	1,394,275	339,817	-	-	339,817
- Options	150,744	-	-	150,744	266	-	-	266	266	-	-	266
Precious metal contracts												
- Forwards	4,136	-	-	4,136	5	-	-	5	-	-	-	-
	<u>29,481,902</u>	<u>879</u>	<u>-</u>	<u>29,482,781</u>	<u>1,452,419</u>	<u>127</u>	<u>-</u>	<u>1,452,546</u>	<u>358,830</u>	<u>-</u>	<u>-</u>	<u>358,830</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	944,549	3,100,000	3,308,000	7,352,549	36,756	2,095	28,961	67,812	279	7,175	8,170	15,624
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	2,196,625	878,650	3,075,275	-	-	-	-	-	684,786	236,030	920,816
Interest rate related contracts												
- Swaps	-	3,574,400	5,710,000	9,284,400	-	31,200	23,380	54,580	-	819	119,241	120,060
	<u>944,549</u>	<u>8,871,025</u>	<u>9,896,650</u>	<u>19,712,224</u>	<u>36,756</u>	<u>33,295</u>	<u>52,341</u>	<u>122,392</u>	<u>279</u>	<u>692,780</u>	<u>363,441</u>	<u>1,056,500</u>
Total	<u>30,426,451</u>	<u>8,871,904</u>	<u>9,896,650</u>	<u>49,195,005</u>	<u>1,489,175</u>	<u>33,422</u>	<u>52,341</u>	<u>1,574,938</u>	<u>359,109</u>	<u>692,780</u>	<u>363,441</u>	<u>1,415,330</u>

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A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 30 September 2015 and 31 December 2014 are as follows (continued):

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

Bank As at 31 December 2014	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	1,007,725	1,337	-	1,009,062	16,976	4	-	16,980	15,637	32	-	15,669
- Swaps	19,694,997	-	-	19,694,997	542,726	-	-	542,726	125,933	-	-	125,933
- Options	79,437	-	-	79,437	52	-	-	52	52	-	-	52
Precious metal contracts												
- Forwards	148	-	-	148	-	-	-	-	1	-	-	1
	<u>20,782,307</u>	<u>1,337</u>	<u>-</u>	<u>20,783,644</u>	<u>559,754</u>	<u>4</u>	<u>-</u>	<u>559,758</u>	<u>141,623</u>	<u>32</u>	<u>-</u>	<u>141,655</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	577,129	3,799,550	3,308,000	7,684,679	-	58,972	47,497	106,469	7,647	-	1,638	9,285
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	1,573,987	874,438	2,448,425	-	-	-	-	-	236,171	86,345	322,516
Interest rate related contracts												
- Swaps	-	2,174,400	3,650,000	5,824,400	-	21,026	3,761	24,787	-	-	50,269	50,269
	<u>577,129</u>	<u>7,547,937</u>	<u>7,832,438</u>	<u>15,957,504</u>	<u>-</u>	<u>79,998</u>	<u>51,258</u>	<u>131,256</u>	<u>7,647</u>	<u>236,171</u>	<u>138,252</u>	<u>382,070</u>
Total	<u>21,359,436</u>	<u>7,549,274</u>	<u>7,832,438</u>	<u>36,741,148</u>	<u>559,754</u>	<u>80,002</u>	<u>51,258</u>	<u>691,014</u>	<u>149,270</u>	<u>236,203</u>	<u>138,252</u>	<u>523,725</u>

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A27. Derivative Financial Instruments (continued)

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

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 30 September 2015, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM1,589,091,000 (2014: RM703,072,000) and RM1,574,938,000 (2014: RM691,014,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

- iii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2015, the Group and the Bank had posted cash collateral of RM689,944,000 (2014: RM88,616,000) 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 the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2014 and Pillar 3 Disclosures section of the 2014 Annual Report.

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A28. Fair Value Measurements

Determination of Fair Value and Fair Value Hierarchy

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

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

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

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

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

Group	Level 1	Level 2	Level 3	Total
30 September 2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	240,529	-	240,529
- Money market instruments	-	4,929,237	-	4,929,237
- Non-money market instruments	-	544,251	-	544,251
	-	<u>5,714,017</u>	-	<u>5,714,017</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	14,452,112	-	14,452,112
- Money market instruments	-	6,343,605	-	6,343,605
- Non-money market instruments #	<u>3,529,219</u>	<u>2,763,907</u>	-	<u>6,293,126</u>
	<u>3,529,219</u>	<u>23,559,624</u>	-	<u>27,088,843</u>
Derivative financial assets	-	1,589,091	-	1,589,091
Total financial assets measured at fair value	<u>3,529,219</u>	<u>30,862,732</u>	-	<u>34,391,951</u>
Non-financial assets				
Investment properties	-	-	144,781	<u>144,781</u>
Financial liabilities				
Derivative financial liabilities	-	1,313,427	-	1,313,427
Total financial liabilities measured at fair value	-	<u>1,313,427</u>	-	<u>1,313,427</u>

