

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

	Note	Group		Bank	
		30 September	31 December	30 September	31 December
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and balances with banks		<b>10,134,157</b>	14,740,218	<b>5,997,945</b>	9,416,853
Reverse repurchase agreements		<b>1,025,524</b>	200,881	<b>1,025,524</b>	-
Financial assets at fair value through profit or loss	A8	<b>2,902,629</b>	2,380,134	<b>1,625,200</b>	2,293,636
Derivative financial assets	A27	<b>91,046</b>	185,891	<b>183,690</b>	193,101
Financial investments at fair value through other comprehensive income	A9	<b>40,484,596</b>	42,342,483	<b>26,352,086</b>	29,070,703
Financial investments at amortised cost	A10	<b>28,250,726</b>	27,018,444	<b>21,177,374</b>	20,572,364
Loans, advances and financing	A11	<b>325,232,431</b>	315,259,166	<b>254,421,604</b>	247,690,397
Other assets	A12	<b>2,474,287</b>	2,393,887	<b>2,415,547</b>	2,366,764
Statutory deposits with Central Banks		<b>11,139,116</b>	10,279,227	<b>7,700,839</b>	7,258,452
Deferred tax assets		<b>78,035</b>	81,374	-	-
Collective investments		-	-	<b>5,671,946</b>	5,517,109
Investment in subsidiary companies		-	-	<b>6,494,294</b>	5,955,494
Investment in associated companies		<b>74,694</b>	70,416	<b>45,000</b>	45,000
Investment properties		<b>745,312</b>	719,207	-	-
Right-of-use assets		<b>1,041,273</b>	-	<b>1,299,335</b>	-
Property and equipment		<b>1,485,169</b>	1,567,199	<b>608,725</b>	711,274
Intangible assets		<b>2,468,898</b>	2,454,755	<b>695,393</b>	695,393
<b>TOTAL ASSETS</b>		<b>427,627,893</b>	419,693,282	<b>335,714,502</b>	331,786,540
<b>LIABILITIES</b>					
Deposits from customers	A13	<b>347,208,799</b>	339,159,892	<b>264,588,165</b>	258,877,559
Deposits from banks	A14	<b>11,145,229</b>	9,483,154	<b>12,778,894</b>	12,487,063
Obligations on securities sold under repurchase agreements		<b>500,127</b>	4,045,605	<b>203,435</b>	4,045,605
Bills and acceptances payable		<b>322,645</b>	214,592	<b>322,085</b>	214,388
Recourse obligations on loans sold to Cagamas		<b>5,500,004</b>	5,500,003	<b>5,500,004</b>	5,500,003
Derivative financial liabilities	A27	<b>302,778</b>	297,664	<b>271,070</b>	289,995
Debt securities issued and other borrowed funds	B9	<b>12,269,894</b>	13,436,794	<b>10,666,403</b>	11,341,598
Lease liabilities		<b>1,114,117</b>	-	<b>1,384,341</b>	-
Other liabilities	A15	<b>4,837,557</b>	4,975,470	<b>3,659,327</b>	3,416,816
Provision for tax expense and zakat		<b>472,611</b>	341,697	<b>358,238</b>	249,207
Deferred tax liabilities		<b>172,111</b>	141,948	<b>124,922</b>	84,502
<b>TOTAL LIABILITIES</b>		<b>383,845,872</b>	377,596,819	<b>299,856,884</b>	296,506,736

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**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**

