

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	Group		Bank	
		30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
ASSETS					
Cash and balances with banks		15,089,489	10,684,092	6,915,957	5,059,890
Reverse repurchase agreements		944,851	2,793,563	144,282	2,268,564
Financial assets held-for-trading	A8	1,830,937	1,178,884	628,359	576,329
Derivative financial assets	A27	164,511	618,141	194,338	628,145
Financial investments available-for-sale	A9	30,593,911	33,345,205	20,598,699	23,655,309
Financial investments held-to-maturity	A10	28,982,116	22,173,926	22,910,447	17,044,541
Loans, advances and financing	A11	299,860,777	292,429,184	238,895,370	232,794,693
Other assets	A12	2,589,330	2,994,523	2,475,333	3,028,257
Statutory deposits with Central Banks		9,276,565	8,900,566	6,640,843	6,586,569
Deferred tax assets		73,824	65,189	-	-
Collective investments		-	-	5,272,128	5,140,765
Investment in subsidiary companies		-	-	5,955,494	5,655,494
Investment in associated companies		35,009	38,137	30,000	30,000
Investment properties		689,971	699,469	-	-
Property and equipment		1,438,181	1,528,326	598,946	645,794
Intangible assets		2,494,826	2,603,621	695,393	695,393
TOTAL ASSETS		394,064,298	380,052,826	311,955,589	303,809,743
LIABILITIES					
Deposits from customers	A13	322,553,833	309,973,568	247,755,344	241,957,458
Deposits from banks	A14	11,160,244	11,810,823	13,038,203	12,289,026
Obligations on securities sold under repurchase agreements		1,431	2,469,834	1,431	2,469,834
Bills and acceptances payable		323,568	327,272	322,881	325,597
Recourse obligations on loans and financing sold to Cagamas		4,422,008	1,922,023	4,422,008	1,422,007
Derivative financial liabilities	A27	692,587	1,328,691	686,266	1,322,747
Debt securities issued and other borrowed funds	B9	12,457,604	11,514,274	10,866,133	10,383,129
Other liabilities	A15	4,573,228	4,624,169	3,226,175	3,371,725
Provision for tax expense and zakat		689,631	563,114	514,829	376,065
Deferred tax liabilities		150,206	155,287	114,661	118,653
TOTAL LIABILITIES		357,024,340	344,689,055	280,947,931	274,036,241

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2016.

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
EQUITY				
Share capital	9,417,653	3,882,138	9,417,653	3,882,138
Reserves	26,639,963	30,480,514	21,739,342	26,040,701
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Equity attributable to equity holders of the Bank	35,908,279	34,213,315	31,007,658	29,773,502
Non-controlling interests	1,131,679	1,150,456	-	-
TOTAL EQUITY	37,039,958	35,363,771	31,007,658	29,773,502
TOTAL LIABILITIES AND EQUITY	394,064,298	380,052,826	311,955,589	303,809,743
COMMITMENTS AND CONTINGENCIES				
	A26 105,467,770	105,592,459	97,527,735	97,032,508
CAPITAL ADEQUACY				
Before deducting interim dividends *	A29			
Common Equity Tier I Capital Ratio	11.651%	11.864%	10.808%	11.725%
Tier I Capital Ratio	12.430%	12.718%	11.742%	12.751%
Total Capital Ratio	15.387%	15.976%	14.244%	15.248%
After deducting interim dividends *				
Common Equity Tier I Capital Ratio	11.651%	11.373%	10.808%	11.117%
Tier I Capital Ratio	12.430%	12.227%	11.742%	12.143%
Total Capital Ratio	15.387%	15.485%	14.244%	14.640%
Net assets per share attributable to ordinary equity holders of the Bank (RM)	9.30	8.86	8.03	7.71

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

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PUBLIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

<u>Group</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Operating revenue		<u>5,312,292</u>	<u>5,031,100</u>	<u>15,507,624</u>	<u>15,018,657</u>
Interest Income	A16	<u>3,873,545</u>	3,800,539	<u>11,408,581</u>	11,253,570
Interest expense	A17	<u>(2,009,296)</u>	(2,064,262)	<u>(5,879,108)</u>	(6,133,045)
Net interest income		<u>1,864,249</u>	1,736,277	<u>5,529,473</u>	5,120,525
Net income from Islamic banking business	A30b	<u>250,708</u>	249,056	<u>745,851</u>	709,661
		<u>2,114,957</u>	1,985,333	<u>6,275,324</u>	5,830,186
Fee and commission income	A18 (a)	<u>655,477</u>	562,905	<u>1,891,020</u>	1,694,002
Fee and commission expense	A18 (b)	<u>(207,909)</u>	(174,008)	<u>(600,227)</u>	(540,848)
Net fee and commission income	A18	<u>447,568</u>	388,897	<u>1,290,793</u>	1,153,154
Net gains and losses on financial instruments	A19	<u>53,311</u>	14,756	<u>79,314</u>	73,869
Other operating income	A20	<u>107,874</u>	78,030	<u>314,785</u>	338,489
Net income		<u>2,723,710</u>	2,467,016	<u>7,960,216</u>	7,395,698
Other operating expenses	A21	<u>(845,782)</u>	(814,694)	<u>(2,614,495)</u>	(2,406,010)
Operating profit		<u>1,877,928</u>	1,652,322	<u>5,345,721</u>	4,989,688
Allowance for impairment on loans, advances and financing	A22	<u>(85,885)</u>	(92,461)	<u>(179,494)</u>	(229,846)
Writeback of allowance / (Allowance) for impairment on other assets		<u>218</u>	(1,218)	<u>(2,378)</u>	212
		<u>1,792,261</u>	1,558,643	<u>5,163,849</u>	4,760,054
Share of profit / (loss) after tax of equity accounted associated companies		<u>693</u>	(401)	<u>(3,414)</u>	1,267
Profit before tax expense and zakat		<u>1,792,954</u>	1,558,242	<u>5,160,435</u>	4,761,321
Tax expense and zakat	B5	<u>(368,684)</u>	(305,728)	<u>(1,118,821)</u>	(993,155)
Profit for the period		<u>1,424,270</u>	1,252,514	<u>4,041,614</u>	3,768,166
Profit for the period attributable to:					
- Equity holders of the Bank		<u>1,404,760</u>	1,238,150	<u>3,984,567</u>	3,724,093
- Non-controlling interests		<u>19,510</u>	14,364	<u>57,047</u>	44,073
		<u>1,424,270</u>	1,252,514	<u>4,041,614</u>	3,768,166
Earnings per share:					
- basic / diluted (sen)	B13	<u>36.4</u>	<u>32.1</u>	<u>103.2</u>	<u>96.4</u>

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PUBLIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit for the period	<u>1,424,270</u>	<u>1,252,514</u>	<u>4,041,614</u>	<u>3,768,166</u>
Other comprehensive (loss) / income:				
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of:				
- Foreign operations	(115,481)	200,538	(456,842)	(183,580)
- Net investment hedge	75,226	(125,406)	290,734	94,326
Revaluation reserves:				
- Net gain on revaluation of financial investments available-for-sale	56,235	154,916	123,485	263,310
Hedging reserves:				
- Net change in cash flow hedges	2,387	(23,444)	(16,911)	(61,274)
	<u>18,367</u>	<u>206,604</u>	<u>(59,534)</u>	<u>112,782</u>
Income tax relating to components of other comprehensive income / (loss):				
- Revaluation reserves	(12,533)	(31,662)	(24,017)	(55,872)
- Hedging reserves	(572)	5,627	4,059	14,706
	<u>(13,105)</u>	<u>(26,035)</u>	<u>(19,958)</u>	<u>(41,166)</u>
Share of profit of equity accounted associated companies				
- Revaluation reserves	10	126	289	358
Other comprehensive income / (loss) for the period, net of tax	<u>5,272</u>	<u>180,695</u>	<u>(79,203)</u>	<u>71,974</u>
Total comprehensive income for the period	<u><u>1,429,542</u></u>	<u><u>1,433,209</u></u>	<u><u>3,962,411</u></u>	<u><u>3,840,140</u></u>
Total comprehensive income / (loss) for the period attributable to:				
- Equity holders of the Bank	1,426,448	1,386,655	3,973,245	3,834,888
- Non-controlling interests	3,094	46,554	(10,834)	5,252
	<u><u>1,429,542</u></u>	<u><u>1,433,209</u></u>	<u><u>3,962,411</u></u>	<u><u>3,840,140</u></u>

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UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

<u>Bank</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Operating revenue		3,957,587	3,679,157	11,604,710	11,369,620
Interest income	A16	3,443,906	3,412,544	10,125,202	10,135,254
Interest expense	A17	(1,936,713)	(2,000,232)	(5,655,721)	(5,952,211)
Net interest income		1,507,193	1,412,312	4,469,481	4,183,043
Fee and commission income	A18 (a)	267,810	236,219	774,877	713,809
Fee and commission expense	A18 (b)	(87,722)	(76,434)	(250,693)	(228,946)
Net fee and commission income	A18	180,088	159,785	524,184	484,863
Net gains and losses on financial instruments	A19	57,394	14,897	78,203	69,847
Other operating income	A20	240,662	14,922	1,038,946	731,660
Net income		1,985,337	1,601,916	6,110,814	5,469,413
Other operating expenses	A21	(538,849)	(539,210)	(1,670,672)	(1,597,058)
Operating profit		1,446,488	1,062,706	4,440,142	3,872,355
Allowance for impairment on loans, advances and financing	A22	(45,552)	(37,257)	(82,421)	(74,732)
Writeback of allowance / (Allowance) for impairment on other assets		182	(1,230)	(2,473)	214
Profit before tax expense and zakat		1,401,118	1,024,219	4,355,248	3,797,837
Tax expense and zakat	B5	(287,677)	(240,143)	(895,599)	(826,760)
Profit for the period		1,113,441	784,076	3,459,649	2,971,077

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FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Profit for the period	<u>1,113,441</u>	<u>784,076</u>	<u>3,459,649</u>	<u>2,971,077</u>
Other comprehensive (loss) / income:				
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of foreign operations	(4,886)	7,462	(19,511)	(8,517)
Revaluation reserves:				
- Net gain on revaluation of financial investments available-for-sale	39,248	101,836	76,344	197,173
Hedging reserves:				
- Net change in cash flow hedges	6,255	(4,248)	18,785	74,093
	<u>40,617</u>	<u>105,050</u>	<u>75,618</u>	<u>262,749</u>
Income tax relating to components of other comprehensive income / (loss):				
- Revaluation reserves	(9,419)	(24,441)	(18,322)	(47,322)
- Hedging reserves	(1,501)	1,020	(4,508)	(17,782)
	<u>(10,920)</u>	<u>(23,421)</u>	<u>(22,830)</u>	<u>(65,104)</u>
Other comprehensive income for the period, net of tax	<u>29,697</u>	<u>81,629</u>	<u>52,788</u>	<u>197,645</u>
Total comprehensive income for the period	<u>1,143,138</u>	<u>865,705</u>	<u>3,512,437</u>	<u>3,168,722</u>

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PUBLIC BANK BERHAD
(6463 - H)
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

<u>Group</u>	<----- Attributable to Equity Holders of the Bank ----->								
	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 2017	3,882,138	5,535,515	8,046,682	16,898,317	(149,337)	34,213,315	1,150,456	35,363,771	
Profit for the period	-	-	-	3,984,567	-	3,984,567	57,047	4,041,614	
Other comprehensive loss for the period	-	-	(11,322)	-	-	(11,322)	(67,881) *	(79,203)	
Total comprehensive (loss) / income for the period	-	-	(11,322)	3,984,567	-	3,973,245	(10,834)	3,962,411	
Transactions with owners / other equity movements:									
Transfer pursuant to Companies Act 2016	5,535,515	(5,535,515)	-	-	-	-	-	-	
Transfer from statutory reserves	-	-	(4,925,879)	4,925,879	-	-	-	-	
Transfer to regulatory reserves	-	-	121,710	(121,710)	-	-	-	-	
Transfer to general reserves	-	-	84,440	(84,440)	-	-	-	-	
Transfer from Profit Equalisation Reserve of the Islamic banking institution	-	-	(1)	1	-	-	-	-	
Dividends paid	-	-	-	(2,278,281)	-	(2,278,281)	(7,943)	(2,286,224)	
	<u>5,535,515</u>	<u>(5,535,515)</u>	<u>(4,719,730)</u>	<u>2,441,449</u>	<u>-</u>	<u>(2,278,281)</u>	<u>(7,943)</u>	<u>(2,286,224)</u>	
At 30 September 2017	9,417,653	-	3,315,630	23,324,333	(149,337)	35,908,279	1,131,679	37,039,958	

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

<u>Group</u>	<----- Attributable to Equity Holders of the Bank ----->							
	<u>Share Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Reserves</u> <u>Other Reserves</u> RM'000	<u>Distributable Reserves</u> <u>Retained Profits</u> RM'000	<u>Treasury Shares</u> RM'000	<u>Total Shareholders' Equity</u> RM'000	<u>Non-controlling Interests</u> RM'000	<u>Total Equity</u> RM'000
At 1 January 2016	3,882,138	5,535,515	7,700,465	14,262,317	(149,337)	31,231,098	1,076,641	32,307,739
Profit for the period	-	-	-	3,724,093	-	3,724,093	44,073	3,768,166
Other comprehensive income / (loss) for the period	-	-	110,795	-	-	110,795	(38,821) *	71,974
Total comprehensive income for the period	-	-	110,795	3,724,093	-	3,834,888	5,252	3,840,140
Transactions with owners / other equity movements:								
Transfer to statutory reserves	-	-	17,160	(17,160)	-	-	-	-
Transfer to regulatory reserves	-	-	175,826	(175,826)	-	-	-	-
Transfer from general reserves	-	-	(2,777)	2,777	-	-	-	-
Transfer to Profit Equalisation Reserve of the Islamic banking institution	-	-	104	(104)	-	-	-	-
Dividends paid	-	-	-	(2,239,667)	-	(2,239,667)	(7,866)	(2,247,533)
	-	-	190,313	(2,429,980)	-	(2,239,667)	(7,866)	(2,247,533)
At 30 September 2016	<u>3,882,138</u>	<u>5,535,515</u>	<u>8,001,573</u>	<u>15,556,430</u>	<u>(149,337)</u>	<u>32,826,319</u>	<u>1,074,027</u>	<u>33,900,346</u>

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

<----- 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	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000		
Bank						
At 1 January 2017	3,882,138	5,535,515	6,910,852	13,594,334	(149,337)	29,773,502
Profit for the period	-	-	-	3,459,649	-	3,459,649
Other comprehensive income for the period	-	-	52,788	-	-	52,788
Total comprehensive income for the period	-	-	52,788	3,459,649	-	3,512,437
Transactions with owners / other equity movements:						
Transfer pursuant to Companies Act 2016	5,535,515	(5,535,515)	-	-	-	-
Transfer from statutory reserves	-	-	(4,537,536)	4,537,536	-	-
Transfer to regulatory reserves	-	-	94,493	(94,493)	-	-
Dividends paid	-	-	-	(2,278,281)	-	(2,278,281)
	5,535,515	(5,535,515)	(4,443,043)	2,164,762	-	(2,278,281)
At 30 September 2017	9,417,653	-	2,520,597	19,218,745	(149,337)	31,007,658