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A28. 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 2014	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	2,194,271	-	2,194,271
- Money market instruments	-	16,073,099	-	16,073,099
- Non-money market instruments	-	96,648	-	96,648
	-	18,364,018	-	18,364,018
Financial investments available-for-sale				
- Government securities and treasury bills	-	17,552,762	-	17,552,762
- Money market instruments	-	1,091,364	-	1,091,364
- Non-money market instruments #	3,443,812	3,258,796	-	6,702,608
	3,443,812	21,902,922	-	25,346,734
Derivative financial assets	-	703,072	-	703,072
Total financial assets measured at fair value	3,443,812	40,970,012	-	44,413,824
Non-financial assets				
Investment properties	-	-	107,028	107,028
Financial liabilities				
Derivative financial liabilities	-	488,193	-	488,193
Total financial liabilities measured at fair value	-	488,193	-	488,193

Excluding the carrying amount of equity securities - unquoted shares held by the Group of RM119,755,000 (2014: RM112,086,000) which are not carried at fair value.

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

Bank	Level 1	Level 2	Level 3	Total
30 September 2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	240,529	-	240,529
- Money market instruments	-	4,531,416	-	4,531,416
- Non-money market instruments	-	489,286	-	489,286
	-	<u>5,261,231</u>	-	<u>5,261,231</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	9,509,152	-	9,509,152
- Money market instruments	-	5,302,232	-	5,302,232
- Non-money market instruments #	3,045,002	2,414,041	-	5,459,043
	<u>3,045,002</u>	<u>17,225,425</u>	-	<u>20,270,427</u>
Derivative financial assets	-	1,574,938	-	1,574,938
Total financial assets measured at fair value	<u>3,045,002</u>	<u>24,061,594</u>	-	<u>27,106,596</u>
Financial liabilities				
Derivative financial liabilities	-	1,415,330	-	1,415,330
Total financial liabilities measured at fair value	-	<u>1,415,330</u>	-	<u>1,415,330</u>

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A28. 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 2014	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	2,194,271	-	2,194,271
- Money market instruments	-	12,242,739	-	12,242,739
- Non-money market instruments	-	41,770	-	41,770
	-	<u>14,478,780</u>	-	<u>14,478,780</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	13,422,266	-	13,422,266
- Money market instruments	-	1,002,749	-	1,002,749
- Non-money market instruments #	2,968,504	2,890,382	-	5,858,886
	<u>2,968,504</u>	<u>17,315,397</u>	-	<u>20,283,901</u>
Derivative financial assets	-	691,014	-	691,014
Total financial assets measured at fair value	<u>2,968,504</u>	<u>32,485,191</u>	-	<u>35,453,695</u>
Financial liabilities				
Derivative financial liabilities	-	523,725	-	523,725
Total financial liabilities measured at fair value	-	<u>523,725</u>	-	<u>523,725</u>

Excluding the carrying amount of equity securities - unquoted shares held by the Bank of RM114,781,000 (2014: RM107,921,000) which are not carried at fair value.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2014: Nil).

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments:

	Group and Bank	
	30 September	31 December
	2015	2014
	RM'000	RM'000
Derivative Financial Assets		
At 1 January	-	16,616
Recognised in the statement of profit or loss		
- Realised gains	-	300
Sales	-	(16,916)
Closing balance	-	-

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 objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length. 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 judgement and estimation, due to the low complexity of the financial instruments held.

The Group's exposure to financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) in the previous year comprised a small number of financial instruments which constitute an insignificant component of the Group's and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

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.

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A29. Capital Adequacy

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

	Group		Bank	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
<u>Before deducting interim dividends *</u>				
Common equity Tier I ("CET I") capital ratio	10.211%	11.328%	11.304%	12.686%
Tier I capital ratio	11.379%	12.776%	12.715%	14.397%
Total capital ratio	<u>14.781%</u>	<u>16.384%</u>	<u>14.998%</u>	<u>16.324%</u>
<u>After deducting interim dividends *</u>				
CET I capital ratio	10.211%	10.781%	11.304%	12.029%
Tier I capital ratio	11.379%	12.228%	12.715%	13.740%
Total capital ratio	<u>14.781%</u>	<u>15.836%</u>	<u>14.998%</u>	<u>15.668%</u>