	Group		Bank	
	30 September	31 December	30 September	31 December
	Note 2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>EQUITY</b>				
Share capital	9,417,653	9,417,653	9,417,653	9,417,653
Regulatory reserves	1,924,327	1,806,123	1,584,060	1,461,892
Other reserves	1,797,570	1,431,367	1,023,548	849,167
Retained profits	29,465,468	28,317,913	23,832,357	23,551,092
<b>Equity attributable to equity holders of the Bank</b>	<b>42,605,018</b>	40,973,056	<b>35,857,618</b>	35,279,804
Non-controlling interests	1,177,003	1,123,407	-	-
<b>TOTAL EQUITY</b>	<b>43,782,021</b>	42,096,463	<b>35,857,618</b>	35,279,804
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>427,627,893</b>	419,693,282	<b>335,714,502</b>	331,786,540
<b>COMMITMENTS AND CONTINGENCIES</b>	A26 <b>93,531,535</b>	96,368,336	<b>83,011,386</b>	88,123,035
<b>CAPITAL ADEQUACY</b>	A29			
<b><u>Before deducting interim dividends</u> *</b>				
Common Equity Tier I Capital Ratio	13.120%	13.628%	11.813%	12.657%
Tier I Capital Ratio	13.497%	14.270%	12.258%	13.428%
Total Capital Ratio	16.457%	16.840%	15.425%	15.963%
<b><u>After deducting interim dividends</u> *</b>				
Common Equity Tier I Capital Ratio	13.120%	13.092%	11.813%	11.989%
Tier I Capital Ratio	13.497%	13.734%	12.258%	12.760%
Total Capital Ratio	16.457%	16.304%	15.425%	15.295%
<b>Net assets per share attributable to ordinary equity holders of the Bank (RM)</b>	<b>10.97</b>	10.55	<b>9.24</b>	9.09

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

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**PUBLIC BANK BERHAD**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019**

<u>Group</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Operating revenue		<b>5,614,297</b>	5,624,676	<b>16,780,610</b>	16,409,767
Interest income	A16	<b>4,109,395</b>	4,147,082	<b>12,296,655</b>	12,065,681
Interest expense	A17	<b>(2,213,127)</b>	(2,269,605)	<b>(6,669,827)</b>	(6,411,081)
Net interest income		<b>1,896,268</b>	1,877,477	<b>5,626,828</b>	5,654,600
Net income from Islamic banking business	A30 (b)	<b>299,507</b>	265,144	<b>842,727</b>	793,452
		<b>2,195,775</b>	2,142,621	<b>6,469,555</b>	6,448,052
Fee and commission income	A18 (a)	<b>645,343</b>	659,941	<b>1,905,556</b>	1,983,994
Fee and commission expense	A18 (b)	<b>(201,134)</b>	(212,813)	<b>(581,359)</b>	(636,764)
Net fee and commission income	A18	<b>444,209</b>	447,128	<b>1,324,197</b>	1,347,230
Net gains and losses on financial instruments	A19	<b>20,539</b>	17,410	<b>133,862</b>	43,480
Other operating income	A20	<b>98,200</b>	91,617	<b>324,581</b>	294,034
Net income		<b>2,758,723</b>	2,698,776	<b>8,252,195</b>	8,132,796
Other operating expenses	A21	<b>(952,704)</b>	(889,731)	<b>(2,834,087)</b>	(2,687,324)
Operating profit		<b>1,806,019</b>	1,809,045	<b>5,418,108</b>	5,445,472
Allowance for impairment on loans, advances and financing	A22	<b>(49,221)</b>	(48,875)	<b>(111,225)</b>	(134,830)
Writeback of allowance / (Allowance) for impairment on other assets		<b>3,454</b>	31	<b>2,252</b>	(1,922)
		<b>1,760,252</b>	1,760,201	<b>5,309,135</b>	5,308,720
Share of profit / (loss) after tax of equity accounted associated companies		<b>1,565</b>	(440)	<b>2,516</b>	2,726
Profit before tax expense and zakat		<b>1,761,817</b>	1,759,761	<b>5,311,651</b>	5,311,446
Tax expense and zakat	B5	<b>(383,003)</b>	(358,181)	<b>(1,152,432)</b>	(1,071,575)
Profit for the period		<b>1,378,814</b>	1,401,580	<b>4,159,219</b>	4,239,871
Profit for the period attributable to:					
- Equity holders of the Bank		<b>1,362,652</b>	1,383,655	<b>4,105,691</b>	4,185,255
- Non-controlling interests		<b>16,162</b>	17,925	<b>53,528</b>	54,616
		<b>1,378,814</b>	1,401,580	<b>4,159,219</b>	4,239,871
Earnings per share:					
- basic / diluted (sen)	B12	<b>35.1</b>	35.6	<b>105.8</b>	108.2