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

	Non-distributable			Distributable		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	
Bank						
At 1 January 2016	3,882,138	5,535,515	6,636,542	12,040,329	(149,337)	27,945,187
Profit for the period	-	-	-	2,971,077	-	2,971,077
Other comprehensive income for the period	-	-	197,645	-	-	197,645
Total comprehensive income for the period	-	-	197,645	2,971,077	-	3,168,722
Transactions with owners / other equity movements:						
Transfer to regulatory reserves	-	-	142,658	(142,658)	-	-
Transfer from general reserves	-	-	(2,777)	2,777	-	-
Dividends paid	-	-	-	(2,239,667)	-	(2,239,667)
	-	-	139,881	(2,379,548)	-	(2,239,667)
At 30 September 2016	3,882,138	5,535,515	6,974,068	12,631,858	(149,337)	28,874,242

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PUBLIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Group		Bank	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Cash Flows from Operating Activities				
Profit before tax expense and zakat	5,160,435	4,761,321	4,355,248	3,797,837
Adjustments for non-cash items:				
Share of loss / (profit) after tax of equity accounted associated companies	3,414	(1,267)	-	-
Allowance for impaired loans and financing	344,406	387,989	166,468	151,986
Depreciation of property and equipment	159,907	149,277	127,197	118,020
Net gain on financial instruments	(73,394)	(31,923)	(73,383)	(28,788)
Dividend income	(2,738)	(23,211)	(536,829)	(409,512)
Transfer to profit equalisation reserves	-	73	-	-
Impairment loss / (written back) on other assets	2,378	(212)	2,473	(214)
Other non-cash items	(564)	745	1,968	361
Operating profit before working capital changes	<u>5,593,844</u>	<u>5,242,792</u>	<u>4,043,142</u>	<u>3,629,690</u>
Changes in working capital:				
Increase in operating assets	(6,774,587)	(12,664,814)	(3,763,043)	(9,486,158)
Increase in operating liabilities	11,998,177	17,546,285	6,657,881	14,026,243
Cash generated from operations	<u>10,817,434</u>	<u>10,124,263</u>	<u>6,937,980</u>	<u>8,169,775</u>
Tax expense and zakat paid	(1,025,851)	(672,808)	(783,658)	(495,932)
Net cash generated from operating activities	<u>9,791,583</u>	<u>9,451,455</u>	<u>6,154,322</u>	<u>7,673,843</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	(106,213)	(185,992)	(82,313)	(114,091)
Addition to investment properties	-	(85,137)	-	-
Proceeds from disposal of properties	18,197	7,537	17,879	7,486
Net purchase of financial investments	(3,852,108)	(4,075,085)	(2,654,810)	(3,227,373)
Investment in collective investments	-	-	(131,363)	(3,169,787)
Additional investment in subsidiary companies	-	-	(300,000)	(879,654)
Acquisition of Public Bank Vietnam Limited, net of cash acquired	-	531,529	-	-
Dividends received	2,738	23,211	585,832	420,741
Net cash used in investing activities	<u>(3,937,386)</u>	<u>(3,783,937)</u>	<u>(2,564,775)</u>	<u>(6,962,678)</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2016.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Group		Bank	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Cash Flows from Financing Activities				
Dividends paid	(2,286,224)	(2,247,533)	(2,278,281)	(2,239,667)
Net drawdown of borrowings	1,546,412	829,851	1,544,831	827,953
Net proceeds from issuance of debt securities	2,499,970	999,500	1,999,970	999,500
Redemption of debt securities	(3,000,000)	(806,600)	(3,000,000)	(806,600)
Net cash used in financing activities	<u>(1,239,842)</u>	<u>(1,224,782)</u>	<u>(1,733,480)</u>	<u>(1,218,814)</u>
Net change in cash and cash equivalents	4,614,355	4,442,736	1,856,067	(507,649)
Cash and cash equivalents at beginning of the year	9,862,471	14,041,018	4,959,890	8,798,632
Exchange differences on translation of opening balances	<u>(415,609)</u>	<u>(127,748)</u>	-	-
Cash and cash equivalents at end of the period	<u><u>14,061,217</u></u>	<u><u>18,356,006</u></u>	<u><u>6,815,957</u></u>	<u><u>8,290,983</u></u>
Note:				
Cash and balances with banks	15,089,489	19,153,228	6,915,957	8,403,983
Less: Balances with banks with original maturity more than three months	<u>(1,028,272)</u>	<u>(797,222)</u>	<u>(100,000)</u>	<u>(113,000)</u>
Cash and cash equivalents at end of the period	<u><u>14,061,217</u></u>	<u><u>18,356,006</u></u>	<u><u>6,815,957</u></u>	<u><u>8,290,983</u></u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2016.

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

A1. Basis of Preparation

The unaudited condensed interim financial statements for the 3rd quarter and nine months ended 30 September 2017 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 condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2016. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2016.

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

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2016, except for the adoption or early adoption of the following Amendments to MFRSs during the current financial period:

- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2014 - 2016 Cycle"

Effective for annual periods commencing on or after 1 January 2017

- Amendments to MFRS 12 Disclosure of Interests in Other Entities

Effective for annual periods commencing on or after 1 January 2018 (Early adoption)

- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2014 - 2016 Cycle". The Annual Improvements consist of the following amendments:

- (i) Amendments to MFRS 12 Disclosure of Interests in Other Entities

These amendments clarify that an entity is not required to disclose summarised financial information for subsidiary, joint venture or associate when it is classified as held for sale in accordance with MFRS 5.

- (ii) Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

The amendments remove certain provisions from the Standard that have served their intended purposes and are no longer required.

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A1. Basis of Preparation (continued)

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2014 - 2016 Cycle". The Annual Improvements consist of the following amendments (continued):

(iii) Amendments to MFRS 128 Investments in Associates and Joint Ventures

The amendments clarify that when an investment in an associate or a joint venture is held by an entity which is a venture capital organisation, or a mutual fund, unit trust or similar entities, the entity may elect to measure that investment at fair value on an investment by investment basis in accordance with the Standard.

The adoption of Annual Improvements to MFRS Standards 2014 - 2016 Cycle did not have any financial impact on the financial statements of the Group and of the Bank.

Companies Act 2016

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, will be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Bank upon the commencement of the New Act on 31 January 2017 includes:

- (a) removal of the authorised share capital;
- (b) shares of the Bank will cease to have par or nominal value; and
- (c) the Bank's share premium account will become part of the Bank's share capital.

During the period, the Bank had transferred a total of RM5,535,515,367 from its share premium account to the share capital pursuant to the New Act.

The adoption of the New Act did not have any financial impact on the Group and the Bank for the current financial year and the effect of adoption mainly will be on disclosures to the annual report and financial statements for the financial year ending 31 December 2017.

Capital Adequacy Framework (Basel II - Risk-Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets)

On 2 March 2017, Bank Negara Malaysia ("BNM") reissued the Capital Adequacy Framework (Basel II - Risk-Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) (collectively referred to as "Frameworks") with the date of application to be effective immediately. As the updates to the Frameworks focused mainly on the Internal Rating Based Approach whilst the Group and the Bank adopt the Standardised Approach for credit and market risk, therefore, the application of these Frameworks did not have any impact on the capital adequacy ratios of the Group and of the Bank.

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A1. Basis of Preparation (continued)

Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components)

On 4 August 2017, BNM reissued the Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) (collectively referred to as "Frameworks") with the date of application to be effective immediately. The updates to the Frameworks focused mainly on Additional Tier I and Tier II Islamic Capital instruments that are structured using equity-based Shariah Contracts such as Wakalah, Musyarakah or Mudarabah. There is no impact on the Group as the Group's Tier II Islamic Capital instruments are structured based on exchange-based Murabahah contract. Therefore, the application of these Frameworks did not have any impact on the capital adequacy ratios of the Group.

BNM's Revised Policy Document on Capital Funds and Capital Funds for Islamic Banks

On 3 May 2017, BNM issued the revised policy document on Capital Funds and Capital Funds for Islamic Banks whereby the previous requirement to maintain a reserve fund is no longer required given the implementation of the Capital Conservation Buffer under the Capital Adequacy Framework. Therefore, statutory reserves which were previously maintained by the Bank and its domestic banking subsidiary companies are no longer required. During the period, the Group and the Bank had transferred RM4,925,879,000 and RM4,537,536,000 respectively from statutory reserves to retained profits.

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

Effective for annual periods commencing on or after 1 January 2018

- MFRS 15 Revenue from Contracts with Customers
- MFRS 9 Financial Instruments (2014)
- Transfers of Investment Property (Amendments to MFRS 140)
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16 Leases
- IC Interpretation 23 Uncertainty over Income Tax Treatments

Effective for annual periods commencing on or after 1 January 2021

- MFRS 17 Insurance Contracts

A brief description of the new MFRSs, Amendments to MFRSs and IC Interpretations above that have been issued but not yet effective to the Group and the Bank is set out below:

- (a) **MFRS 15 Revenue from Contracts with Customers** - 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 of the Bank.

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A1. Basis of Preparation (continued)

A brief description of the new MFRSs, Amendments to MFRSs and IC Interpretations above that have been issued but not yet effective to the Group and the Bank is set out below (continued):

- (b) **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, the general hedge accounting requirements have been simplified for hedge effectiveness testing and permit hedge accounting to be applied to a greater variety of hedging instruments and risks.

MFRS 9 introduces significant changes in the way the Group accounts for financial instruments. The preparation for MFRS 9 by the Group and the Bank had started in 2015 with the setting up of a MFRS 9 Project Team headed by the Chief Financial Officer of the Bank, and with assistance from consultants on the implementation of MFRS 9. The Group and the Bank had completed gap assessment and development of MFRS 9 compliant impairment models for credit exposures. Currently, the MFRS 9 impairment models are being validated by independent validators to ensure they comply with the requirements of MFRS 9 whilst model implementation into information systems is in final phase of completion. A detailed assessment is being carried out to determine the extent of the financial impact to the Group and the Bank arising from the initial adoption of MFRS 9.

- (c) **Transfers of Investment Property (Amendments to MFRS 140)** - The amendments clarify the existing provisions in the Standard on transfer to, or from the investment property category. The adoption of these amendments is not expected to have any material financial impact on the financial statements of the Group and of the Bank.
- (d) **IC Interpretation 22 Foreign Currency Transactions and Advance Consideration** - The IC Interpretation addresses the issue on which exchange rate is to be used in reporting foreign currency transactions that involve advance consideration paid or received. The adoption of the IC Interpretation is not expected to have any material financial impact on the financial statements of the Group and of the Bank.
- (e) **Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)** - The amendments address the issues arising from the transitional challenges of applying the temporary exemption from MFRS 9 for an insurer in view that the upcoming new insurance contracts standard MFRS 17 is expected to be issued soon. The expiration date of the temporary exemption from MFRS 9 coincide with the tentative effective date of MFRS 17, as decided by IASB in November 2016. In addition, to reduce the impact of temporary volatility in reported results of entity dealing with insurance contracts, the amendments introduce two additional voluntary options, namely an overlay approach and a deferral approach. The adoption of these amendments is not expected to have any material financial impact on the financial statements of the Group and of the Bank.

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A1. Basis of Preparation (continued)

A brief description of the new MFRSs, Amendments to MFRSs and IC Interpretations above that have been issued but not yet effective to the Group and the Bank is set out below (continued):

- (f) **MFRS 16 Leases** - MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the Group and the Bank are required to account for major part of their operating leases in the balance sheet by recognising the 'right-of-use' assets and the lease liability, thus increasing the assets and liabilities of the Group and of the Bank. The financial effects arising from the adoption of this standard are still being assessed by the Group.
- (g) **IC Interpretation 23 Uncertainty over Income Tax Treatments** - The IC Interpretation provides clarification on the application of recognition and measurement requirements in MFRS 112 Income Taxes when there is uncertainty over income tax treatments. The IC Interpretation clarifies that an entity shall:
 - i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
 - ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount method or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

The adoption of the IC Interpretation is not expected to have any material financial impact on the financial statements of the Group and of the Bank.

- (h) **MFRS 17 Insurance Contracts** - MFRS 17 introduces consistent accounting for all insurance contracts based on a current measurement model. Under MFRS 17, the general model requires entities to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts.

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

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2016 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the 3rd quarter and nine months ended 30 September 2017.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the 3rd quarter and nine months ended 30 September 2017.

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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 2017.

A6. Debt and Equity Securities

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

(a) USD370.0 Million 5-Year Unsecured Syndicated Term Loan

On 27 March 2017, the Bank entered into a USD370 million 5-Year Unsecured Syndicated Term Loan Facility. The USD370 million term loan bears interest rate at LIBOR plus spread and was drawdown on 30 March 2017.

(b) RM10.0 Billion Basel III - Compliant Tier II Subordinated Medium Term Notes Programme

On 25 April 2017, the Bank issued the fourth tranche of RM2,000 million in aggregate nominal amount of Subordinated Medium Term Notes under the Programme. The Notes bear interest at 4.85% per annum which will be due on 23 April 2027 and are callable on 25 April 2022.

(c) RM5.0 Billion Subordinated Medium Term Note Programme

On 3 August 2017, the Bank had early redeemed its RM3,000 million Subordinated Note together with accrued interest.

(d) RM5.0 Billion Sukuk Murabahah Programme by a Wholly-owned Subsidiary Company, Public Islamic Bank Berhad ("PIBB")

On 3 August 2017, PIBB issued the second tranche of RM500 million in nominal value of Subordinated Sukuk Murabahah under the Programme which are due on 3 August 2027 and callable on 3 August 2022. The Subordinated Sukuk Murabahah bear profit at 4.65% per annum payable semi-annually.

A7. Dividends Paid and Distributed

During the nine months ended 30 September 2017:

- a) A second interim dividend of 32.0 sen per share in respect of the financial year ended 31 December 2016, amounting to RM1,235,678,094 was paid on 28 February 2017.
- b) A first interim dividend of 27.0 sen per share for the financial year ending 31 December 2017, amounting to RM1,042,603,392 was paid on 17 August 2017.