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Components of CET I, Tier I and Tier II capital:				
<u>CET I / Tier I capital:</u>				
Paid-up share capital	3,882,138	3,882,138	3,882,138	3,882,138
Share premium	5,535,515	5,535,515	5,535,515	5,535,515
Other reserves	5,673,511	5,453,501	4,997,597	4,945,825
Retained profits	11,455,877	11,872,792	10,252,112	10,668,300
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Qualifying non-controlling interests	720,793	566,877	-	-
Less: Goodwill and other intangible assets	(2,405,334)	(2,083,142)	(695,393)	(695,393)
Less: Deferred tax assets, net	(69,233)	(69,325)	-	-
Less: Defined benefit pension fund assets	(184,788)	(205,195)	(180,992)	(200,986)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	(56,902)	(28,451)	(1,775,915)	(852,957)
Total CET I capital	<u>24,402,240</u>	<u>24,775,373</u>	<u>21,865,725</u>	<u>23,133,105</u>
Innovative Tier I capital securities	1,268,120	1,449,280	1,268,120	1,449,280
Non-innovative Tier I stapled securities	1,461,600	1,670,400	1,461,600	1,670,400
Qualifying CET I and additional Tier I capital instruments held by third parties	60,058	46,764	-	-
Total Tier I capital	<u>27,192,018</u>	<u>27,941,817</u>	<u>24,595,445</u>	<u>26,252,785</u>

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A29. Capital Adequacy (continued)

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

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
<u>Tier II capital</u>				
Collective assessment allowance and regulatory reserves #	2,687,389	2,495,677	2,131,483	1,978,560
Subordinated notes / sukuk murabahah				
- meeting all relevant criteria	2,448,494	2,448,162	1,949,442	1,949,302
- subject to gradual phase-out treatment	2,999,080	2,998,707	2,999,080	2,998,707
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	80,078	62,352	-	-
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from Tier II capital	(85,353)	(113,804)	(2,663,872)	(3,411,830)
Total Tier II capital	8,129,688	7,891,094	4,416,133	3,514,739
Total capital	35,321,706	35,832,911	29,011,578	29,767,524

Excludes collective assessment allowance on impaired loans/financing restricted from Tier II capital of the Group and the Bank of RM601,521,000 (2014: RM632,242,000) and RM435,959,000 (2014: RM458,747,000) respectively.

Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM1,571,179,000 (2014: RM1,445,791,000) and RM1,412,567,000 (2014: RM1,293,334,000) respectively.

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.

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A29. Capital Adequacy (continued)

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

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

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

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

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

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

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A29. Capital Adequacy (continued)

b) 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
30 September 2015						
<u>Before deducting interim dividends: *</u>						
CET I capital ratio	10.559%	30.558%	N/A	14.358%	24.634%	N/A
Tier I capital ratio	10.559%	30.558%	17.928%	14.358%	24.634%	N/A
Total capital ratio	13.198%	31.061%	17.965%	15.537%	25.626%	19.844%
<u>After deducting interim dividends: *</u>						
CET I capital ratio	10.559%	30.558%	N/A	14.358%	24.634%	N/A
Tier I capital ratio	10.559%	30.558%	17.928%	14.358%	24.634%	N/A
Total capital ratio	13.198%	31.061%	17.965%	15.537%	25.626%	19.844%
31 December 2014						
<u>Before deducting interim dividends: *</u>						
CET I capital ratio	11.730%	44.638%	N/A	13.921%	26.449%	N/A
Tier I capital ratio	11.730%	44.638%	33.941%	13.921%	26.449%	N/A
Total capital ratio	14.580%	45.270%	33.980%	15.104%	27.425%	17.418%
<u>After deducting interim dividends: *</u>						
CET I capital ratio	11.007%	37.487%	N/A	13.921%	24.029%	N/A
Tier I capital ratio	11.007%	37.487%	33.941%	13.921%	24.029%	N/A
Total capital ratio	13.857%	38.119%	33.980%	15.104%	25.004%	17.418%

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

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A29. Capital Adequacy (continued)

b) 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 are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-weighted Assets) issued on 28 November 2012. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively for year 2015.
- ² The risk-weighted assets of Public Investment Bank Berhad are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) issued on 28 November 2012. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively for year 2015.
- ³ The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and total capital ratio respectively.
- ⁴ These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The capital adequacy ratios of these two subsidiary companies are computed in accordance with the provisions of the Banking (Amendment) Ordinance 2012 relating to Basel III capital standards and the amended Banking Capital Rules.
- ⁵ The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-010-182, B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.