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019**

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
Profit for the period	<b>1,378,814</b>	1,401,580	<b>4,159,219</b>	4,239,871
<b>Other comprehensive income / (loss):</b>				
<u>Items that will not be reclassified to profit or loss:</u>				
Net change in revaluation of				
- Equity instruments	<b>6,749</b>	-	<b>7,000</b>	-
- Property and equipment	<b>19</b>	-	<b>2,129</b>	-
Gain on disposal of equity instruments	-	-	<b>5</b>	-
	<b>6,768</b>	-	<b>9,134</b>	-
<u>Items that may be reclassified to profit or loss:</u>				
Currency translation differences in respect of:				
- Foreign operations	<b>58,460</b>	179,652	<b>60,233</b>	126,161
- Net investment hedge	<b>(47,074)</b>	(108,082)	<b>(53,696)</b>	(110,111)
Net change in revaluation of financial investments at fair value through other comprehensive income	<b>139,448</b>	127,412	<b>442,014</b>	(34,696)
Net change in cash flow hedges	<b>(15,705)</b>	4,617	<b>(106,647)</b>	96,774
	<b>135,129</b>	203,599	<b>341,904</b>	78,128
Income tax effect	<b>(22,892)</b>	(22,941)	<b>(61,548)</b>	(8,378)
Share of changes in associated companies' reserves	<b>675</b>	396	<b>1,762</b>	175
Other comprehensive income for the period, net of tax	<b>119,680</b>	181,054	<b>291,252</b>	69,925
Total comprehensive income for the period	<b>1,498,494</b>	1,582,634	<b>4,450,471</b>	4,309,796
Total comprehensive income for the period attributable to:				
- Equity holders of the Bank	<b>1,477,575</b>	1,538,002	<b>4,388,089</b>	4,237,999
- Non-controlling interests	<b>20,919</b>	44,632	<b>62,382</b>	71,797
	<b>1,498,494</b>	1,582,634	<b>4,450,471</b>	4,309,796

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<u>Bank</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Operating revenue		<b>3,998,794</b>	3,994,691	<b>12,125,656</b>	11,886,627
Interest income	A16	<b>3,631,041</b>	3,702,489	<b>10,897,376</b>	10,797,011
Interest expense	A17	<b>(2,129,510)</b>	(2,192,195)	<b>(6,424,014)</b>	(6,211,058)
Net interest income		<b>1,501,531</b>	1,510,294	<b>4,473,362</b>	4,585,953
Fee and commission income	A18 (a)	<b>262,842</b>	268,258	<b>785,760</b>	794,127
Fee and commission expense	A18 (b)	<b>(93,354)</b>	(93,936)	<b>(265,256)</b>	(268,901)
Net fee and commission income	A18	<b>169,488</b>	174,322	<b>520,504</b>	525,226
Net gains and losses on financial instruments	A19	<b>20,958</b>	16,198	<b>128,528</b>	41,500
Other operating income	A20	<b>85,532</b>	65,053	<b>703,439</b>	715,339
Net income		<b>1,777,509</b>	1,765,867	<b>5,825,833</b>	5,868,018
Other operating expenses	A21	<b>(601,779)</b>	(567,208)	<b>(1,800,637)</b>	(1,718,487)
Operating profit		<b>1,175,730</b>	1,198,659	<b>4,025,196</b>	4,149,531
Allowance for impairment on loans, advances and financing	A22	<b>(28,717)</b>	(47,279)	<b>(18,688)</b>	(70,526)
Writeback of allowance / (Allowance) for impairment on other assets		<b>3,290</b>	(70)	<b>2,189</b>	(863)
Profit before tax expense and zakat		<b>1,150,303</b>	1,151,310	<b>4,008,697</b>	4,078,142
Tax expense and zakat	B5	<b>(267,270)</b>	(250,936)	<b>(844,869)</b>	(806,238)
Profit for the period		<b>883,033</b>	900,374	<b>3,163,828</b>	3,271,904

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**FOR THE 3RD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2019**