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A8. Financial Assets Held-for-trading

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	149,156	158,134	149,156	158,134
Malaysian Government Securities	311,498	202,195	311,498	202,195
Malaysian Government Investment Issues	97,248	141,292	97,248	130,979
	<u>557,902</u>	<u>501,621</u>	<u>557,902</u>	<u>491,308</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,142,677</u>	495,364	-	-
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	-	70,037	-	60,031
- Unquoted corporate bonds / sukuk	130,358	111,862	70,457	24,990
	<u>130,358</u>	<u>181,899</u>	<u>70,457</u>	<u>85,021</u>
Total financial assets held-for-trading	<u>1,830,937</u>	<u>1,178,884</u>	<u>628,359</u>	<u>576,329</u>

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A9. Financial Investments Available-for-sale

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	-	73,266	-	73,266
Malaysian Government Securities	6,544,755	5,899,049	5,998,679	5,305,888
Malaysian Government Investment Issues	11,913,359	14,133,503	5,909,462	7,710,185
Other foreign government securities	119,782	168,223	-	-
	<u>18,577,896</u>	<u>20,274,041</u>	<u>11,908,141</u>	<u>13,089,339</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	6,369,485	8,544,128	6,070,352	8,293,626
Bankers' acceptances and Islamic accepted bills	526,515	118,830	526,515	118,830
	<u>6,896,000</u>	<u>8,662,958</u>	<u>6,596,867</u>	<u>8,412,456</u>
Non-money market instruments:				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	3,530	3,167	-	-
- Unquoted shares #	161,139	120,534	156,350	115,481
Debt securities:				
- Cagamas bonds	442,761	340,406	340,244	340,406
- Unquoted corporate bonds / sukuk	4,499,705	3,931,522	1,597,097	1,697,627
Unit trust funds	12,880	12,577	-	-
	<u>5,120,015</u>	<u>4,408,206</u>	<u>2,093,691</u>	<u>2,153,514</u>
Total financial investments available-for-sale	<u><u>30,593,911</u></u>	<u><u>33,345,205</u></u>	<u><u>20,598,699</u></u>	<u><u>23,655,309</u></u>

Stated at cost, net of impairment loss.

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A10. Financial Investments Held-to-maturity

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
At amortised cost				
Government securities and treasury bills:				
Malaysian Government Securities	1,672,230	1,934,046	1,641,819	1,903,918
Malaysian Government Investment Issues	12,740,371	12,157,420	10,236,772	9,683,010
Foreign Government Treasury Bills	833,081	866,566	37,052	24,969
Other foreign government securities	1,243,531	473,031	-	-
	<u>16,489,213</u>	<u>15,431,063</u>	<u>11,915,643</u>	<u>11,611,897</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,359,216</u>	1,464,061	<u>1,758,192</u>	<u>1,709,786</u>
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	4,376,791	1,348,574	4,376,791	1,348,574
- Unquoted corporate bonds / sukuk	6,756,931	3,930,267	4,859,856	2,374,323
	<u>11,133,722</u>	<u>5,278,841</u>	<u>9,236,647</u>	<u>3,722,897</u>
Accumulated impairment losses	(35)	(39)	(35)	(39)
Total financial investments held-to-maturity	<u>28,982,116</u>	<u>22,173,926</u>	<u>22,910,447</u>	<u>17,044,541</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
At amortised cost				
Overdrafts	11,522,815	11,382,475	8,721,215	8,604,041
Term loans				
- Housing loans / financing	101,241,903	95,617,442	82,095,270	78,193,789
- Syndicated term loans / financing	2,957,480	3,410,498	966,735	1,320,488
- Hire purchase receivables	50,815,543	51,984,710	37,275,734	37,757,231
- Other term loans / financing	118,432,541	114,416,510	95,819,619	92,104,366
Credit card receivables	1,855,233	1,894,574	1,825,456	1,864,748
Bills receivables	133,707	193,599	118,419	155,721
Trust receipts	268,499	330,262	195,517	209,009
Claims on customers under acceptance credits	3,976,888	3,848,443	3,689,517	3,613,254
Revolving credits	8,256,159	9,056,513	7,455,862	8,267,793
Staff loans *	1,872,015	1,824,156	1,665,219	1,642,793
Gross loans, advances and financing	<u>301,332,783</u>	293,959,182	<u>239,828,563</u>	233,733,233
Allowance for impaired loans and financing:				
- collective assessment allowance	(1,358,732)	(1,408,104)	(901,416)	(922,954)
- individual assessment allowance	(113,274)	(121,894)	(31,777)	(15,586)
Net loans, advances and financing	<u>299,860,777</u>	<u>292,429,184</u>	<u>238,895,370</u>	<u>232,794,693</u>

* Included in staff loans of the Group and of the Bank are loans to Directors of subsidiary companies amounting to RM5,192,000 (2016: RM5,392,000) and RM4,816,000 (2016 - RM4,973,000) respectively.

A11a. By class

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Retail loans / financing *				
- Housing loans / financing	101,241,903	95,617,442	82,095,270	78,193,789
- Hire purchase	50,815,543	51,984,710	37,275,734	37,757,231
- Credit cards	1,855,233	1,894,574	1,825,456	1,864,748
- Other loans / financing ^	102,490,261	100,416,869	81,837,679	80,608,549
	<u>256,402,940</u>	249,913,595	<u>203,034,139</u>	198,424,317
Corporate loans / financing	44,929,843	44,045,587	36,794,424	35,308,916
	<u>301,332,783</u>	<u>293,959,182</u>	<u>239,828,563</u>	<u>233,733,233</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 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Banking institutions	34	-	34	-
Non-bank financial institutions				
- Stock-broking companies	5,180	6,498	5,180	6,498
- Others	7,710,227	7,973,937	7,468,155	7,745,345
Business enterprises				
- Small and medium enterprises	74,855,543	71,293,237	63,550,781	60,332,253
- Others	24,177,217	25,727,268	18,049,964	18,957,941
Government and statutory bodies	1,338,251	1,317,470	11,535	3,511
Individuals	190,233,852	184,602,651	147,971,470	143,843,020
Other entities	38,767	40,766	33,063	35,892
Foreign entities	2,973,712	2,997,355	2,738,381	2,808,773
	301,332,783	293,959,182	239,828,563	233,733,233

A11c. By interest / profit rate sensitivity

	Group		Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans / financing	2,467,474	561,483	1,550,678	25,198
- Hire purchase receivables	48,288,933	49,383,643	37,017,781	37,465,523
- Other fixed rate loans / financing	18,764,978	18,923,138	8,218,159	8,313,755
Variable rate				
- Base rate / base lending rate plus	184,993,862	178,704,491	160,875,060	157,900,595
- Cost plus	31,848,033	29,921,800	30,775,989	28,465,197
- Other variable rates	14,969,503	16,464,627	1,390,896	1,562,965
	301,332,783	293,959,182	239,828,563	233,733,233

A11d. By residual contractual maturity

	Group		Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	33,935,828	32,140,003	25,925,279	24,150,809
More than one year to three years	23,943,068	26,761,672	18,718,245	21,397,613
More than three years to five years	28,152,264	27,763,714	22,949,271	22,283,094
More than five years	215,301,623	207,293,793	172,235,768	165,901,717
	301,332,783	293,959,182	239,828,563	233,733,233

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A11. Loans, Advances and Financing (continued)

A11e. By geographical distribution

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Malaysia	279,248,761	269,915,021	238,811,671	232,568,210
Hong Kong SAR and the People's Republic of China	15,401,120	16,884,678	-	-
Cambodia	4,065,499	4,500,886	-	-
Other countries	2,617,403	2,658,597	1,016,892	1,165,023
	301,332,783	293,959,182	239,828,563	233,733,233

A11f. Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Purchase of securities	2,075,530	2,023,713	1,737,238	1,686,519
Purchase of transport vehicles	51,060,402	52,252,411	37,527,329	38,029,309
Purchase of landed properties	183,089,247	174,914,751	152,279,666	146,261,128
(of which: - residential	104,760,061	98,752,335	85,157,882	80,983,504
- non-residential)	78,329,186	76,162,416	67,121,784	65,277,624
Purchase of fixed assets (excluding landed properties)	594,991	620,058	202,973	221,244
Personal use	12,151,681	11,757,996	6,573,949	6,194,844
Credit card	1,855,233	1,894,574	1,825,456	1,864,748
Purchase of consumer durables	1,803	1,869	143	113
Construction	6,494,395	6,162,820	5,406,769	5,069,312
Mergers and acquisitions	115,980	130,526	115,980	130,526
Working capital	38,676,619	39,354,135	28,999,455	29,526,976
Other purpose	5,216,902	4,846,329	5,159,605	4,748,514
	301,332,783	293,959,182	239,828,563	233,733,233

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A11. Loans, Advances and Financing (continued)

A11g. Gross loans, advances and financing by sectors

	Group		Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	3,937,919	3,852,323	2,831,796	2,844,114
Mining and quarrying	231,395	233,419	185,939	197,969
Manufacturing	10,541,076	10,432,034	8,630,634	8,520,922
Electricity, gas and water	79,291	78,912	22,283	19,657
Construction	9,341,705	8,907,302	7,362,847	7,044,402
Wholesale & retail trade and restaurants & hotels	26,100,400	25,679,947	21,901,896	21,579,904
Transport, storage and communication	3,940,474	3,957,937	2,866,521	2,851,662
Finance, insurance and business services	16,787,346	16,826,372	14,463,203	14,700,442
Real estate	35,590,230	34,520,861	30,298,276	28,863,937
Community, social and personal services	3,462,005	3,445,030	1,891,423	1,906,585
Households	190,094,476	184,485,685	149,296,251	145,125,969
Others	1,226,466	1,539,360	77,494	77,670
	301,332,783	293,959,182	239,828,563	233,733,233

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

	Group		Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Bankers' acceptances rediscounted	22,901	32,405	22,901	32,405

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

	Group		Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,489,381	1,351,816	1,041,579	1,002,520
Impaired during the period / year	2,335,195	2,984,569	1,585,900	2,026,986
Reclassified as non-impaired	(1,627,430)	(1,913,691)	(1,174,490)	(1,440,167)
Recoveries	(274,836)	(392,027)	(195,112)	(287,984)
Amount written off	(386,311)	(548,106)	(170,466)	(231,663)
Amount arising from acquisition of Public Bank Vietnam Limited	-	26,855	-	-
Loans converted to foreclosed properties / investments	(18,185)	(30,598)	(17,418)	(29,032)
Exchange differences	(18,218)	10,563	(3,711)	919
Closing balance	1,499,596	1,489,381	1,066,282	1,041,579
Gross impaired loans as a percentage of gross loans, advances and financing	0.50%	0.51%	0.44%	0.45%

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A11. Loans, Advances and Financing (continued)

A11j. Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Malaysia	1,193,528	1,208,752	944,445	980,743
Hong Kong SAR and the People's Republic of China	87,697	150,052	-	-
Cambodia	63,452	37,604	-	-
Other countries	154,919	92,973	121,837	60,836
	<u>1,499,596</u>	<u>1,489,381</u>	<u>1,066,282</u>	<u>1,041,579</u>

A11k. Impaired loans, advances and financing by economic purpose

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Purchase of securities	737	3,435	737	3,435
Purchase of transport vehicles	307,287	317,926	210,475	221,725
Purchase of landed properties	719,017	735,199	562,882	570,775
(of which: - residential	572,530	570,019	431,753	427,743
- non-residential)	146,487	165,180	131,129	143,032
Purchase of fixed assets (excluding landed properties)	10,439	7,043	-	43
Personal use	132,873	152,479	45,983	46,161
Credit card	21,290	22,087	21,082	21,925
Construction	29,002	28,611	19,148	17,359
Working capital	270,989	211,541	198,038	149,110
Other purpose	7,962	11,060	7,937	11,046
	<u>1,499,596</u>	<u>1,489,381</u>	<u>1,066,282</u>	<u>1,041,579</u>

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A11. Loans, Advances and Financing (continued)

A11l. Impaired loans, advances and financing by sectors

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Agriculture, hunting, forestry and fishing	40,363	29,097	10,903	16,088
Mining and quarrying	1,932	768	1,220	725
Manufacturing	40,105	42,218	33,581	28,690
Electricity, gas and water	2,403	2,454	-	-
Construction	55,222	77,267	43,157	59,814
Wholesale & retail trade and restaurants & hotels	146,223	132,155	110,415	99,144
Transport, storage and communication	14,878	22,801	12,929	20,605
Finance, insurance and business services	94,075	36,411	84,789	29,345
Real estate	28,364	38,677	25,162	27,825
Community, social and personal services	7,815	8,510	7,583	8,165
Households	1,067,683	1,098,423	736,435	751,053
Others	533	600	108	125
	1,499,596	1,489,381	1,066,282	1,041,579

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
<u>Collective Assessment Allowance</u>				
At 1 January	1,408,104	1,510,637	922,954	1,001,839
Allowance made during the period / year	192,728	203,158	148,661	145,239
Amount written off	(237,246)	(317,365)	(169,114)	(224,758)
Amount arising from acquisition of Public Bank Vietnam Limited	-	7,742	-	-
Exchange differences	(4,854)	3,932	(1,085)	634
Closing balance	1,358,732	1,408,104	901,416	922,954

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A11. Loans, Advances and Financing (continued)

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
<u>Individual Assessment Allowance</u>				
At 1 January	121,894	121,947	15,586	34,837
Allowance made during the period / year	165,862	242,459	25,946	17,511
Amount written back in respect of recoveries	(14,184)	(34,740)	(8,139)	(28,167)
Amount written off	(149,065)	(230,741)	(1,352)	(6,905)
Amount transferred to allowance for impairment loss on foreclosed properties	(264)	(1,690)	(264)	(1,690)
Amount arising from acquisition of Public Bank Vietnam Limited	-	3,372	-	-
Exchange differences	(10,969)	21,287	-	-
Closing balance	<u>113,274</u>	<u>121,894</u>	<u>31,777</u>	<u>15,586</u>

A12. Other Assets

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Deferred handling fees	235,421	252,828	174,948	185,575
Interest / Income receivable	63,141	61,899	13,374	24,076
Other receivables, deposits and prepayments	1,493,430	1,942,992	1,368,094	1,821,453
Employee benefits	273,684	302,904	269,613	298,391
Amount due from trust funds	251,277	146,871	-	-
Foreclosed properties	88,729	88,265	86,236	86,472
Outstanding contracts on clients' accounts	183,648	198,764	-	-
Amount due from subsidiary companies	-	-	38,942	39,160
Dividend receivable from collective investments	-	-	28,826	27,154
Dividend receivable from subsidiary companies	-	-	495,300	545,976
	<u>2,589,330</u>	<u>2,994,523</u>	<u>2,475,333</u>	<u>3,028,257</u>