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A29. Capital Adequacy (continued)

c) The breakdown of risk-weighted assets by each major risk category is as follows:

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
Credit risk	220,124,875	200,875,562	179,289,074	168,570,558
Market risk	2,791,541	2,554,845	3,447,205	3,027,889
Operational risk	16,056,805	15,281,141	10,703,276	10,753,781
	238,973,221	218,711,548	193,439,555	182,352,228

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A30. Operations of Islamic Banking

A30a. Statement of Financial Position As At 30 September 2015

		Group	
	Note	30 September 2015 RM'000	31 December 2014 RM'000
ASSETS			
Cash and balances with banks		3,573,691	2,652,849
Financial assets held-for-trading		297,534	2,571,794
Derivative financial assets		129,963	60,835
Financial investments available-for-sale		5,397,165	4,546,283
Financial investments held-to-maturity		2,752,534	1,651,516
Financing and advances	A30d	30,310,994	25,434,279
Other assets		85,117	73,106
Statutory deposits with Bank Negara Malaysia		1,448,750	1,140,200
Investment in an associated company		20,000	20,000
Property and equipment		1,106	1,303
Total Assets		44,016,854	38,152,165
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	A30e	37,369,328	30,727,614
Deposits from banks		2,501,147	3,620,104
Bills and acceptances payable		1,374	550
Recourse obligations on financing sold to Cagamas		500,016	500,016
Derivative financial liabilities		-	89
Subordinated Sukuk Murabahah		499,052	498,860
Other liabilities		191,018	98,041
Provision for zakat and taxation		30,329	39,847
Deferred tax liabilities		31,124	15,445
Total Liabilities		41,123,388	35,500,566
Islamic Banking Funds		2,893,466	2,651,599
Total Liabilities and Islamic Banking Funds		44,016,854	38,152,165
COMMITMENTS AND CONTINGENCIES		9,843,634	6,822,999

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A30b. Statement of Profit or Loss for the 3rd Quarter and Nine Months Ended 30 September 2015

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Income derived from investment of depositors' funds and others	465,099	401,698	1,340,436	1,142,039
Income derived from investment of Islamic Banking Funds	34,938	32,311	98,801	95,262
Allowance for impairment on financing and advances	(34,103)	(27,732)	(77,783)	(73,233)
Impairment on other assets	-	(22)	(12)	(47)
Profit Equalisation Reserve	-	(101)	(23)	(286)
Total distributable income	465,934	406,154	1,361,419	1,163,735
Income attributable to depositors and others	(289,056)	(217,800)	(814,971)	(611,705)
Total net income	176,878	188,354	546,448	552,030
Other overheads and expenditures	(84,561)	(70,871)	(230,626)	(203,828)
Profit before zakat and taxation	92,317	117,483	315,822	348,202
Zakat	(55)	(57)	(165)	(172)
Taxation	(22,618)	(27,376)	(76,289)	(84,406)
Profit for the period	69,644	90,050	239,368	263,624

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

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	465,099	401,698	1,340,436	1,142,039
Income derived from investment of Islamic Banking Funds	34,938	32,311	98,801	95,262
Income attributable to depositors and others	(289,056)	(217,800)	(814,971)	(611,705)
Profit Equalisation Reserve	-	(101)	(23)	(286)
Net income from Islamic banking business	210,981	216,108	624,243	625,310

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A30c. Statement of Profit or Loss and Other Comprehensive Income for the 3rd Quarter and Nine Months Ended 30 September 2015

	3rd Quarter Ended		Nine Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<u>Group</u>				
Profit for the period	69,644	90,050	239,368	263,624
Other comprehensive (loss) / income:				
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net (loss) / gain on revaluation of financial investments available-for-sale	(24,959)	(2,402)	(6,508)	(127)
Hedging reserves:				
- Net change in cash flow hedges	64,883	(26,454)	69,341	(65,852)
	39,924	(28,856)	62,833	(65,979)
Income tax relating to components of other comprehensive (loss) / income:				
- Revaluation reserves	5,992	601	1,547	32
- Hedging reserves	(15,572)	6,613	(16,642)	16,463
	(9,580)	7,214	(15,095)	16,495
Other comprehensive income / (loss) for the period, net of tax	30,344	(21,642)	47,738	(49,484)
Total comprehensive income for the period	99,988	68,408	287,106	214,140

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A30d. Financing and Advances