<b><u>Bank</u></b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
Profit for the period	<b>883,033</b>	900,374	<b>3,163,828</b>	3,271,904
<b>Other comprehensive income / (loss):</b>				
<u>Items that will not be reclassified to profit or loss:</u>				
Net change in revaluation of				
- Equity instruments	<b>6,804</b>	-	<b>7,055</b>	-
Gain on disposal of equity instruments	-	-	<b>5</b>	-
	<b>6,804</b>	-	<b>7,060</b>	-
<u>Items that may be reclassified to profit or loss:</u>				
Currency translation differences in respect of foreign operations	<b>(10,603)</b>	6,323	<b>(9,277)</b>	3,294
Net change in revaluation of financial investments at fair value through other comprehensive income	<b>78,649</b>	97,654	<b>261,395</b>	(36,022)
Net change in cash flow hedges	<b>6,929</b>	9,705	<b>(29,022)</b>	89,138
	<b>74,975</b>	113,682	<b>223,096</b>	56,410
Income tax effect	<b>(20,538)</b>	(19,006)	<b>(55,770)</b>	(5,988)
Other comprehensive income for the period, net of tax	<b>61,241</b>	94,676	<b>174,386</b>	50,422
Total comprehensive income for the period	<b>944,274</b>	995,050	<b>3,338,214</b>	3,322,326

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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

<u>Group</u>	<u>Non-distributable Reserves</u>				<u>Distributable Reserves</u>		<u>Total Shareholders' Equity</u> RM'000	<u>Non-controlling Interests</u> RM'000	<u>Total Equity</u> RM'000
	<u>Share Capital</u> RM'000	<u>Regulatory Reserves</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Profits</u> RM'000	<u>Retained Profits</u> RM'000	<u>Shareholders' Equity</u> RM'000			
<b>At 1 January 2019</b>									
- as previously stated	9,417,653	1,806,123	1,431,367	28,317,913	40,973,056	1,123,407	42,096,463		
- effects of changes in accounting policies (Note A31)	-	-	-	(38,630)	(38,630)	(931)	(39,561)		
<b>At 1 January 2019, as restated</b>	<b>9,417,653</b>	<b>1,806,123</b>	<b>1,431,367</b>	<b>28,279,283</b>	<b>40,934,426</b>	<b>1,122,476</b>	<b>42,056,902</b>		
Profit for the period	-	-	-	4,105,691	4,105,691	53,528	4,159,219		
Other comprehensive income for the period	-	-	282,393	5	282,398	8,854 *	291,252		
Total comprehensive income for the period	-	-	282,393	4,105,696	4,388,089	62,382	4,450,471		
Transactions with owners / other equity movements:									
Transfer to regulatory reserves	-	118,204	-	(118,204)	-	-	-		
Transfer to general reserves	-	-	83,810	(83,810)	-	-	-		
Dividends paid	-	-	-	(2,717,497)	(2,717,497)	(7,855)	(2,725,352)		
	-	118,204	83,810	(2,919,511)	(2,717,497)	(7,855)	(2,725,352)		
<b>At 30 September 2019</b>	<b>9,417,653</b>	<b>1,924,327</b>	<b>1,797,570</b>	<b>29,465,468</b>	<b>42,605,018</b>	<b>1,177,003</b>	<b>43,782,021</b>		

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

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

<b>Group</b>	<b><u>Non-distributable Reserves</u></b>			<b><u>Distributable Reserves</u></b>		<b>Total Shareholders' Equity</b>	<b>Non-controlling Interests</b>	<b>Total Equity</b>
	<b>Share Capital</b>	<b>Regulatory Reserves</b>	<b>Other Reserves</b>	<b>Retained Profits</b>	<b>Treasury Shares</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2018	9,417,653	1,658,994	1,295,847	25,193,187	(149,337)	37,416,344	1,067,695	38,484,039
Profit for the period	-	-	-	4,185,255	-	4,185,255	54,616	4,239,871
Other comprehensive income for the period	-	-	52,744	-	-	52,744	17,181 *	69,925
Total comprehensive income for the period	-	-	52,744	4,185,255	-	4,237,999	71,797	4,309,796
Transactions with owners / other equity movements:								
Disposal of treasury shares	-	-	-	325,120	149,337	474,457	-	474,457
Transfer to regulatory reserves	-	84,046	-	(84,046)	-	-	-	-
Transfer to general reserves	-	-	82,770	(82,770)	-	-	-	-
Dividends paid	-	-	-	(2,555,192)	-	(2,555,192)	(7,774)	(2,562,966)
	-	84,046	82,770	(2,396,888)	149,337	(2,080,735)	(7,774)	(2,088,509)
At 30 September 2018	9,417,653	1,743,040	1,431,361	26,981,554	-	39,573,608	1,131,718	40,705,326