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A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
At amortised cost				
Core deposits:				
- Demand deposits	47,235,595	45,470,463	38,351,454	37,646,794
- Savings deposits	34,867,308	32,502,203	22,935,972	21,869,236
- Fixed deposits	187,952,762	180,182,676	136,202,561	134,533,805
	<u>270,055,665</u>	<u>258,155,342</u>	<u>197,489,987</u>	<u>194,049,835</u>
- Negotiable instruments of deposit	21,976	-	17,204	-
- Money market deposits	52,438,112	51,735,008	50,221,967	47,838,063
	<u>52,460,088</u>	<u>51,735,008</u>	<u>50,239,171</u>	<u>47,838,063</u>
Other deposits	38,080	83,218	26,186	69,560
	<u>322,553,833</u>	<u>309,973,568</u>	<u>247,755,344</u>	<u>241,957,458</u>

b) By type of customer

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Federal and state governments	10,857,549	5,928,559	1,539,363	637,431
Local government and statutory authorities	3,299,022	3,181,497	2,411,248	2,297,882
Business enterprises	86,975,375	85,908,497	70,425,113	69,374,203
Individuals	162,815,368	159,080,957	128,660,604	128,109,932
Foreign customers	5,817,580	5,895,401	3,568,296	3,727,463
Others	52,788,939	49,978,657	41,150,720	37,810,547
	<u>322,553,833</u>	<u>309,973,568</u>	<u>247,755,344</u>	<u>241,957,458</u>

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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 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Due within six months	203,032,139	209,013,661	155,633,428	163,604,944
More than six months to one year	36,699,557	22,235,344	30,747,266	18,566,767
More than one year to three years	675,391	663,602	55,737	195,888
More than three years to five years	5,763	5,077	5,301	4,269
	<u>240,412,850</u>	<u>231,917,684</u>	<u>186,441,732</u>	<u>182,371,868</u>

A14. Deposits from Banks

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
At amortised cost				
Licensed banks	5,876,457	8,027,292	4,251,745	6,188,719
Licensed investment banks	82,678	23,340	109,899	78,755
Bank Negara Malaysia	584,005	544,280	562,556	525,829
Other financial institutions	4,617,104	3,215,911	8,114,003	5,495,723
	<u>11,160,244</u>	<u>11,810,823</u>	<u>13,038,203</u>	<u>12,289,026</u>

A15. Other Liabilities

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Interest / Income payable	1,783,048	1,613,157	1,353,736	1,349,479
Other payables and accruals	2,426,615	2,580,373	1,847,161	1,949,877
Amount due to trust funds	112,139	37,184	-	-
Unprocessed sales and / or redemptions	69,235	142,784	-	-
Profit Equalisation Reserve of the investment account holder	108	111	-	-
Finance lease liabilities	-	38,740	-	38,740
Outstanding contracts on clients' accounts	178,775	188,551	-	-
Dividend payable to shareholders	3,308	23,269	3,308	1,166
Amount due to subsidiary companies	-	-	21,970	32,463
	<u>4,573,228</u>	<u>4,624,169</u>	<u>3,226,175</u>	<u>3,371,725</u>

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A16. Interest Income

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<u>Group</u>				
Loans and advances	3,273,466	3,218,631	9,729,367	9,546,896
Balances with banks	83,342	118,960	223,630	328,650
Financial investments available-for-sale	230,953	235,052	676,164	683,996
Financial investments held-to-maturity	237,573	182,922	634,272	542,464
Others	29,892	34,122	85,438	104,399
	<u>3,855,226</u>	<u>3,789,687</u>	<u>11,348,871</u>	<u>11,206,405</u>
Financial assets held-for-trading	18,319	10,852	59,710	47,165
	<u>3,873,545</u>	<u>3,800,539</u>	<u>11,408,581</u>	<u>11,253,570</u>
Of which:				
Interest income earned on impaired loans and advances	<u>14,873</u>	<u>15,251</u>	<u>44,939</u>	<u>42,217</u>
	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<u>Bank</u>				
Loans and advances	2,949,308	2,910,746	8,742,204	8,642,265
Balances with banks	49,230	91,509	118,778	266,858
Financial investments available-for-sale	185,858	202,109	555,738	584,658
Financial investments held-to-maturity	218,538	169,058	582,598	507,430
Others	29,891	33,962	85,434	104,147
	<u>3,432,825</u>	<u>3,407,384</u>	<u>10,084,752</u>	<u>10,105,358</u>
Financial assets held-for-trading	11,081	5,160	40,450	29,896
	<u>3,443,906</u>	<u>3,412,544</u>	<u>10,125,202</u>	<u>10,135,254</u>
Of which:				
Interest income earned on impaired loans and advances	<u>13,286</u>	<u>13,796</u>	<u>38,758</u>	<u>38,911</u>

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A17. Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits from banks	107,195	106,852	347,227	327,833
Deposits from customers	1,718,750	1,810,072	5,027,515	5,362,078
Loans sold to Cagamas	46,226	14,478	101,294	43,172
Debt securities issued and other borrowed funds	136,626	131,849	401,129	395,455
Others	499	1,011	1,943	4,507
	<u>2,009,296</u>	<u>2,064,262</u>	<u>5,879,108</u>	<u>6,133,045</u>

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits from banks	103,350	103,485	338,504	311,376
Deposits from customers	1,653,826	1,752,857	4,824,364	5,208,049
Loans sold to Cagamas	46,226	14,478	101,294	43,172
Debt securities issued and other borrowed funds	132,768	128,505	389,616	385,528
Others	543	907	1,943	4,086
	<u>1,936,713</u>	<u>2,000,232</u>	<u>5,655,721</u>	<u>5,952,211</u>

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A18. Net Fee and Commission Income

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<u>Group</u>				
(a) Fee and commission income:				
Commissions	140,822	120,539	393,002	360,839
Service charges and fees	81,177	85,130	254,821	248,013
Guarantee fees	8,924	8,345	27,805	28,314
Processing fees	7,218	5,549	18,474	15,430
Commitment fees	22,788	20,810	66,474	64,944
Unit trust management fees	252,746	223,675	724,520	646,873
Fee on sale of trust units	97,556	68,144	282,355	227,051
Brokerage and commissions from stockbroking activities	24,420	17,941	77,374	58,784
Other fee and commission income	19,826	12,772	46,195	43,754
	<u>655,477</u>	<u>562,905</u>	<u>1,891,020</u>	<u>1,694,002</u>
(b) Fee and commission expense:				
Unit trust agency fee	(116,029)	(92,911)	(336,293)	(297,050)
Debit / credit card related fee	(83,151)	(71,526)	(237,795)	(214,560)
Loan related fee	(3,275)	(4,224)	(9,781)	(12,450)
Other fee and commission expense	(5,454)	(5,347)	(16,358)	(16,788)
	<u>(207,909)</u>	<u>(174,008)</u>	<u>(600,227)</u>	<u>(540,848)</u>
Net fee and commission income	<u>447,568</u>	<u>388,897</u>	<u>1,290,793</u>	<u>1,153,154</u>
	3rd Quarter Ended	30 September	Nine Months Ended	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
(a) Fee and commission income:				
Commissions	164,139	134,922	463,576	404,949
Service charges and fees	55,403	61,988	180,319	181,163
Guarantee fees	8,219	7,636	25,685	26,261
Processing fees	2,598	2,158	7,069	5,851
Commitment fees	21,126	19,362	61,693	60,752
Other fee and commission income	16,325	10,153	36,535	34,833
	<u>267,810</u>	<u>236,219</u>	<u>774,877</u>	<u>713,809</u>
(b) Fee and commission expense:				
Debit / credit card related fee	(81,725)	(69,387)	(232,857)	(207,618)
Loan related fee	(2,512)	(3,001)	(7,743)	(8,612)
Other fee and commission expense	(3,485)	(4,046)	(10,093)	(12,716)
	<u>(87,722)</u>	<u>(76,434)</u>	<u>(250,693)</u>	<u>(228,946)</u>
Net fee and commission income	<u>180,088</u>	<u>159,785</u>	<u>524,184</u>	<u>484,863</u>

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A19. Net Gains and Losses on Financial Instruments

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<u>Group</u>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	18	6,745	3,182	18,735
- unrealised revaluation gain / (loss)	498	(1,191)	(167)	445
	<u>516</u>	<u>5,554</u>	<u>3,015</u>	<u>19,180</u>
Net (loss) / gain arising on trading derivatives				
- unrealised revaluation (loss) / gain	(5,173)	(188)	(682)	795
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	56,943	7,829	77,588	38,171
- gross dividend income	270	4,051	2,738	23,211
	<u>57,213</u>	<u>11,880</u>	<u>80,326</u>	<u>61,382</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	463	1,470	1,603	5,059
- cash flow hedge	292	(3,960)	(4,948)	(12,547)
	<u>755</u>	<u>(2,490)</u>	<u>(3,345)</u>	<u>(7,488)</u>
Net gains and losses on financial instruments	<u><u>53,311</u></u>	<u><u>14,756</u></u>	<u><u>79,314</u></u>	<u><u>73,869</u></u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<u>Bank</u>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	13	6,741	3,151	18,724
- unrealised revaluation gain / (loss)	499	(1,334)	(143)	207
	<u>512</u>	<u>5,407</u>	<u>3,008</u>	<u>18,931</u>
Net gain / (loss) arising on trading derivatives				
- unrealised revaluation gain / (loss)	639	(4)	652	(1)
	<u>639</u>	<u>(4)</u>	<u>652</u>	<u>(1)</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	55,657	7,829	76,349	35,575
- gross dividend income	-	3,848	1,669	22,335
	<u>55,657</u>	<u>11,677</u>	<u>78,018</u>	<u>57,910</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	294	1,777	1,473	5,554
- cash flow hedge	292	(3,960)	(4,948)	(12,547)
	<u>586</u>	<u>(2,183)</u>	<u>(3,475)</u>	<u>(6,993)</u>
Net gains and losses on financial instruments	<u><u>57,394</u></u>	<u><u>14,897</u></u>	<u><u>78,203</u></u>	<u><u>69,847</u></u>

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A20. Other Operating Income

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<u>Group</u>				
Other income:				
Foreign exchange profit	85,076	49,493	242,112	242,396
Rental income from:				
- investment properties	3,300	3,362	9,919	9,702
- other properties	3,456	3,439	10,178	10,219
Net gain on disposal of property and equipment	167	358	542	505
Net gain on disposal of foreclosed properties	196	170	1,951	973
Net (loss) / gain on revaluation of investment properties	(27)	-	2,513	(231)
Others	15,706	21,208	47,570	74,925
Total other operating income	<u>107,874</u>	<u>78,030</u>	<u>314,785</u>	<u>338,489</u>
	3rd Quarter Ended	30 September	Nine Months Ended	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Gross dividend income from:				
- collective investments	46,732	41,922	133,036	108,311
- subsidiary companies				
- quoted outside Malaysia	-	-	22,115	20,866
- unquoted in Malaysia	46,244	-	380,009	258,000
	<u>92,976</u>	<u>41,922</u>	<u>535,160</u>	<u>387,177</u>
Other income:				
Foreign exchange profit / (loss)	132,487	(48,948)	455,071	291,583
Rental income from other properties	3,365	3,401	9,908	9,947
Net gain on disposal of property and equipment	33	364	327	466
Net gain on disposal of foreclosed properties	196	170	1,951	973
Others	11,605	18,013	36,529	41,514
	<u>147,686</u>	<u>(27,000)</u>	<u>503,786</u>	<u>344,483</u>
Total other operating income	<u>240,662</u>	<u>14,922</u>	<u>1,038,946</u>	<u>731,660</u>

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A21. Other Operating Expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Personnel costs				
- Salaries, allowances and bonuses	484,578	464,143	1,509,398	1,382,258
- Pension costs	61,426	61,403	192,623	183,816
- Others	38,142	47,119	116,578	126,122
	584,146	572,665	1,818,599	1,692,196
Establishment costs				
- Depreciation	52,307	51,130	159,907	149,277
- Rental	31,103	31,999	92,880	89,396
- Insurance	5,333	5,078	17,127	15,461
- Water and electricity	13,134	13,154	38,787	39,660
- General repairs and maintenance	26,771	22,751	80,195	68,410
- Information technology expenses	12,721	11,149	39,328	32,900
- Others	16,302	15,920	50,986	45,429
	157,671	151,181	479,210	440,533
Marketing expenses				
- Advertisement and publicity	14,510	14,780	44,615	43,614
- Others	20,438	16,584	55,100	46,811
	34,948	31,364	99,715	90,425
Administration and general expenses				
- Communication expenses	14,006	11,475	49,926	37,675
- Legal and professional fees	12,210	12,683	34,703	38,927
- Others	42,801	35,326	132,342	106,254
	69,017	59,484	216,971	182,856
Total other operating expenses	845,782	814,694	2,614,495	2,406,010

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A21. Other Operating Expenses (continued)

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Personnel costs				
- Salaries, allowances and bonuses	358,713	353,487	1,118,217	1,048,014
- Pension costs	52,745	53,422	165,946	160,621
- Others	30,960	39,119	93,812	104,875
	<u>442,418</u>	<u>446,028</u>	<u>1,377,975</u>	<u>1,313,510</u>
Establishment costs				
- Depreciation	42,913	40,207	127,197	118,020
- Rental	24,420	25,707	72,480	72,744
- Insurance	4,458	4,355	14,322	13,281
- Water and electricity	9,115	9,439	27,287	29,064
- General repairs and maintenance	23,090	20,400	69,434	62,354
- Information technology expenses	5,181	5,054	17,988	16,159
- Others	10,434	10,022	32,783	30,223
	<u>119,611</u>	<u>115,184</u>	<u>361,491</u>	<u>341,845</u>
Marketing expenses				
- Advertisement and publicity	4,504	5,193	16,044	19,393
- Others	12,664	13,503	35,354	35,110
	<u>17,168</u>	<u>18,696</u>	<u>51,398</u>	<u>54,503</u>
Administration and general expenses				
- Communication expenses	10,875	9,456	39,274	32,601
- Legal and professional fees	7,653	9,288	23,801	28,700
- Others	25,842	21,821	78,580	64,410
	<u>44,370</u>	<u>40,565</u>	<u>141,655</u>	<u>125,711</u>
Shared service cost charged to Public Islamic Bank Berhad	(84,718)	(81,263)	(261,847)	(238,511)
Total other operating expenses	<u>538,849</u>	<u>539,210</u>	<u>1,670,672</u>	<u>1,597,058</u>