	Group	
	30 September	31 December
	2015	2014
	RM'000	RM'000
At amortised cost		
Bai' Bithaman Ajil	9,611,269	8,228,567
Ijarah Thumma Al-Bai'	11,898,021	10,987,471
Bai' Inah	2,085,347	2,242,559
Musharakah Mutanaqisah	6,983,796	4,254,732
Murabahah	78,167	42,801
Ujrah	3,575	-
Gross financing and advances	<u>30,660,175</u>	<u>25,756,130</u>
Allowance for impairment on financing and advances:		
- collective assessment allowance	(349,181)	(321,851)
Net financing and advances	<u><u>30,310,994</u></u>	<u><u>25,434,279</u></u>

Movements in impaired financing and advances are as follows:

	Group	
	30 September	31 December
	2015	2014
	RM'000	RM'000
At 1 January	232,348	208,074
Impaired during the period / year	416,814	574,124
Reclassified as non-impaired	(328,493)	(428,963)
Recoveries	(34,170)	(36,222)
Amount written off	(66,143)	(84,483)
Financing converted to foreclosed properties	(213)	(182)
Closing balance	<u><u>220,143</u></u>	<u><u>232,348</u></u>
Impaired financing and advances as a percentage of gross financing and advances	<u><u>0.72%</u></u>	<u><u>0.90%</u></u>

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A30e. Deposits from Customers

By type of deposit and contract	Group	
	30 September 2015 RM'000	31 December 2014 RM'000
At amortised cost		
Savings deposit		
- Wadiah	5,454,231	5,136,085
Demand deposit		
- Wadiah	3,673,948	3,259,675
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Inah	1,502,492	3,516,265
- Commodity Murabahah	20,799,712	12,788,111
- General investment account		
- Mudharabah	118,488	321,692
- Wakalah	174,561	705,502
	293,049	1,027,194
- Special term deposit account		
- Wadiah	5,645,896	-
- Wakalah	-	5,000,284
	5,645,896	5,000,284
	37,369,328	30,727,614

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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

The Group's pre-tax profit for the nine months ended 30 September 2015 of RM4,633.6 million was RM386.6 million or 9.1% higher than the previous corresponding nine months RM4,247.0 million. Net profit attributable to equity holders improved by RM304.9 million or 9.3% to RM3,569.7 million. The improved earnings was mainly due to higher net interest income of RM346.9 million (7.9%) and higher non-interest income of RM292.5 million (20.7%). These were partially offset by higher other operating expenses of RM195.7 million (9.9%) mainly due to higher personnel costs which were in tandem with the increased headcount to support business expansion, and higher loan impairment allowances of RM54.4 million on larger loan base.

The growth in the Group's profit was driven by continued healthy loans and customer deposits growth coupled with sustained strong asset quality, as well as gains arising from foreign exchange movement in respect of the Group's foreign operations. Gross loans grew by RM30.6 billion or 12.9% to RM268.0 billion as at 30 September 2015 as compared to RM237.5 billion as at 30 September 2014, driven by growth in property financing, financing of passenger vehicles and lending to small and medium enterprises ("SMEs"). Total deposits from customers increased by 10.4% or RM28.0 billion for the last 12 months to RM296.3 billion as at 30 September 2015 which partly contributed to the higher net interest income for the current period. The Group's impaired loan ratio further improved to 0.53% as at 30 September 2015.

The performance of the respective operating business segments for the nine months ended 30 September 2015 as compared to the previous corresponding period is analysed as follows:-

- 1) Retail Operations – Pre-tax profit decreased marginally by RM29.4 million (-1.2%) to RM2,526.9 million mainly due to higher other operating expenses partially offset by higher net interest income on higher average loan and deposit balances and higher fee income.
- 2) Hire purchase – Pre-tax profit decreased by RM86.7 million (-24.9%) to RM261.4 million mainly due to lower net interest income as a result of declining net interest margin and higher other operating expenses.
- 3) Corporate lending – Pre-tax profit increased by RM44.0 million (16.3%) to RM313.5 million mainly due to higher net interest income and higher fee income partially offset by lower net writeback of loan impairment allowances.
- 4) Treasury and capital market operations – The increase in pre-tax profit of RM66.0 million (22.1%) to RM364.8 million was mainly due to higher net interest income on treasury gapping, funding and liquidity management activities, higher foreign exchange income and higher investment income.
- 5) Investment banking – Pre-tax profit decreased by RM7.8 million (-15.4%) to RM42.9 million mainly due to lower brokerage income from stockbroking activities, lower investment income and higher other operating expenses partially offset by higher net interest income.
- 6) Fund management – Pre-tax profit increased by RM46.0 million (12.6%) to RM410.3 million mainly due to higher management fee earned on higher average net asset value of funds under management, higher fee income on sale of trust units and lower other operating expenses.
- 7) Overseas operations – Pre-tax profit increased by RM145.0 million (45.7%) to RM462.6 million mainly due to favourable foreign exchange differences, higher net interest income on higher average loan and deposit balances and higher other operating income, partially offset by higher other operating expenses and higher loan impairment allowances.