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

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

	<u>Non-distributable Reserves</u>			<u>Distributable Reserves</u>	<u>Total Equity</u> RM'000
	<u>Share Capital</u> RM'000	<u>Regulatory Reserves</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Profits</u> RM'000	
<b><u>Bank</u></b>					
<b>At 1 January 2019</b>					
- as previously stated	9,417,653	1,461,892	849,167	23,551,092	35,279,804
- effects of changes in accounting policies (Note A31)	-	-	-	(42,903)	(42,903)
<b>At 1 January 2019, as restated</b>	<u>9,417,653</u>	<u>1,461,892</u>	<u>849,167</u>	<u>23,508,189</u>	<u>35,236,901</u>
Profit for the period	-	-	-	3,163,828	3,163,828
Other comprehensive income for the period	-	-	174,381	5	174,386
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>174,381</u>	<u>3,163,833</u>	<u>3,338,214</u>
Transactions with owners / other equity movements:					
Transfer to regulatory reserves	-	122,168	-	(122,168)	-
Dividends paid	-	-	-	(2,717,497)	(2,717,497)
	<u>-</u>	<u>122,168</u>	<u>-</u>	<u>(2,839,665)</u>	<u>(2,717,497)</u>
<b>At 30 September 2019</b>	<u><u>9,417,653</u></u>	<u><u>1,584,060</u></u>	<u><u>1,023,548</u></u>	<u><u>23,832,357</u></u>	<u><u>35,857,618</u></u>

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

**PUBLIC BANK BERHAD**  
**(6463 - H)**  
**(Incorporated in Malaysia)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

<b><u>Bank</u></b>	<----- Attributable to Equity Holders of the Bank ----->					
	<b><u>Non-distributable Reserves</u></b>			<b><u>Distributable Reserves</u></b>		<b>Total Equity RM'000</b>
	<b>Share Capital RM'000</b>	<b>Regulatory Reserves RM'000</b>	<b>Other Reserves RM'000</b>	<b>Retained Profits RM'000</b>	<b>Treasury Shares RM'000</b>	
At 1 January 2018	9,417,653	1,373,080	782,664	21,319,203	(149,337)	
Profit for the period	-	-	-	3,271,904	-	3,271,904
Other comprehensive income for the period	-	-	50,422	-	-	50,422
Total comprehensive income for the period	-	-	50,422	3,271,904	-	3,322,326
Transactions with owners / other equity movements:						
Disposal of treasury shares	-	-	-	325,120	149,337	474,457
Transfer to regulatory reserves	-	55,463	-	(55,463)	-	-
Dividends paid	-	-	-	(2,555,192)	-	(2,555,192)
	-	55,463	-	(2,285,535)	149,337	(2,080,735)
At 30 September 2018	9,417,653	1,428,543	833,086	22,305,572	-	33,984,854

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

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

	Group		Bank	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>Cash Flows from Operating Activities</b>				
Profit before tax expense and zakat	5,311,651	5,311,446	4,008,697	4,078,142
Adjustments for non-cash items:				
Share of profit after tax of equity				
accounted associated companies	(2,516)	(2,726)	-	-
Allowance for impairment on loans and financing	302,516	325,072	119,463	160,686
Depreciation of right-of-use assets and				
property and equipment	256,877	167,782	203,570	131,575
Net gain on financial instruments	(112,318)	(40,074)	(107,967)	(39,080)
Dividend income	(1,584)	(1,078)	(509,260)	(586,890)
(Writeback of allowance) / Allowance				
for impairment on other assets	(2,252)	1,922	(2,189)	863
Other non-cash items	(39,836)	(8,918)	(4,786)	3,057
Operating profit before working capital changes	<u>5,712,538</u>	<u>5,753,426</u>	<u>3,707,528</u>	<u>3,748,353</u>
Changes in working capital:				
Increase in operating assets	(12,688,808)	(11,424,679)	(8,170,483)	(7,451,299)
Increase in operating liabilities	<u>6,135,384</u>	<u>15,983,116</u>	<u>2,576,776</u>	<u>11,454,137</u>
Cash (used in) / generated from operations	<u>(840,886)</u>	<u>10,311,863</u>	<u>(1,886,179)</u>	<u>7,751,191</u>
Tax expense and zakat paid	<u>(1,017,301)</u>	<u>(1,284,760)</u>	<u>(737,639)</u>	<u>(998,010)</u>
Net cash (used in) / generated from				
operating activities	<u>(1,858,187)</u>	<u>9,027,103</u>	<u>(2,623,818)</u>	<u>6,753,181</u>
<b>Cash Flows from Investing Activities</b>				
Purchase of property and equipment	(130,799)	(123,903)	(86,627)	(72,694)
Addition to investment properties	-	(24,683)	-	-
Proceeds from disposal of properties	25,690	8,403	23,224	8,068
Net sale / (purchase) of financial investments	1,202,389	(9,133,556)	2,475,995	(6,012,787)
Investment in collective investments	-	-	(154,837)	(146,934)
Additional investment in a subsidiary company	-	-	(538,800)	-
Dividends received	1,584	1,078	602,995	917,970
Net cash generated from / (used in)				
investing activities	<u>1,098,864</u>	<u>(9,272,661)</u>	<u>2,321,950</u>	<u>(5,306,377)</u>