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A23. Segment Information

	<----- 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	
3rd Quarter Ended 30 September 2017												
External revenue	653,209	2,585,530	455,027	358,108	45,045	350,663	1,540	411,012	4,860,134	452,158	-	5,312,292
Revenue from other segments	-	410,307	6,480	550,865	138	12,086	7,962	635,879	1,623,717	8,737	(1,632,454)	-
	<u>653,209</u>	<u>2,995,837</u>	<u>461,507</u>	<u>908,973</u>	<u>45,183</u>	<u>362,749</u>	<u>9,502</u>	<u>1,046,891</u>	<u>6,483,851</u>	<u>460,895</u>	<u>(1,632,454)</u>	<u>5,312,292</u>
Net interest income and												
Islamic banking income	198,429	1,218,869	130,850	63,354	6,620	5,080	(5,535)	194,336	1,812,003	302,954	-	2,114,957
Other income	1,079	175,021	17,695	78,852	14,950	214,502	9,442	57,975	569,516	57,017	(17,780)	608,753
Net income	<u>199,508</u>	<u>1,393,890</u>	<u>148,545</u>	<u>142,206</u>	<u>21,570</u>	<u>219,582</u>	<u>3,907</u>	<u>252,311</u>	<u>2,381,519</u>	<u>359,971</u>	<u>(17,780)</u>	<u>2,723,710</u>
Other operating expenses	(54,117)	(427,473)	(3,200)	(9,981)	(9,544)	(47,786)	(5,168)	(150,583)	(707,852)	(155,710)	17,780	(845,782)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(32,012)	(11,559)	(477)	-	52	-	-	-	(43,996)	(41,889)	-	(85,885)
Writeback of allowance for impairment on other assets	-	218	-	-	-	-	-	-	218	-	-	218
Profit / (loss) by segments	<u>113,379</u>	<u>955,076</u>	<u>144,868</u>	<u>132,225</u>	<u>12,078</u>	<u>171,796</u>	<u>(1,261)</u>	<u>101,728</u>	<u>1,629,889</u>	<u>162,372</u>	<u>-</u>	<u>1,792,261</u>
Reconciliation of segment profits to consolidated profits: Share of profit after tax of equity accounted associated companies									693	-		693
Profit before tax expense and zakat									<u>1,630,582</u>	<u>162,372</u>		<u>1,792,954</u>

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A23. Segment Information (continued)

3rd Quarter Ended 30 September 2016	<----- 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	677,057	2,477,780	424,305	420,522	40,877	292,117	1,517	286,894	4,621,069	410,031	-	5,031,100
Revenue from other segments	-	358,306	2,947	404,406	65	9,176	7,541	530,085	1,312,526	2,829	(1,315,355)	-
	<u>677,057</u>	<u>2,836,086</u>	<u>427,252</u>	<u>824,928</u>	<u>40,942</u>	<u>301,293</u>	<u>9,058</u>	<u>816,979</u>	<u>5,933,595</u>	<u>412,860</u>	<u>(1,315,355)</u>	<u>5,031,100</u>
Net interest income and												
Islamic banking income	197,073	1,107,947	121,907	65,266	6,747	2,793	(1,998)	207,381	1,707,116	278,217	-	1,985,333
Other income	1,508	163,297	8,914	78,029	12,907	186,945	8,986	(6,326)	454,260	44,759	(17,336)	481,683
Net income	198,581	1,271,244	130,821	143,295	19,654	189,738	6,988	201,055	2,161,376	322,976	(17,336)	2,467,016
Other operating expenses	(60,422)	(424,095)	(3,049)	(9,241)	(8,405)	(39,289)	(3,712)	(141,088)	(689,301)	(142,729)	17,336	(814,694)
(Allowance) / Writeback of												
allowance for impairment on												
loans, advances and financing	(40,105)	(18,253)	628	-	2	-	-	-	(57,728)	(34,733)	-	(92,461)
Allowance for impairment												
on other assets	-	(1,218)	-	-	-	-	-	-	(1,218)	-	-	(1,218)
Profit by segments	<u>98,054</u>	<u>827,678</u>	<u>128,400</u>	<u>134,054</u>	<u>11,251</u>	<u>150,449</u>	<u>3,276</u>	<u>59,967</u>	<u>1,413,129</u>	<u>145,514</u>	<u>-</u>	<u>1,558,643</u>
Reconciliation of segment profits												
to consolidated profits:												
Share of loss after tax												
of equity accounted associated												
companies									(401)	-		(401)
Profit before tax expense and zakat									<u>1,412,728</u>	<u>145,514</u>	<u>-</u>	<u>1,558,242</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					
Nine Months Ended 30 September 2017												
External revenue	1,978,289	7,587,131	1,336,915	1,046,213	137,702	1,007,945	4,546	1,057,371	14,156,112	1,351,512	-	15,507,624
Revenue from other segments	-	1,186,535	19,412	1,529,271	1,103	33,794	23,066	1,865,518	4,658,699	23,253	(4,681,952)	-
	<u>1,978,289</u>	<u>8,773,666</u>	<u>1,356,327</u>	<u>2,575,484</u>	<u>138,805</u>	<u>1,041,739</u>	<u>27,612</u>	<u>2,922,889</u>	<u>18,814,811</u>	<u>1,374,765</u>	<u>(4,681,952)</u>	<u>15,507,624</u>
Net interest income and												
Islamic banking income	610,948	3,525,013	385,479	202,109	18,279	13,218	(16,406)	625,527	5,364,167	911,157	-	6,275,324
Other income	2,866	521,786	41,422	248,974	50,049	615,447	27,462	71,675	1,579,681	159,628	(54,417)	1,684,892
Net income	<u>613,814</u>	<u>4,046,799</u>	<u>426,901</u>	<u>451,083</u>	<u>68,328</u>	<u>628,665</u>	<u>11,056</u>	<u>697,202</u>	<u>6,943,848</u>	<u>1,070,785</u>	<u>(54,417)</u>	<u>7,960,216</u>
Other operating expenses	(182,101)	(1,324,534)	(9,841)	(29,905)	(32,630)	(145,242)	(15,135)	(450,557)	(2,189,945)	(478,967)	54,417	(2,614,495)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(94,045)	3,442	(2,280)	-	16	-	-	-	(92,867)	(86,627)	-	(179,494)
Allowance for impairment on other assets	-	(2,378)	-	-	-	-	-	-	(2,378)	-	-	(2,378)
Profit / (loss) by segments	<u>337,668</u>	<u>2,723,329</u>	<u>414,780</u>	<u>421,178</u>	<u>35,714</u>	<u>483,423</u>	<u>(4,079)</u>	<u>246,645</u>	<u>4,658,658</u>	<u>505,191</u>	<u>-</u>	<u>5,163,849</u>
Reconciliation of segment profits to consolidated profits:												
Share of loss after tax of equity accounted associated companies									(3,414)	-		(3,414)
Profit before tax expense and zakat									<u>4,655,244</u>	<u>505,191</u>		<u>5,160,435</u>
Cost income ratio	29.7%	32.7%	2.3%	6.6%	47.8%	23.1%	136.9%	64.6%	31.5%	44.7%		32.8%

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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 2017													
Gross loans, advances and financing	48,506,216	191,403,559	38,872,350	-	376,568	88,232	1,836	-	279,248,761	22,084,022			301,332,783
Loan growth	-2.2%	4.9%	3.8%	-	-1.8%	8.3%	-6.7%	-	3.5%	-8.2%			2.5%
Impaired loans, advances and financing	305,213	851,813	36,502	-	-	-	-	-	1,193,528	306,068			1,499,596
Impaired loan ratio	0.6%	0.4%	0.1%	-	-	-	-	-	0.4%	1.4%			0.5%
Deposits from customers	-	230,398,048	253,991	63,517,325	963,539	-	-	-	295,132,903	27,420,930			322,553,833
Deposit growth	-	5.1%	0.4%	2.5%	-36.9%	-	-	-	4.3%	1.5%			4.1%
Segment assets	<u>48,275,116</u>	<u>237,788,499</u>	<u>38,828,442</u>	<u>84,251,983</u>	<u>2,616,497</u>	<u>444,680</u>	<u>855,087</u>	<u>34,511,674</u>	<u>447,571,978</u>	<u>36,294,326</u>	<u>(93,277,929)</u>		<u>390,588,375</u>
Reconciliation of segment assets to consolidated assets:													
Investment in associated companies									34,992	17			35,009
Unallocated assets									946,088	-			946,088
Intangible assets									775,493	1,719,333			2,494,826
Total assets									<u>449,328,551</u>	<u>38,013,676</u>			<u>394,064,298</u>

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A23. Segment Information (continued)

Nine Months Ended 30 September 2016	<----- 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	2,022,874	7,338,387	1,242,569	1,282,436	131,152	874,816	4,633	927,314	13,824,181	1,194,476	-	15,018,657
Revenue from other segments	-	1,085,951	8,961	1,388,805	709	22,955	22,623	1,700,029	4,230,033	8,264	(4,238,297)	-
	<u>2,022,874</u>	<u>8,424,338</u>	<u>1,251,530</u>	<u>2,671,241</u>	<u>131,861</u>	<u>897,771</u>	<u>27,256</u>	<u>2,627,343</u>	<u>18,054,214</u>	<u>1,202,740</u>	<u>(4,238,297)</u>	<u>15,018,657</u>
Net interest income and												
Islamic banking income	578,158	3,316,526	338,939	194,448	19,198	6,740	(6,131)	556,040	5,003,918	826,268	-	5,830,186
Other income	3,743	484,060	36,078	266,667	45,886	538,159	27,004	85,479	1,487,076	131,967	(53,531)	1,565,512
Net income	<u>581,901</u>	<u>3,800,586</u>	<u>375,017</u>	<u>461,115</u>	<u>65,084</u>	<u>544,899</u>	<u>20,873</u>	<u>641,519</u>	<u>6,490,994</u>	<u>958,235</u>	<u>(53,531)</u>	<u>7,395,698</u>
Other operating expenses	(185,990)	(1,260,552)	(9,262)	(25,322)	(28,129)	(126,305)	(10,774)	(406,735)	(2,053,069)	(406,472)	53,531	(2,406,010)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(102,228)	(25,449)	3,459	-	1,674	-	-	-	(122,544)	(107,302)	-	(229,846)
Writeback of allowance for impairment on other assets	-	212	-	-	-	-	-	-	212	-	-	212
Profit by segments	<u>293,683</u>	<u>2,514,797</u>	<u>369,214</u>	<u>435,793</u>	<u>38,629</u>	<u>418,594</u>	<u>10,099</u>	<u>234,784</u>	<u>4,315,593</u>	<u>444,461</u>	<u>-</u>	<u>4,760,054</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(1,186)	2,453		1,267
Profit before tax expense and zakat									<u>4,314,407</u>	<u>446,914</u>		<u>4,761,321</u>
Cost income ratio	32.0%	33.2%	2.5%	5.5%	43.2%	23.2%	51.6%	63.4%	31.6%	42.4%		32.5%

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A23. Segment Information (continued)

Nine Months Ended 30 September 2016	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
Gross loans, advances and financing	50,168,557	179,593,707	36,327,110	-	409,719	76,679	2,164	-	266,577,936	21,685,664		288,263,600
Loan growth	0.1%	6.3%	12.4%	-	4.6%	12.7%	-2.3%	-	5.9%	0.2%		5.4%
Impaired loans, advances and financing	322,885	844,218	38,658	-	-	-	-	-	1,205,761	282,398		1,488,159
Impaired loan ratio	0.6%	0.5%	0.1%	-	-	-	-	-	0.5%	1.3%		0.5%
Deposits from customers	-	221,797,105	394,110	69,326,526	2,103,292	-	-	-	293,621,033	24,313,651		317,934,684
Deposit growth	-	9.1%	60.5%	-5.1%	44.1%	-	-	-	5.6%	4.7%		5.6%
Segment assets	<u>49,875,928</u>	<u>230,819,219</u>	<u>36,277,952</u>	<u>83,781,288</u>	<u>3,477,469</u>	<u>557,708</u>	<u>681,266</u>	<u>32,003,193</u>	<u>437,474,023</u>	<u>32,558,590</u>	<u>(87,732,145)</u>	<u>382,300,468</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									18,491	16		18,507
Unallocated assets									965,597	-		965,597
Intangible assets									775,493	1,709,402		2,484,895
Total assets									<u>439,233,604</u>	<u>34,268,008</u>		<u>385,769,467</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 2017.

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A26. Commitments and Contingencies

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

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Contingent liabilities				
Direct credit substitutes	1,283,233	1,703,043	1,267,635	1,282,300
Transaction-related contingent items	1,706,226	1,725,868	1,468,668	1,484,252
Short term self-liquidating trade-related contingencies	628,705	536,889	141,605	136,490
	3,618,164	3,965,800	2,877,908	2,903,042
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	28,441,377	27,105,843	23,064,227	21,587,512
- not exceeding one year	24,202,534	23,590,356	20,866,701	19,877,268
Unutilised credit card lines	6,476,585	6,147,960	6,246,425	5,932,134
Forward asset purchases	220,514	10,472	190,243	10,472
	59,341,010	56,854,631	50,367,596	47,407,386
Derivative financial instruments				
Foreign exchange related contracts:				
- less than one year	28,982,488	29,108,843	27,745,429	28,280,704
- one year to less than five years	1,942,120	1,577,428	1,942,120	1,577,428
- five years and above	422,200	-	422,200	-
Interest / Profit rate related contracts:				
- less than one year	1,700,000	4,874,400	1,800,000	4,674,400
- one year to less than five years	9,152,840	8,663,188	10,371,740	9,468,875
- five years and above	308,206	547,496	2,000,000	2,720,000
Commodity related contracts:				
- less than one year	742	673	742	673
	42,508,596	44,772,028	44,282,231	46,722,080
	105,467,770	105,592,459	97,527,735	97,032,508

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A27. Derivative Financial Instruments

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

Group As at 30 September 2017	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	1,362,746	42,220	-	1,404,966	5,434	-	-	5,434	5,318	897	-	6,215
- Swaps	26,927,387	-	-	26,927,387	81,322	-	-	81,322	239,109	-	-	239,109
- Options	59,055	-	-	59,055	-	-	-	-	-	-	-	-
Interest rate related contracts												
- Swaps	400,000	-	-	400,000	-	-	-	-	38	-	-	38
Precious metal contracts												
- Forwards	742	-	-	742	-	-	-	-	2	-	-	2
	<u>28,749,930</u>	<u>42,220</u>	<u>-</u>	<u>28,792,150</u>	<u>86,756</u>	<u>-</u>	<u>-</u>	<u>86,756</u>	<u>244,467</u>	<u>897</u>	<u>-</u>	<u>245,364</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	-	3,214,660	612,646	3,827,306	-	40,402	5,552	45,954	-	4,513	667	5,180
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	633,300	844,400	1,477,700	2,955,400	-	8,324	687	9,011	175,853	202,345	39,278	417,476
Interest / Profit rate related contracts												
- Swaps	1,300,000	3,124,400	2,509,340	6,933,740	-	11,845	10,945	22,790	1,066	12,676	10,825	24,567
	<u>1,933,300</u>	<u>7,183,460</u>	<u>4,599,686</u>	<u>13,716,446</u>	<u>-</u>	<u>60,571</u>	<u>17,184</u>	<u>77,755</u>	<u>176,919</u>	<u>219,534</u>	<u>50,770</u>	<u>447,223</u>
Total	<u>30,683,230</u>	<u>7,225,680</u>	<u>4,599,686</u>	<u>42,508,596</u>	<u>86,756</u>	<u>60,571</u>	<u>17,184</u>	<u>164,511</u>	<u>421,386</u>	<u>220,431</u>	<u>50,770</u>	<u>692,587</u>

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A27. Derivative Financial Instruments (continued)