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B1. Performance Review (continued)

b) Current Quarter vs. Previous Year Corresponding Quarter

For the 3rd quarter ended 30 September 2015, the Group registered a pre-tax profit of RM1,613.8 million, an improvement of RM61.6 million or 4.0% as compared to the previous corresponding quarter. Net profit attributable to equity holders grew marginally by 0.8% or RM9.9 million over the same period. The improved earnings was mainly due to higher net interest income, higher foreign exchange income and higher net fee and commission income partially offset by higher other operating expenses and higher loan impairment allowances.

Performance of the respective operating business segments for the 3rd quarter ended 30 September 2015 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Retail operations – Pre-tax profit decreased by RM100.1 million (-10.4%) to RM862.4 million, mainly due to higher other operating expenses, higher loan impairment allowances and lower net interest income partially offset by higher fee income. The lower net interest income in the current quarter was due to the positive impact from the hike in overnight policy rate in the previous corresponding quarter which is non-recurring in the current quarter.
- 2) Hire purchase – Pre-tax profit decreased by RM23.1 million (-23.5%) to RM75.2 million, mainly due to lower net interest income resulting from declining net interest margin and higher other operating expenses, partially offset by lower loan impairment allowances.
- 3) Corporate lending – Pre-tax profit increased by RM18.8 million (21.3%) to RM106.8 million, mainly due to higher net interest income partially offset by higher loan impairment allowances.
- 4) Treasury and capital market operations – Pre-tax profit increased by RM21.6 million (21.6%) to RM121.7 million, mainly due to higher interest margin earned on treasury gapping activities and higher foreign exchange income.
- 5) Investment banking – Pre-tax profit decreased by RM2.6 million (-16.6%) to RM13.3 million, mainly due to lower brokerage income from stockbroking activities and higher other operating expense.
- 6) Fund management business – Pre-tax profit increased by RM6.9 million (5.4%) to RM134.3 million, due to higher management fee earned on higher average net asset value of funds under management and lower other operating expenses.
- 7) Overseas Operations – The increase in pre-tax profit by RM68.0 million (57.2%) was mainly due to favourable foreign exchange differences, which partially contributed to higher net interest income and higher other operating income, offset by higher loan impairment allowances and higher other operating expenses.

B2. Variation of Results Against Preceding Quarter

For the 3rd quarter ended 30 September 2015, the Group registered a pre-tax profit of RM1,613.8 million, an increase of RM82.6 million or 5.4% as compared to the pre-tax profit of RM1,531.1 million for the preceding quarter ended 30 June 2015. Net profit attributable to equity holders increased marginally by RM4.6 million or 0.4% over the same period. The increase in profit is mainly due to higher net interest income and higher other operating income, partially offset by higher loan impairment allowances and higher other operating expenses.

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B3. Prospects for 2015

The global economic growth remained moderate in the first half of the year due to slower growth in emerging economies and a weaker recovery in advanced economies. The pace of global economic recovery is expected to remain moderate and uneven in the second half of the year as prospects of rising interest rates in the US and China's economic slowdown are contributing to uncertainty and higher market volatility.

After moderating to a growth of 5.3% year-on-year in the first half of 2015 (1H14: 6.4%), the Malaysian economy is expected to continue growing at a more moderate pace in the second half of the year given the increasingly challenging economic environment as a result of increased uncertainty on both the global and domestic fronts. The Government expects the economy to grow between 4.5% and 5.5% in 2015 (2014: 6%), with domestic demand projected to ease on expectation of slower growth in both consumer spending and investment activities. While the weaker ringgit is expected to contribute positively to exports, in particular manufactured exports, falling commodity prices remain a drag to overall export growth.

The banking sector is expected to remain strong and supportive of economic activities for the remaining part of this year. With adequate capitalisation and stable funding, the banking sector will continue to function as an effective financial intermediary in providing steady access to credit for households and businesses. The banking sector is well positioned to withstand the current market uncertainty despite the cautious business and consumer sentiment, falling commodity prices, weakening ringgit and uneven global growth.

Notwithstanding an increasingly competitive credit market, the Public Bank Group is expected to maintain its leading market position in the domestic retail segment, supported by continuing demand in home mortgages, vehicle financing and small and medium enterprises ("SME") lending. The Group will continue to adopt a considered approach in its lending directions to support prudent and responsible financing practices, while upholding its strong corporate governance and risk management policies.