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

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

	Group		Bank	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>Cash Flows from Financing Activities</b>				
Dividends paid	(2,725,352)	(2,562,966)	(2,717,497)	(2,555,192)
Net proceeds from disposal of treasury shares	-	474,457	-	474,457
Net proceeds from issuance of debt securities	1,500,000	2,418,240	1,500,000	1,898,500
Net drawdown / (repayment) of borrowings	1,198	(4,143)	-	-
Repayment of lease liabilities	(94,136)	-	(74,019)	-
Redemption of debt securities	(2,700,000)	(1,400,000)	(2,200,000)	(1,400,000)
Net cash used in financing activities	<u>(4,018,290)</u>	<u>(1,074,412)</u>	<u>(3,491,516)</u>	<u>(1,582,235)</u>
Net change in cash and cash equivalents	(4,777,613)	(1,319,970)	(3,793,384)	(135,431)
Cash and cash equivalents at beginning of the year	13,320,248	12,898,446	9,416,853	6,385,151
Exchange differences on translation of opening balances	64,178	127,312	-	-
Cash and cash equivalents at end of the period	<u>8,606,813</u>	<u>11,705,788</u>	<u>5,623,469</u>	<u>6,249,720</u>
Note:				
Cash and balances with banks	10,134,157	12,380,531	5,997,945	6,249,720
Less: Balances with banks with original maturity more than three months	(1,527,344)	(674,743)	(374,476)	-
Cash and cash equivalents at end of the period	<u>8,606,813</u>	<u>11,705,788</u>	<u>5,623,469</u>	<u>6,249,720</u>

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**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 2019 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss ("FVTPL"), financial investments at fair value through other comprehensive income ("FVOCI"), derivative financial instruments and investment properties.

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

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

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

Effective for annual periods commencing on or after 1 January 2019

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

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

- (a) **MFRS 16 Leases** - MFRS 16 'Leases' supersedes MFRS 117 'Leases' and its related interpretations. MFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases by the lessee as either finance leases (on-balance sheet) or operating leases (off-balance sheet). The details and financial effects of the adoption of MFRS 16 are discussed in Note A31 Changes in Accounting Policies.
- (b) **Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 Employee Benefits)** - The amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset). As there are no proposed changes in the terms or membership of the Group's defined benefit plan which may result in plan amendment, curtailment or settlement, the adoption of the amendments did not have any financial impact on the financial statements of the Group and of the Bank.

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

Effective for annual periods commencing on or after 1 January 2021

- MFRS 17 Insurance Contracts

**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.

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A1. Basis of Preparation (continued)**

Bank Negara Malaysia ("BNM")'s Revised Policy Documents on Credit Risk, Financial Reporting and Financial Reporting for Islamic Banking Institutions

On 27 September 2019, BNM issued the revised policy documents on Credit Risk, Financial Reporting and Financial Reporting for Islamic Banking Institutions which are effective on 1 October 2019. The revised policy documents were updated to clarify the classification of a credit facility as credit-impaired, specifically the treatment of rescheduled and restructured credit facilities. The application of the revised policy documents will only affect disclosure and classification of a rescheduled and restructured credit facility as credit-impaired and is not expected to have any financial impact to the Group and the Bank.