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

Group As at 31 December 2016	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	1,932,902	7,240	-	1,940,142	26,524	118	-	26,642	9,611	108	-	9,719
- Swaps	25,110,102	-	-	25,110,102	495,676	-	-	495,676	249,205	-	-	249,205
- Options	47,027	-	-	47,027	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	673	-	-	673	-	-	-	-	4	-	-	4
	<u>27,090,704</u>	<u>7,240</u>	<u>-</u>	<u>27,097,944</u>	<u>522,200</u>	<u>118</u>	<u>-</u>	<u>522,318</u>	<u>258,820</u>	<u>108</u>	<u>-</u>	<u>258,928</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	2,400,000	3,222,588	637,221	6,259,809	4,523	47,067	11,029	62,619	-	7,003	278	7,281
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	2,018,812	1,121,563	448,625	3,589,000	-	-	-	-	652,457	330,191	65,921	1,048,569
Interest / Profit rate related contracts												
- Swaps	2,474,400	3,447,250	1,903,625	7,825,275	2,060	15,052	16,092	33,204	1,927	6,720	5,266	13,913
	<u>6,893,212</u>	<u>7,791,401</u>	<u>2,989,471</u>	<u>17,674,084</u>	<u>6,583</u>	<u>62,119</u>	<u>27,121</u>	<u>95,823</u>	<u>654,384</u>	<u>343,914</u>	<u>71,465</u>	<u>1,069,763</u>
Total	<u>33,983,916</u>	<u>7,798,641</u>	<u>2,989,471</u>	<u>44,772,028</u>	<u>528,783</u>	<u>62,237</u>	<u>27,121</u>	<u>618,141</u>	<u>913,204</u>	<u>344,022</u>	<u>71,465</u>	<u>1,328,691</u>

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A27. Derivative Financial Instruments (continued)

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

Bank As at 30 September 2017	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	968,143	42,220	-	1,010,363	4,558	-	-	4,558	4,525	897	-	5,422
- Swaps	26,084,931	-	-	26,084,931	78,280	-	-	78,280	236,155	-	-	236,155
- Options	59,055	-	-	59,055	-	-	-	-	-	-	-	-
Interest rate related contracts												
- Swaps	400,000	-	-	400,000	-	-	-	-	38	-	-	38
Precious metal contracts												
- Forwards	742	-	-	742	-	-	-	-	2	-	-	2
	<u>27,512,871</u>	<u>42,220</u>	<u>-</u>	<u>27,555,091</u>	<u>82,838</u>	<u>-</u>	<u>-</u>	<u>82,838</u>	<u>240,720</u>	<u>897</u>	<u>-</u>	<u>241,617</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	-	3,088,000	220,000	3,308,000	-	40,402	1,123	41,525	-	-	-	-
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	633,300	844,400	1,477,700	2,955,400	-	8,324	687	9,011	175,853	202,345	39,278	417,476
Interest rate related contracts												
- Swaps	1,400,000	4,054,400	5,009,340	10,463,740	127	18,214	42,623	60,964	1,066	12,676	13,431	27,173
	<u>2,033,300</u>	<u>7,986,800</u>	<u>6,707,040</u>	<u>16,727,140</u>	<u>127</u>	<u>66,940</u>	<u>44,433</u>	<u>111,500</u>	<u>176,919</u>	<u>215,021</u>	<u>52,709</u>	<u>444,649</u>
Total	<u>29,546,171</u>	<u>8,029,020</u>	<u>6,707,040</u>	<u>44,282,231</u>	<u>82,965</u>	<u>66,940</u>	<u>44,433</u>	<u>194,338</u>	<u>417,639</u>	<u>215,918</u>	<u>52,709</u>	<u>686,266</u>

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A27. Derivative Financial Instruments (continued)

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

Bank As at 31 December 2016	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	1,864,065	7,240	-	1,871,305	26,513	118	-	26,631	9,592	108	-	9,700
- Swaps	24,350,800	-	-	24,350,800	493,320	-	-	493,320	235,075	-	-	235,075
- Options	47,027	-	-	47,027	-	-	-	-	-	-	-	-
Precious metal contracts												
- Forwards	673	-	-	673	-	-	-	-	4	-	-	4
	<u>26,262,565</u>	<u>7,240</u>	<u>-</u>	<u>26,269,805</u>	<u>519,833</u>	<u>118</u>	<u>-</u>	<u>519,951</u>	<u>244,671</u>	<u>108</u>	<u>-</u>	<u>244,779</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	2,400,000	3,088,000	220,000	5,708,000	4,523	47,067	2,711	54,301	-	-	-	-
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	2,018,812	1,121,563	448,625	3,589,000	-	-	-	-	652,457	330,191	65,921	1,048,569
Interest rate related contracts												
- Swaps	2,274,400	4,347,250	4,533,625	11,155,275	1,872	19,440	32,581	53,893	1,927	6,720	20,752	29,399
	<u>6,693,212</u>	<u>8,556,813</u>	<u>5,202,250</u>	<u>20,452,275</u>	<u>6,395</u>	<u>66,507</u>	<u>35,292</u>	<u>108,194</u>	<u>654,384</u>	<u>336,911</u>	<u>86,673</u>	<u>1,077,968</u>
Total	<u>32,955,777</u>	<u>8,564,053</u>	<u>5,202,250</u>	<u>46,722,080</u>	<u>526,228</u>	<u>66,625</u>	<u>35,292</u>	<u>628,145</u>	<u>899,055</u>	<u>337,019</u>	<u>86,673</u>	<u>1,322,747</u>

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A27. Derivative Financial Instruments (continued)

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

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at the reporting date, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM164,511,000 (2016: RM618,141,000) and RM194,338,000 (2016: RM628,145,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

- iii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at the reporting date, the Group and the Bank had posted cash collateral of RM566,965,000 (2016: RM1,064,151,000) on their derivative contracts.

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and of the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2016 and Pillar 3 Disclosures section of the 2016 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 2017	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	557,902	-	557,902
- Money market instruments	-	1,142,677	-	1,142,677
- Non-money market instruments	-	130,358	-	130,358
	-	<u>1,830,937</u>	-	<u>1,830,937</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	18,577,896	-	18,577,896
- Money market instruments	-	6,896,000	-	6,896,000
- Non-money market instruments #	16,410	4,942,466	-	4,958,876
	<u>16,410</u>	<u>30,416,362</u>	-	<u>30,432,772</u>
Derivative financial assets	-	164,511	-	164,511
Total financial assets measured at fair value	<u>16,410</u>	<u>32,411,810</u>	-	<u>32,428,220</u>
Non-financial assets				
Investment properties	-	-	689,971	689,971
Financial liabilities				
Derivative financial liabilities	-	692,587	-	692,587
Total financial liabilities measured at fair value	-	<u>692,587</u>	-	<u>692,587</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 2016	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	501,621	-	501,621
- Money market instruments	-	495,364	-	495,364
- Non-money market instruments	-	181,899	-	181,899
	-	1,178,884	-	1,178,884
Financial investments available-for-sale				
- Government securities and treasury bills	-	20,274,041	-	20,274,041
- Money market instruments	-	8,662,958	-	8,662,958
- Non-money market instruments #	3,167	4,284,505	-	4,287,672
	3,167	33,221,504	-	33,224,671
Derivative financial assets	-	618,141	-	618,141
Total financial assets measured at fair value	3,167	35,018,529	-	35,021,696
Non-financial assets				
Investment properties	-	-	699,469	699,469
Financial liabilities				
Derivative financial liabilities	-	1,328,691	-	1,328,691
Total financial liabilities measured at fair value	-	1,328,691	-	1,328,691

Excluding the carrying amount of equity securities - unquoted shares held by the Group of RM161,139,000 (2016: RM120,534,000) 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 2017	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	557,902	-	557,902
- Non-money market instruments	-	70,457	-	70,457
	-	628,359	-	628,359
Financial investments available-for-sale				
- Government securities and treasury bills	-	11,908,141	-	11,908,141
- Money market instruments	-	6,596,867	-	6,596,867
- Non-money market instruments #	-	1,937,341	-	1,937,341
	-	20,442,349	-	20,442,349
Derivative financial assets	-	194,338	-	194,338
Total financial assets measured at fair value	-	21,265,046	-	21,265,046
Financial liabilities				
Derivative financial liabilities	-	686,266	-	686,266
Total financial liabilities measured at fair value	-	686,266	-	686,266

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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 2016	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	491,308	-	491,308
- Non-money market instruments	-	85,021	-	85,021
	-	<u>576,329</u>	-	<u>576,329</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	13,089,339	-	13,089,339
- Money market instruments	-	8,412,456	-	8,412,456
- Non-money market instruments #	-	2,038,033	-	2,038,033
	-	<u>23,539,828</u>	-	<u>23,539,828</u>
Derivative financial assets	-	628,145	-	628,145
Total financial assets measured at fair value	-	<u>24,744,302</u>	-	<u>24,744,302</u>
Financial liabilities				
Derivative financial liabilities	-	1,322,747	-	1,322,747
Total financial liabilities measured at fair value	-	<u>1,322,747</u>	-	<u>1,322,747</u>

Excluding the carrying amount of equity securities - unquoted shares held by the Bank of RM156,350,000 (2016: RM115,481,000) 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 (2016: Nil).

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

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

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

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A29. Capital Adequacy

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

	Group		Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
<u>Before deducting interim dividends *</u>				
Common equity Tier I ("CET I") capital ratio	11.651%	11.864%	10.808%	11.725%
Tier I capital ratio	12.430%	12.718%	11.742%	12.751%
Total capital ratio	15.387%	15.976%	14.244%	15.248%
<u>After deducting interim dividends *</u>				
CET I capital ratio	11.651%	11.373%	10.808%	11.117%
Tier I capital ratio	12.430%	12.227%	11.742%	12.143%
Total capital ratio	15.387%	15.485%	14.244%	14.640%

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

	Group		Bank	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
Components of CET I, Tier I and Tier II capital:				
<u>CET I / Tier I capital:</u>				
Share capital	9,417,653	3,882,138	9,417,653	3,882,138
Share premium	-	5,535,515	-	5,535,515
Other reserves	992,758	5,873,014	620,479	5,158,625
Retained profits	21,935,799	16,898,317	18,076,939	13,533,372
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Qualifying non-controlling interests	699,047	752,070	-	-
Less: Goodwill and other intangible assets	(2,494,826)	(2,603,621)	(695,393)	(695,393)
Less: Deferred tax assets, net	(73,824)	(65,189)	-	-
Less: Defined benefit pension fund assets	(208,137)	(230,359)	(205,425)	(227,351)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	(48,768)	(36,576)	(4,503,553)	(3,197,665)
Total CET I capital	30,070,365	29,855,972	22,561,363	23,839,904
Non-innovative Tier I stapled securities	1,949,800	2,086,169	1,949,800	2,086,169
Qualifying CET I and additional Tier I capital instruments held by third parties	59,642	64,824	-	-
Total Tier I capital	32,079,807	32,006,965	24,511,163	25,926,073

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A29. Capital Adequacy (continued)

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
<u>Tier II capital</u>				
Collective assessment allowance and regulatory reserves #	2,956,500	2,887,573	2,399,421	2,336,302
Subordinated notes				
- meeting all relevant criteria	3,949,788	1,949,677	3,949,788	1,949,677
- subject to gradual phase-out treatment	-	2,923,800	-	2,923,800
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	737,252	461,568	-	-
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from Tier II capital	(12,192)	(24,384)	(1,125,888)	(2,131,776)
Total Tier II capital	7,631,348	8,198,234	5,223,321	5,078,003
Total capital	39,711,155	40,205,199	29,734,484	31,004,076

Excludes collective assessment allowance on impaired loans/financing restricted from Tier II capital of the Group and of the Bank of RM450,034,000 (2016: RM472,411,000) and RM318,816,000 (2016: RM333,901,000) respectively.

Includes the qualifying regulatory reserves of the Group and of the Bank of RM2,047,802,000 (2016: RM1,951,880,000) and RM1,816,479,000 (2016: RM1,746,886,000) 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 of the Bank (continued):

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

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

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) reissued on 4 August 2017 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) reissued on 2 March 2017. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer ("CCyB") for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

Banking institutions are also required to maintain a capital conservation buffer of up to 2.5% and a CCyB above the minimum regulatory capital adequacy ratios above. Under the transition arrangements, capital conservation buffer will be phased-in as follows:

<u>Calendar Year</u>	<u>Capital Conservation Buffer</u>
2017	1.250%
2018	1.875%
2019 onwards	2.500%

A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Group and the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Group and the Bank have applied CCyB on its exposures in Hong Kong in line with Hong Kong Monetary Authority's requirement to maintain CCyB of 1.250% in Hong Kong. The Group's and the Bank's CCyB determined based on the weighted average of prevailing CCyB rates of its Hong Kong exposures are insignificant due to its immaterial Hong Kong exposures. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

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

	Group		Bank	
	30 September 2017 RM'000	31 December 2016 RM'000	30 September 2017 RM'000	31 December 2016 RM'000
Credit risk	236,519,992	231,005,869	191,953,679	186,904,199
Market risk	3,272,079	3,291,584	4,548,472	4,899,220
Operational risk	18,297,931	17,364,426	12,243,988	11,525,983
	<u>258,090,002</u>	<u>251,661,879</u>	<u>208,746,139</u>	<u>203,329,402</u>

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A29. Capital Adequacy (continued)

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

	Public Islamic Bank Berhad¹	Public Investment Bank Berhad²	Public Bank (L) Ltd.³	Public Bank (Hong Kong) Limited⁴	Public Finance Limited⁴	Cambodian Public Bank Plc⁵	Public Bank Vietnam Limited⁶
30 September 2017							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	11.601%	41.687%	N/A	15.958%	23.235%	N/A	N/A
Tier I capital ratio	11.601%	41.687%	23.017%	15.958%	23.235%	N/A	N/A
Total capital ratio	15.709%	42.253%	23.041%	17.102%	24.259%	19.814%	33.904%
<u>After deducting interim dividends: *</u>							
CET I capital ratio	11.601%	41.687%	N/A	15.958%	23.235%	N/A	N/A
Tier I capital ratio	11.601%	41.687%	23.017%	15.958%	23.235%	N/A	N/A
Total capital ratio	15.709%	42.253%	23.041%	17.102%	24.259%	19.814%	33.904%
31 December 2016							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	11.138%	40.789%	N/A	14.338%	24.728%	N/A	N/A
Tier I capital ratio	11.138%	40.789%	23.153%	14.338%	24.728%	N/A	N/A
Total capital ratio	13.746%	41.316%	23.178%	15.490%	25.739%	18.136%	46.920%
<u>After deducting interim dividends: *</u>							
CET I capital ratio	10.923%	38.728%	N/A	14.338%	22.868%	N/A	N/A
Tier I capital ratio	10.923%	38.728%	23.153%	14.338%	22.868%	N/A	N/A
Total capital ratio	13.531%	39.255%	23.178%	15.490%	23.878%	18.136%	46.920%

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

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A29. Capital Adequacy (continued)

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

- ¹ The risk-weighted assets of Public Islamic Bank Berhad ("PIBB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) reissued on 4 August 2017 and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) reissued on 2 March 2017. The minimum regulatory capital adequacy requirements before including capital conservation buffer and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIBB is required to maintain a capital conservation buffer of up to 2.5% on transition arrangements and a CCyB if this buffer is applied by regulators in countries which PIBB has exposures to.
- ² The risk-weighted assets of Public Investment Bank Berhad ("PIVB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) reissued on 4 August 2017 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) reissued on 2 March 2017. The minimum regulatory capital adequacy requirements before including capital conservation buffer and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIVB is required to maintain a capital conservation buffer of up to 2.5% on transition arrangements and a CCyB if this buffer is applied by regulators in countries which PIVB has exposures to.
- 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 ("Campu Bank"), which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-010-182 and B7-00-46 issued by the National Bank of Cambodia. This ratio is derived as Campu Bank's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.