The Public Bank Group will continue to provide strong support to the SME segment by enhancing its product and service delivery. In order to sustain its market position in SME financing, the Group will continue to penetrate the mid-market SMEs in encouraged sectors of the economy. In 2015, the SMEs will continue to benefit from the implementation of key Government initiatives as well as the recently announced new economic measures to support business activities of SMEs.

The Public Bank Group will continue to expand its vehicle hire purchase business by leveraging on its large network of hire purchase centres and branches, comprehensive product packages and efficient loan delivery. While rising cost of living and the implementation of Goods and Services Tax continue to impact consumer spending, demand for vehicle hire purchase will remain supported by new launches of car models and attractive product packages by car dealers.

The Public Bank Group will continue to expand its corporate lending business to corporates with sound business fundamentals. The Group remains focused on its existing corporate clients with good track record to sustain growth momentum in its corporate lending business.

The Public Bank Group will increase efforts to maintain its strong brand and leading market position in the private unit trust industry in Malaysia. This will be supported by ongoing demand for investment products and the Group's new fund launches, diversified range of product offerings, strong branding and efficient distribution capabilities.

The Group will continue to work closely with its bancassurance partner, AIA Bhd, to develop innovative products to meet customers' protection and savings needs. The Group will also continue to accelerate its fee generating income activities such as foreign-exchange related transactions and transactional banking services.

For the Public Bank Group's overseas operations, the Group will continue to strengthen its presence and widen its market reach in the region through organic growth.

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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 3rd quarter and nine months ended 30 September 2015 are as follows:

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	375,058	335,355	950,452	895,654
Overseas income tax	28,141	21,308	75,326	58,769
	<u>403,199</u>	<u>356,663</u>	<u>1,025,778</u>	<u>954,423</u>
(Over) / under provision in prior years				
- Malaysian income tax	(1,446)	(1,526)	(1,832)	(1,550)
- Overseas income tax	303	(3)	356	403
	<u>402,056</u>	<u>355,134</u>	<u>1,024,302</u>	<u>953,276</u>
Deferred tax expense				
- Relating to changes in tax rate	807	-	2,036	-
- Relating to origination and reversal of temporary differences	(9,091)	(7,778)	(9,952)	(6,178)
- Under provision	3,002	2,636	3,000	2,708
Tax expense	<u>396,774</u>	<u>349,992</u>	<u>1,019,386</u>	<u>949,806</u>
Zakat	55	57	165	172
	<u><u>396,829</u></u>	<u><u>350,049</u></u>	<u><u>1,019,551</u></u>	<u><u>949,978</u></u>

The Group's effective tax rates for the 3rd quarter and nine months ended 30 September 2015 and 30 September 2014 were lower than the statutory tax rate mainly due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	186,776	275,467	671,967	754,440
Overseas income tax	3,629	2,098	9,967	7,130
	<u>190,405</u>	<u>277,565</u>	<u>681,934</u>	<u>761,570</u>
(Over) / under provision in prior years				
- Malaysian income tax	(1,451)	(1,384)	(1,558)	(1,384)
- Overseas income tax	-	-	53	(84)
	<u>188,954</u>	<u>276,181</u>	<u>680,429</u>	<u>760,102</u>
Deferred tax expense				
- Relating to changes in tax rate	132	-	461	-
- Relating to origination and reversal of temporary differences	(10,711)	(6,140)	(11,611)	(3,737)
- Under provision	2,626	2,636	2,624	2,708
	<u><u>181,001</u></u>	<u><u>272,677</u></u>	<u><u>671,903</u></u>	<u><u>759,073</u></u>

The Bank's effective tax rate for the 3rd quarter and nine months ended 30 September 2015 and 30 September 2014 were lower than the statutory tax rate mainly due to certain income not subject to tax.

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B6. Status of Corporate Proposals Announced but Not Completed

Save as disclosed below, there were no corporate proposals announced but not completed as at 30 September 2015.

Proposed Acquisition of 50% Equity Capital in VID Public Bank ("VPB") Held by Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") resulting in VPB becoming a Wholly-owned Subsidiary of Public Bank Berhad ("Proposed Acquisition")

On 15 July 2014, the Bank entered into a conditional equity capital transfer agreement ("ECTA") with BIDV for the Bank's acquisition of the remaining 50% equity interests in VPB not held by the Bank for a total cash consideration of USD76.6 million.

With the signing of the ECTA, the Bank submitted an application to the State Bank of Vietnam ("SBV") for the approval to convert VPB, the existing joint venture bank, into a 100% foreign-owned bank in Vietnam. The Bank had received the approval of Bank Negara Malaysia for the Proposed Acquisition.