**A2. Auditors' Report on Preceding Annual Financial Statements**

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

**A3. Comments about Seasonal or Cyclical Factors**

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the current financial period.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the current financial period.

**A5. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial period.

**A6. Debt and Equity Securities**

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

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

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

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

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

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

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

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

On 29 July 2019, the Bank issued RM1,500 million in aggregate nominal amount of Subordinated Notes due in 2029 callable in 2024. The Notes bear interest at the rate of 3.90% per annum.

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A7. Dividends Paid and Distributed**

During the nine months ended 30 September 2019 :

- a) A second interim dividend of 37.0 sen per share for the financial year ended 31 December 2018, amounting to RM1,436,391,188 was paid on 14 March 2019.
- b) A first interim dividend of 33.0 sen per share in respect of the financial year ending 31 December 2019, amounting to RM1,281,105,655 was paid on 10 September 2019.

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Securities	<b>838,793</b>	286,951	<b>838,793</b>	286,951
Malaysian Government Investment Issues	<b>386,971</b>	100,964	<b>366,467</b>	70,654
Bank Negara Malaysia Monetary Notes	-	1,536,341	-	1,536,341
	<b>1,225,764</b>	1,924,256	<b>1,205,260</b>	1,893,946
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<b>1,196,457</b>	-	-	-
<b>Non-money market instruments:</b>				
Equity securities:				
- Unquoted shares in Malaysia	<b>445,428</b>	423,949	<b>419,940</b>	399,690
Debt securities:				
- Unquoted corporate bonds / sukuk	<b>34,980</b>	31,929	-	-
	<b>480,408</b>	455,878	<b>419,940</b>	399,690
Total financial assets at FVTPL	<b>2,902,629</b>	2,380,134	<b>1,625,200</b>	2,293,636

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Treasury Bills	99,857	-	99,857	-
Malaysian Government Securities	12,330,019	12,265,159	12,000,315	11,895,739
Malaysian Government Investment Issues	21,296,181	21,653,696	11,147,764	12,288,291
Other foreign government securities	160,083	58,125	-	-
	<u>33,886,140</u>	<u>33,976,980</u>	<u>23,247,936</u>	<u>24,184,030</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	876,786	3,051,128	826,888	2,910,720
Bankers' acceptances and Islamic accepted bills	97,871	-	97,871	-
	<u>974,657</u>	<u>3,051,128</u>	<u>924,759</u>	<u>2,910,720</u>
<b>Non-money market instruments:</b>				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	1,722	2,204	-	-
- Unquoted shares	352,368	344,996	345,880	338,498
Debt securities:				
- Cagamas bonds	608,904	390,528	505,199	289,423
- Unquoted corporate bonds / sukuk	4,648,051	4,563,691	1,328,312	1,348,032
Unit trust funds	12,754	12,956	-	-
	<u>5,623,799</u>	<u>5,314,375</u>	<u>2,179,391</u>	<u>1,975,953</u>
Total financial investments at FVOCI	<u>40,484,596</u>	<u>42,342,483</u>	<u>26,352,086</u>	<u>29,070,703</u>



**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

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

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

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
<b>Group</b>				
At 1 January 2019	7,371	1,225	-	8,596
New financial investments purchased	5,835	135	-	5,970
Net allowance written back	(420)	-	-	(420)
Amount derecognised	(5,828)	(272)	-	(6,100)
Exchange differences	5	(2)	-	3
At 30 September 2019	<u>6,963</u>	<u>1,086</u>	<u>-</u>	<u>8,049</u>
At 1 January 2018	6,375	-	-	6,375
New financial investments purchased	7,728	1,207	-	8,935
Net allowance written back	(314)	-	-	(314)
Amount derecognised	(6,427)	-	-	(6,427)
Exchange differences	9	18	-	27
At 31 December 2018	<u>7,371</u>	<u>1,225</u>	<u>-</u>	<u>8,596</u>
<b>Bank</b>				
At 1 January 2019	4,860	-	-	4,860
New financial investments purchased	4,332	-	-	4,332
Net allowance written back	(449)	-	-	(449)
Amount derecognised	(4,390)	-	-	(4,390)
At 30 September 2019	<u>4,353</u>	<u>-</u>	<u>-</u>	<u>4,353</u>
At 1 January 2018	4,470	-	-	4,470
New financial investments purchased	6,342	-	-	6,342
Net allowance written back	(348)	-	-	(348)
Amount derecognised	(5,604)	-	-	(5,604)
At 31 December 2018	<u>4,860</u>	<u>-</u>	<u>-</u>	<u>4,860</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A10. Financial Investments at Amortised Cost**