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A29. Capital Adequacy (continued)

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

- ⁶ The amount presented here is the capital adequacy ratio of Public Bank Vietnam Limited ("PBVN"), which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with SBV Circular No.36/2014/TT-NHNN and Circular No. 06/2016/TT-NHNN issued by the State Bank of Vietnam. This ratio is derived as PBVN's capital divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory capital adequacy ratio requirement is 9.0%.

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A30. Operations of Islamic Banking

A30a. Statement of Financial Position As At 30 September 2017

	Note	Group	
		30 September 2017 RM'000	31 December 2016 RM'000
ASSETS			
Cash and balances with banks		3,425,513	651,382
Financial assets held-for-trading		1,142,677	495,364
Derivative financial assets		3,731	18,153
Financial investments available-for-sale		5,660,801	6,140,438
Financial investments held-to-maturity		3,012,810	2,985,266
Financing and advances	A30d	40,318,003	37,235,682
Other assets		79,562	85,913
Statutory deposits with Bank Negara Malaysia		1,725,200	1,518,000
Deferred tax assets		8,242	4,242
Collective investments		509,041	497,836
Investment in an associated company		30,000	30,000
Property and equipment		1,057	1,250
Total Assets		55,916,637	49,663,526
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	A30e	48,446,288	42,473,074
Deposits from banks		1,910,782	2,322,128
Bills and acceptances payable		687	1,675
Recourse obligations on financing sold to Cagamas		-	500,016
Derivative financial liabilities		39,299	23,356
Subordinated Sukuk Murabahah		999,566	499,374
Other liabilities		414,304	215,490
Provision for zakat and taxation		40,389	43,251
Total Liabilities		51,851,315	46,078,364
Islamic Banking Funds		4,065,322	3,585,162
Total Liabilities and Islamic Banking Funds		55,916,637	49,663,526
COMMITMENTS AND CONTINGENCIES		10,992,730	11,222,116

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A30b. Statement of Profit or Loss for the 3rd Quarter and Nine Months Ended 30 September 2017

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Group				
Income derived from investment of depositors' funds and others	585,971	537,326	1,707,326	1,569,961
Income derived from investment of Islamic Banking Funds	47,685	41,625	134,934	125,224
Allowance for impairment on financing and advances	(17,978)	(21,169)	(57,339)	(61,714)
Writeback of impairment / (Impairment) on other assets	36	12	95	(2)
Profit Equalisation Reserves	-	(2)	-	(73)
Total distributable income	615,714	557,792	1,785,016	1,633,396
Income attributable to depositors and others	(378,940)	(326,185)	(1,085,125)	(977,366)
Total net income	236,774	231,607	699,891	656,030
Other overheads and expenditures	(99,845)	(92,188)	(306,150)	(270,869)
Profit before zakat and taxation	136,929	139,419	393,741	385,161
Zakat	(65)	(53)	(195)	(158)
Taxation	(31,210)	(32,673)	(91,475)	(90,222)
Profit for the period	105,654	106,693	302,071	294,781

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 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Income derived from investment of depositors' funds and others	585,971	537,326	1,707,326	1,569,961
Income derived from investment of Islamic Banking Funds	47,685	41,625	134,934	125,224
Income attributable to depositors and others	(378,940)	(326,185)	(1,085,125)	(977,366)
Profit Equalisation Reserves	-	(2)	-	(73)
Elimination of dividends from collective investment	(4,008)	(3,708)	(11,284)	(8,085)
Net income from Islamic banking business	250,708	249,056	745,851	709,661

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A30c. Statement of Profit or Loss and Other Comprehensive Income for the 3rd Quarter and Nine Months Ended 30 September 2017

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<u>Group</u>				
Profit for the period	105,654	106,693	302,071	294,781
Other comprehensive income / (loss):				
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net gain on revaluation of financial investments available-for-sale	12,070	27,272	22,667	31,572
Hedging reserves:				
- Net change in cash flow hedges	(3,868)	(19,196)	(35,696)	(135,367)
	8,202	8,076	(13,029)	(103,795)
Income tax relating to components of other comprehensive income / (loss):				
- Revaluation reserves	(2,897)	(6,545)	(5,440)	(7,577)
- Hedging reserves	929	4,607	8,567	32,488
	(1,968)	(1,938)	3,127	24,911
Other comprehensive income / (loss) for the period, net of tax	6,234	6,138	(9,902)	(78,884)
Total comprehensive income for the period	111,888	112,831	292,169	215,897

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A30d. Financing and Advances

By type and contract

30 September 2017	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai' RM'000	Bai' Inah RM'000	Musharakah Mutanaqisah RM'000	Murabahah RM'000	Ujrah RM'000	Total Financing and Advances RM'000
At amortised cost							
Cash line	1,396,424	-	-	-	-	-	1,396,424
Term financing							
- House financing	4,054,956	-	-	9,769,878	-	-	13,824,834
- Syndicated financing	1,377,931	-	-	-	-	-	1,377,931
- Hire purchase receivables	-	11,105,558	-	-	-	-	11,105,558
- Other term financing	2,750,378	-	1,794,946	7,966,253	-	-	12,511,577
Credit card receivables	-	-	-	-	-	12,307	12,307
Bills receivables	-	-	-	-	679	-	679
Trust receipts	-	-	-	-	4,910	-	4,910
Claims on customers under acceptance credits	-	-	-	-	126,255	-	126,255
Revolving credits	205,943	-	-	-	-	-	205,943
Staff financing	-	5,988	-	52,235	-	-	58,223
Gross financing and advances	9,785,632	11,111,546	1,794,946	17,788,366	131,844	12,307	40,624,641
Allowance for impaired financing and advances:							
- collective assessment allowance							(306,638)
Net financing and advances							40,318,003

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A30d. Financing and Advances (continued)

By type and contract (continued)

31 December 2016	Bai' Bithaman Ajil RM'000	Ijarah Thumma Al-Bai' RM'000	Bai' Inah RM'000	Musharakah Mutanaqisah RM'000	Murabahah RM'000	Ujrah RM'000	Total Financing and Advances RM'000
At amortised cost							
Cash line	1,200,076	-	-	-	-	-	1,200,076
Term financing							
- House financing	4,074,478	-	-	7,406,025	-	-	11,480,503
- Syndicated financing	1,344,515	-	-	-	-	-	1,344,515
- Hire purchase receivables	-	11,732,886	-	-	-	-	11,732,886
- Other term financing	2,953,281	-	1,895,438	6,572,426	-	-	11,421,145
Credit card receivables	-	-	-	-	-	10,530	10,530
Bill receivables	-	-	-	-	3,270	-	3,270
Trust receipts	-	-	-	-	2,478	-	2,478
Claims on customers under acceptance credits	-	-	-	-	104,197	-	104,197
Revolving credits	197,789	-	-	-	-	-	197,789
Staff financing	-	4,746	-	35,215	-	-	39,961
Gross financing and advances	9,770,139	11,737,632	1,895,438	14,013,666	109,945	10,530	37,537,350
Allowance for impaired financing and advances:							
- collective assessment allowance							(301,634)
- individual assessment allowance							(34)
Net financing and advances							<u>37,235,682</u>

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A30d. Financing and Advances (continued)

Movements in impaired financing and advances are as follows:

	Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
At 1 January	225,667	211,804
Impaired during the period / year	495,615	593,015
Reclassified as non-impaired	(373,728)	(440,075)
Recoveries	(31,865)	(44,904)
Amount written off	(68,132)	(92,607)
Financing converted to foreclosed properties	(767)	(1,566)
Closing balance	<u>246,790</u>	<u>225,667</u>
Impaired financing and advances as a percentage of gross financing and advances	<u>0.61%</u>	<u>0.60%</u>

A30e. Deposits from Customers

	Group	
	30 September 2017	31 December 2016
	RM'000	RM'000
By type of deposit and contract		
At amortised cost		
Savings deposit		
- Wadiah	6,132,163	5,855,625
Demand deposit		
- Wadiah	3,833,209	3,839,873
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Inah	2,937	-
- Commodity Murabahah	35,058,174	27,684,903
- General investment account		
- Mudharabah	-	90,115
- Wakalah	-	110,184
	<u>-</u>	<u>200,299</u>
- Special term deposit account		
- Wadiah	3,419,805	4,892,374
	<u>48,446,288</u>	<u>42,473,074</u>

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

B1. Performance Review

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

Key Profit or Loss Items:	Group			
	Nine Months Ended			
	30 September 2017	30 September 2016	Variance	
	RM'000	RM'000	RM'000	%
Profit before tax expense and zakat	5,160,435	4,761,321	399,114	8.4
Net profit attributable to equity holders of the Bank	3,984,567	3,724,093	260,474	7.0
Other comprehensive (loss) / income (net)	(79,203)	71,974	(151,177)	(210.0)

Key Balance Sheet Items:	Group			
	As At			
	30 September 2017	30 September 2016	Variance	
	RM'000	RM'000	RM'000	%
Gross loans, advances and financing	301,332,783	288,263,600	13,069,183	4.5
Gross impaired loan (%)	0.50%	0.52%	n/a	(0.02)
Deposits from customers	322,553,833	317,934,684	4,619,149	1.5

The Group's pre-tax profit for the nine months ended 30 September 2017 of RM5,160.4 million was RM399.1 million or 8.4% higher than the previous corresponding period of RM4,761.3 million. Net profit attributable to equity holders improved by RM260.5 million or 7.0% to RM3,984.6 million. The higher earnings was mainly due to higher net interest income of RM408.9 million (8.0%), higher net fee and commission income of RM137.6 million (11.9%), lower loan impairment allowance of RM50.4 million (21.9%) and higher income from Islamic banking business of RM36.2 million (5.1%). These were partially offset by higher operating overheads of RM208.5 million (8.7%) due to higher business volume and lower other operating income.

Other comprehensive loss (net) of the Group for the nine months ended 30 September 2017 was RM79.2 million as compared to other comprehensive income (net) of RM72.0 million in the previous corresponding period, mainly due to foreign currency translation loss in respect of foreign operations as a result of the strengthening of Ringgit Malaysia and lower net gain on revaluation of financial investments available-for-sale.

The Group's profit was mainly supported by continued loans and customer deposits growth coupled with stable asset quality. Gross loans grew by RM13.1 billion or 4.5% to RM301.3 billion as at 30 September 2017 as compared to RM288.3 billion as at 30 September 2016, mainly driven by growth in property financing, lending to small and medium enterprises ("SMEs") and corporate lending. Total deposits from customers increased by 1.5% or RM4.6 billion over the same period to RM322.6 billion as at 30 September 2017 which partly contributed to the higher net interest income for the current period. The Group's gross impaired loan ratio remained stable at 0.5% as at 30 September 2017. This was attributed to the Group's consistent adoption of stringent credit underwriting and proactive recovery processes.

The Group's Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio stood at a healthy level of 11.7%, 12.4% and 15.4%. The Group's liquidity position also remained stable and healthy with Loan to Fund ratio standing at 88.6% as at 30 September 2017.

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B1. Performance Review (continued)

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

The performance of the respective operating business segments for the nine months ended 30 September 2017 as compared to the previous corresponding period is analysed as follows:-

	Group			
	Nine Months Ended			
Profit Before Tax by Segments:	30 September 2017	30 September 2016	Variance	%
	RM'000	RM'000	RM'000	
Retail operations	2,723,329	2,514,797	208,532	8.3
Hire purchase	337,668	293,683	43,985	15.0
Corporate lending	414,780	369,214	45,566	12.3
Treasury and capital market operations	421,178	435,793	(14,615)	(3.4)
Investment banking	35,714	38,629	(2,915)	(7.5)
Fund management	483,423	418,594	64,829	15.5
Head office and others	239,152	243,697	(4,545)	(1.9)
Total domestic operations	<u>4,655,244</u>	<u>4,314,407</u>	<u>340,837</u>	7.9
Overseas operations	505,191	446,914	58,277	13.0
	<u><u>5,160,435</u></u>	<u><u>4,761,321</u></u>	<u><u>399,114</u></u>	8.4

- 1) Retail Operations – Pre-tax profit increased by RM208.5 million (8.3%) to RM2,723.3 million mainly due to higher net interest income on higher average loan and deposit balances, net writeback of loan impairment allowance and higher fee income, partially offset by higher other operating expenses.
- 2) Hire purchase – Pre-tax profit increased by RM44.0 million (15.0%) to RM337.7 million mainly due to higher net interest income and lower loan impairment allowance.
- 3) Corporate lending – Pre-tax profit increased by RM45.6 million (12.3%) to RM414.8 million mainly due to higher net interest income on higher average loan balances and higher fee income offset by higher loan impairment allowance.
- 4) Treasury and capital market operations – The decrease in pre-tax profit of RM14.6 million (-3.4%) to RM421.2 million was mainly due to lower investment income, partially offset by higher net interest income on treasury gapping, funding and liquidity management activities.
- 5) Investment banking – The decrease in pre-tax profit of RM2.9 million (-7.5%) to RM35.7 million was mainly due to higher other operating expenses partially offset by higher brokerage income from stock-broking activities.
- 6) Fund management – Pre-tax profit increased by RM64.8 million (15.5%) to RM483.4 million mainly due to higher management fee earned on higher average net asset value of funds under management and higher fee income from sale of trust units, partially offset by higher other operating expenses.
- 7) Overseas operations – Pre-tax profit increased by RM58.3 million (13.0%) to RM505.2 million mainly due to favourable foreign exchange movements, higher net interest income, lower loan impairment allowance and higher other operating income, partially offset by higher other operating expenses.