On 23 March 2015, SBV granted approval in principle to the Bank for the Proposed Acquisition and to implement procedures to transform VPB into a 100% foreign-owned bank.

Upon completion of the Proposed Acquisition, VPB will become a wholly-owned subsidiary company of the Bank.

The Proposed Acquisition is not expected to have a material effect on the earnings and net assets of the Group and the Bank for the financial year ending 31 December 2015.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposals

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

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B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and the Bank as at the reporting date, into realised and unrealised profits, is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

	Group	
	30 September 2015 RM'000	31 December 2014 RM'000
Total retained profits of Public Bank Berhad and its subsidiaries:		
- Realised	12,903,749	12,449,824
- Unrealised	178,748	168,164
	13,082,497	12,617,988
Total share of retained profits from associated companies:		
- Realised	4,877	1,726
- Unrealised	-	-
	13,087,374	12,619,714
Less: Consolidation adjustments	(38,111)	(746,922)
Total Group retained profits as per consolidated accounts	13,049,263	11,872,792
	Bank	
	30 September 2015 RM'000	31 December 2014 RM'000
Total retained profits of Public Bank Berhad:		
- Realised	10,909,615	10,491,574
- Unrealised	46,709	39,262
Total Bank retained profits as per accounts	10,956,324	10,530,836

The unrealised retained profits of the Group and the Bank as disclosed above exclude translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group and the Bank, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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B9. Deposits From Customers and Banks and Debt Securities Issued and Other Borrowed Funds

	Group		Bank	
	30 September 2015 RM'000	31 December 2014 RM'000	30 September 2015 RM'000	31 December 2014 RM'000
(a) <u>Deposits from customers</u>				
- Fixed deposits				
One year or less	164,448,604	147,293,977	125,806,699	121,352,923
More than one year	185,869	306,057	175,571	78,020
- Negotiable instruments of deposits				
One year or less	1,502,492	7,222,073	-	3,674,808
- Money market deposits				
One year or less	56,995,013	52,524,700	50,032,663	46,163,811
- Savings deposits	30,007,838	27,675,462	20,271,531	19,094,648
- Demand deposits	43,090,410	41,431,899	36,397,828	35,771,299
- Others	108,562	86,008	104,133	81,482
	<u>296,338,788</u>	<u>276,540,176</u>	<u>232,788,425</u>	<u>226,216,991</u>
(b) <u>Deposits from banks</u>				
- One year or less	<u>13,648,491</u>	<u>20,669,732</u>	<u>13,991,194</u>	<u>17,696,650</u>
(c) <u>Debt securities issued and other borrowed funds</u>				
Borrowings denominated in HKD (unsecured) Term loan				
- More than one year	<u>616,098</u>	<u>488,522</u>	<u>-</u>	<u>-</u>
Senior Medium Term notes denominated in RM (unsecured)				
- More than one year	<u>1,390,883</u>	<u>1,397,168</u>	<u>1,390,883</u>	<u>1,397,168</u>
Subordinated notes / sukuk murabahah denominated in RM (unsecured)				
- More than one year	<u>5,444,389</u>	<u>5,453,023</u>	<u>4,945,337</u>	<u>4,954,163</u>
Innovative Tier I capital securities denominated in USD (unsecured)				
- More than one year	<u>915,210</u>	<u>753,186</u>	<u>915,210</u>	<u>753,186</u>
Innovative Tier I capital securities denominated in RM (unsecured)				
- More than one year	<u>1,206,291</u>	<u>1,211,258</u>	<u>1,206,291</u>	<u>1,211,258</u>
	<u>2,121,501</u>	<u>1,964,444</u>	<u>2,121,501</u>	<u>1,964,444</u>
Non-innovative Tier I stapled securities denominated in RM (unsecured)				
- More than one year	<u>2,103,748</u>	<u>2,124,608</u>	<u>2,103,748</u>	<u>2,124,608</u>
	<u>11,676,619</u>	<u>11,427,765</u>	<u>10,561,469</u>	<u>10,440,383</u>

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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 the Bank.

B11. Dividends

No dividend has been proposed for the 3rd quarter ended 30 September 2015.

B12. Earnings Per Share

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
Net profit attributable to equity holders (RM'000)	<u>1,201,395</u>	<u>1,191,521</u>	<u>3,569,724</u>	<u>3,264,849</u>
Weighted average number of PBB Shares ('000)	<u>3,861,494</u>	<u>3,737,258</u>	<u>3,861,494</u>	<u>3,581,364</u>
Basic earnings per share (sen)	<u>31.1</u>	<u>31.9</u>	<u>92.4</u>	<u>91.2</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.