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B1. Performance Review (continued)

Current Quarter vs. Previous Year Corresponding Quarter

Key Profit or Loss Items:	Group		Variance	
	30 September 2017	30 September 2016		
Profit before tax expense and zakat	1,792,954	1,558,242	234,712	15.1
Net profit attributable to equity holders of the Bank	1,404,760	1,238,150	166,610	13.5
Other comprehensive income (net)	5,272	180,695	(175,423)	(97.1)

For the 3rd quarter ended 30 September 2017, the Group registered a pre-tax profit of RM1,793.0 million, an improvement of RM234.7 million or 15.1% as compared to the previous year corresponding quarter. The improved pre-tax profit was mainly due to higher net interest income, higher net fee and commission income, higher investment income and higher foreign exchange income, which were partially offset by higher other operating expenses. Net profit attributable to equity holders grew by RM166.6 million or 13.5% over the same period to RM1,404.8 million.

The Group recorded a lower other comprehensive income (net) of RM5.3 million for the 3rd quarter ended 30 September 2017 mainly due to foreign currency translation loss in respect of foreign operations as a result of the strengthening of Ringgit Malaysia as compared to a foreign currency translation gain in the previous corresponding quarter, as well as lower net gain on revaluation of financial investments available-for-sale.

Performance of the respective operating business segments for the 3rd quarter ended 30 September 2017 as compared to the previous corresponding quarter is analysed as follows:-

Profit Before Tax by Segments:	3rd Quarter Ended		Variance	
	30 September 2017	30 September 2016		
Retail operations	955,076	827,678	127,398	15.4
Hire purchase	113,379	98,054	15,325	15.6
Corporate lending	144,868	128,400	16,468	12.8
Treasury and capital market operations	132,225	134,054	(1,829)	(1.4)
Investment banking	12,078	11,251	827	7.4
Fund management	171,796	150,449	21,347	14.2
Head office and others	101,160	62,842	38,318	61.0
Total domestic operations	<u>1,630,582</u>	<u>1,412,728</u>	<u>217,854</u>	15.4
Overseas operations	162,372	145,514	16,858	11.6
	<u>1,792,954</u>	<u>1,558,242</u>	<u>234,712</u>	15.1

- 1) Retail operations – The increase in pre-tax profit of RM127.4 million (15.4%) to RM955.1 million was mainly due to higher net interest income on higher average loan balances and higher net fee and commission income.
- 2) Hire purchase – Pre-tax profit increased by RM15.3 million (15.6%) to RM113.4 million mainly due to lower loan impairment allowance and lower other operating expenses.
- 3) Corporate lending – Pre-tax profit increased by RM16.5 million (12.8%) to RM144.9 million, mainly due to higher net interest income on higher average loan balances and higher fee income.

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B1. Performance Review (continued)

Current Quarter vs. Previous Year Corresponding Quarter (continued)

- 4) Treasury and capital market operations – Pre-tax profit decreased marginally by RM1.8 million (-1.4%) to RM132.2 million.
- 5) Investment banking – Pre-tax profit increased by RM0.8 million to RM12.1 million.
- 6) Fund management business – Pre-tax profit increased by RM21.3 million (14.2%) to RM171.8 million mainly due to higher management fee earned on higher average net asset value of funds under management and higher fee income on sale of trust units, partially offset by higher other operating expenses.
- 7) Overseas Operations – The increase in pre-tax profit of RM16.9 million (11.6%) to RM162.4 million was mainly due to higher net interest income and higher other operating income, partially offset by higher other operating expenses and higher loan impairment allowance.

B2. Variation of Results Against Preceding Quarter

	Group			
	Quarter Ended			
Key Profit or Loss Items:	30 September 2017 RM'000	30 June 2017 RM'000	Variance RM'000	%
Profit before tax expense and zakat	1,792,954	1,736,009	56,945	3.3
Net profit attributable to equity holders of the Bank	1,404,760	1,331,826	72,934	5.5
Other comprehensive income / (loss) (net)	5,272	(40,416)	45,688	113.0

For the 3rd quarter ended 30 September 2017, the Group registered a pre-tax profit of RM1,793.0 million, an increase of RM56.9 million or 3.3% as compared to the pre-tax profit of RM1,736.0 million for the preceding quarter ended 30 June 2017. Net profit attributable to equity holders improved by 5.5% over the same period. The increase in pre-tax profit was mainly due to higher net interest income, higher investment income and lower other operating expenses which were partially offset by higher loan impairment allowance.

Other comprehensive income (net) of the Group for the 3rd quarter ended 30 September 2017 was RM5.3 million as compared to other comprehensive loss (net) of RM40.4 million in the preceding quarter ended 30 June 2017 mainly due to lower foreign currency translation loss in respect of foreign operations, partially offset by lower net gain on revaluation of financial investments available-for-sale.

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B3. Prospects for 2017

Global economic expansion is expected to continue for the rest of 2017 and into 2018, driven by accommodative policies and a broadly stable risk environment. Recovery in the euro area has gathered pace supported by domestic demand, while growth-focused policies persisted in China. Elsewhere, emerging economies are expected to benefit from strong external demand and sustained domestic activities. Positive sentiments across major economies and encouraging macro indicators suggest ongoing global growth.

Malaysia's real GDP is expected to surpass the official target of 4.3% - 4.8% for 2017, driven by stable economic fundamentals. Domestic growth will continue to be supported by private sector wages, healthy labour market and policy measures to raise disposable income. As for the investment ecosystem, the implementation of new and ongoing infrastructure projects, and higher capacity expansion in the manufacturing and services sectors are key growth drivers. On the external front, Malaysia's exports will continue to benefit from the improvement in global demand.

Headline inflation is expected to continue moderating in the second half of 2017 after peaking in March, with the waning effects of global cost factors. During the first eight months of 2017, inflation stood at 3.9%, which is within the official projection for full-year inflation of between 3.0% - 4.0%.

The banking sector will continue to operate as an effective financial intermediary and will remain supportive of economic activities underpinned by strong capitalisation, stable funding and liquidity positions, and sustained profitability.

Against this backdrop, the Public Bank Group will continue to ride on its strengths to further develop its business and sustain its market position, operational excellence and efficiency. The Group will continue to adopt prudent and responsible financing practices, while upholding strong corporate governance and compliance culture, as well as sound risk management practices.

The Group is expected to maintain its leading market position in the domestic retail segment, driven by continued growth in loans for home mortgages and the small and medium enterprises ("SME"). The Group will sustain financing growth in the residential property segment, focusing on the mass market and home mortgages for owner occupation as well as hire purchase.

To sustain market leadership position in SME financing, the Public Bank Group will continue to tap on market opportunities by offering products and services to meet the needs of the SMEs. The SME segment will continue to benefit from the ongoing measures and implementation of key Government initiatives under the National Transformation Programme, the Eleventh Malaysia Plan and SME Masterplan.

Within the corporate lending business, the Public Bank Group continues to acquire targeted new corporate clients, while taking into consideration the overall risks and desired return on capital.

In the face of heightened market uncertainties, the Group's treasury operations will continue to enhance its risk managing capabilities and maintain strong liquidity positions to weather potential headwinds in the market.

Growth in the private retail unit trust industry is expected to grow in tandem with market conditions. To maintain its strong branding and market leading position in the private unit trust industry in Malaysia, the Public Bank Group will remain focused on offering superior financial products and efficient services while broadening its range of investment products.

The Public Bank Group will continue to work closely with AIA Bhd to ensure its bancassurance products remain competitive and relevant to meet customers' needs. The Group will also maintain growth in the fee income segment through foreign exchange related transactions and transactional banking services.

The Group continues to leverage on its strong corporate branding as a reputable, safe and efficient commercial bank while expanding its businesses organically. The Group will also continue to capitalise on opportunities in growing its overseas operations.

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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 2017 are as follows:

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	378,449	275,564	1,078,126	904,854
Overseas income tax	35,001	29,109	95,988	85,367
	413,450	304,673	1,174,114	990,221
(Over) / Under provision in prior years				
- Malaysian income tax	(30,892)	(18)	(30,886)	(24)
- Overseas income tax	(78)	-	8,945	1,020
	382,480	304,655	1,152,173	991,217
Deferred tax expense				
- Relating to changes in tax rate	-	-	-	661
- Relating to origination and reversal of temporary differences	(13,861)	1,020	(33,547)	1,119
Tax expense	368,619	305,675	1,118,626	992,997
Zakat	65	53	195	158
	368,684	305,728	1,118,821	993,155

The Group's effective tax rate for the 3rd quarter and nine months ended 30 September 2017 and 30 September 2016 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 2017	30 September 2016	30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	318,552	239,158	935,733	821,197
Overseas income tax	1,563	1,719	6,347	7,611
	320,115	240,877	942,080	828,808
(Over) / Under provision in prior years				
- Malaysian income tax	(19,739)	-	(19,738)	-
- Overseas income tax	-	-	80	292
	300,376	240,877	922,422	829,100
Deferred tax expense				
- Relating to changes in tax rate	-	-	-	643
- Relating to origination and reversal of temporary differences	(12,699)	(734)	(26,823)	(2,983)
	287,677	240,143	895,599	826,760

The Bank's effective tax rate for the 3rd quarter and nine months ended 30 September 2017 and 30 September 2016 were lower than the statutory tax rate mainly due to certain income not subject to tax.

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B6. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 30 September 2017.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposals

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

B8. Realised and Unrealised Profits

The breakdown of retained profits of the Group and of 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 2017 RM'000	31 December 2016 RM'000
Total retained profits of Public Bank Berhad and its subsidiary companies:		
- Realised	23,193,633	16,497,750
- Unrealised	322,509	285,473
	23,516,142	16,783,223
Total share of retained losses from associated companies:		
- Realised	(16,667)	(13,253)
- Unrealised	-	-
	23,499,475	16,769,970
Less: Consolidation adjustments	(175,142)	128,347
Total Group's retained profits as per consolidated accounts	23,324,333	16,898,317
	Bank	
	30 September 2017 RM'000	31 December 2016 RM'000
Total retained profits of Public Bank Berhad:		
- Realised	19,167,733	13,567,604
- Unrealised	51,012	26,730
Total Bank's retained profits as per accounts	19,218,745	13,594,334

The unrealised retained profits of the Group and of 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 of 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. Debt Securities Issued and Other Borrowed Funds

Group	More Than 1 Year		Less Than 1 Year		Sub-total		Total RM'000
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	
Unsecured							
As At 30 September 2017							
Hong Kong Dollar ("HKD") term loan	-	-	591,905	-	591,905	-	591,905
United States Dollar ("USD") term loan	843,250	-	-	-	843,250	-	843,250
USD syndicated term loan	1,546,584	-	-	-	1,546,584	-	1,546,584
RM Senior Medium Term notes	-	2,005,587	-	399,869	-	2,405,456	2,405,456
RM Subordinated notes / sukuk murabahah	-	3,949,539	-	999,816	-	4,949,355	4,949,355
RM Non-innovative Tier I stapled securities	-	2,121,054	-	-	-	2,121,054	2,121,054
	2,389,834	8,076,180	591,905	1,399,685	2,981,739	9,475,865	12,457,604
As At 31 December 2016							
HKD term loan	631,771	-	-	-	631,771	-	631,771
USD term loan	895,664	-	-	-	895,664	-	895,664
RM Senior Medium Term notes	-	2,405,237	-	-	-	2,405,237	2,405,237
RM Subordinated notes / sukuk murabahah	-	2,449,051	-	3,005,501	-	5,454,552	5,454,552
RM Non-innovative Tier I stapled securities	-	2,127,050	-	-	-	2,127,050	2,127,050
	1,527,435	6,981,338	-	3,005,501	1,527,435	9,986,839	11,514,274
As At 30 September 2016							
HKD term loan	583,906	-	-	-	583,906	-	583,906
USD term loan	827,967	-	-	-	827,967	-	827,967
RM Senior Medium Term notes	-	2,413,458	-	-	-	2,413,458	2,413,458
RM Subordinated notes / sukuk murabahah	-	2,448,939	-	3,009,035	-	5,457,974	5,457,974
RM Innovative Tier I capital securities	-	-	-	1,201,921	-	1,201,921	1,201,921
RM Non-innovative Tier I stapled securities	-	2,149,160	-	-	-	2,149,160	2,149,160
	1,411,873	7,011,557	-	4,210,956	1,411,873	11,222,513	12,634,386

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

Bank	More Than 1 Year		Less Than 1 Year		Sub-total		Total RM'000
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	
Unsecured							
As At 30 September 2017							
USD term loan	843,250	-	-	-	843,250	-	843,250
USD syndicated term loan	1,546,584	-	-	-	1,546,584	-	1,546,584
RM Senior Medium Term notes	-	2,005,587	-	399,869	-	2,405,456	2,405,456
RM Subordinated notes / sukuk murabahah	-	2,949,973	-	999,816	-	3,949,789	3,949,789
RM Non-innovative Tier I stapled securities	-	2,121,054	-	-	-	2,121,054	2,121,054
	2,389,834	7,076,614	-	1,399,685	2,389,834	8,476,299	10,866,133
As At 31 December 2016							
USD term loan	895,664	-	-	-	895,664	-	895,664
RM Senior Medium Term notes	-	2,405,237	-	-	-	2,405,237	2,405,237
RM Subordinated notes / sukuk murabahah	-	1,949,677	-	3,005,501	-	4,955,178	4,955,178
RM Non-innovative Tier I stapled securities	-	2,127,050	-	-	-	2,127,050	2,127,050
	895,664	6,481,964	-	3,005,501	895,664	9,487,465	10,383,129
As At 30 September 2016							
USD term loan	827,967	-	-	-	827,967	-	827,967
RM Senior Medium Term notes	-	2,413,458	-	-	-	2,413,458	2,413,458
RM Subordinated notes / sukuk murabahah	-	1,949,630	-	3,009,035	-	4,958,665	4,958,665
RM Innovative Tier I capital securities	-	-	-	1,201,921	-	1,201,921	1,201,921
RM Non-innovative Tier I stapled securities	-	2,149,160	-	-	-	2,149,160	2,149,160
	827,967	6,512,248	-	4,210,956	827,967	10,723,204	11,551,171
Exchange rate used:	HKD	USD					
As at 30 September 2017	0.54055	4.22200					
As at 31 December 2016	0.57850	4.48625					
As at 30 September 2016	0.53530	4.14850					

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B10. Financial Risk Management

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

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

The above information were discussed in the Financial Risk Management section of the audited annual financial statements for the financial year ended 31 December 2016.

B11. Changes in Material Litigation

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

B12. Dividends

No dividend has been proposed for the 3rd quarter ended 30 September 2017.

B13. Earnings Per Share

	3rd Quarter Ended		Nine Months Ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Net profit attributable to equity holders (RM'000)	<u>1,404,760</u>	<u>1,238,150</u>	<u>3,984,567</u>	<u>3,724,093</u>
Weighted average number of PBB Shares ('000)	<u>3,861,494</u>	<u>3,861,494</u>	<u>3,861,494</u>	<u>3,861,494</u>
Basic earnings per share (sen)	<u>36.4</u>	<u>32.1</u>	<u>103.2</u>	<u>96.4</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.