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>At amortised cost</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Securities	1,118,150	1,125,105	1,118,150	1,125,105
Malaysian Government Investment Issues	6,943,376	6,512,720	4,031,926	4,078,918
Foreign Government Treasury Bills	1,135,272	1,019,500	28,056	27,080
Other foreign government securities	2,115,575	1,710,079	6,970	7,897
	<u>11,312,373</u>	<u>10,367,404</u>	<u>5,185,102</u>	<u>5,239,000</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,074,483</u>	<u>1,198,530</u>	<u>1,894,360</u>	<u>1,842,223</u>
<b>Non-money market instruments:</b>				
Debt securities:				
- Cagamas bonds	5,606,350	5,611,030	5,606,350	5,611,030
- Unquoted corporate bonds / sukuk	10,261,955	9,845,596	8,495,328	7,883,611
	<u>15,868,305</u>	<u>15,456,626</u>	<u>14,101,678</u>	<u>13,494,641</u>
Allowance for impairment	(4,435)	(4,116)	(3,766)	(3,500)
Total financial investments at amortised cost	<u>28,250,726</u>	<u>27,018,444</u>	<u>21,177,374</u>	<u>20,572,364</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A10. Financial Investments at Amortised Cost (continued)**

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

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
<b>Group</b>				
At 1 January 2019	4,097	-	19	4,116
New financial investments purchased	457	-	-	457
Net allowance made	70	-	-	70
Amount derecognised	(294)	-	-	(294)
Exchange differences	86	-	-	86
At 30 September 2019	<u>4,416</u>	<u>-</u>	<u>19</u>	<u>4,435</u>
At 1 January 2018	3,704	-	35	3,739
New financial investments purchased	1,018	-	-	1,018
Net allowance written back	(309)	-	-	(309)
Amount derecognised	(323)	-	-	(323)
Amount written off	-	-	(16)	(16)
Exchange differences	7	-	-	7
At 31 December 2018	<u>4,097</u>	<u>-</u>	<u>19</u>	<u>4,116</u>
<b>Bank</b>				
At 1 January 2019	3,481	-	19	3,500
New financial investments purchased	146	-	-	146
Net allowance made	100	-	-	100
Amount derecognised	(62)	-	-	(62)
Exchange differences	82	-	-	82
At 30 September 2019	<u>3,747</u>	<u>-</u>	<u>19</u>	<u>3,766</u>
At 1 January 2018	2,869	-	35	2,904
New financial investments purchased	665	-	-	665
Net allowance written back	(24)	-	-	(24)
Amount derecognised	(29)	-	-	(29)
Amount written off	-	-	(16)	(16)
At 31 December 2018	<u>3,481</u>	<u>-</u>	<u>19</u>	<u>3,500</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A11. Loans, Advances and Financing**

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>At amortised cost</b>				
Overdrafts	<b>11,318,329</b>	11,558,286	<b>8,126,945</b>	8,356,059
Term loans / financing				
- Housing loans / financing	<b>118,995,982</b>	112,302,675	<b>93,381,966</b>	89,027,872
- Syndicated term loans / financing	<b>3,956,275</b>	3,129,190	<b>1,114,495</b>	595,341
- Hire purchase receivables	<b>51,355,584</b>	50,487,731	<b>40,107,908</b>	38,196,616
- Other term loans / financing	<b>123,113,069</b>	121,090,161	<b>96,829,002</b>	95,910,951
Credit card receivables	<b>2,020,248</b>	2,064,840	<b>1,978,751</b>	2,025,895
Bills receivables	<b>119,693</b>	155,074	<b>101,221</b>	133,739
Trust receipts	<b>202,791</b>	254,809	<b>149,626</b>	170,085
Claims on customers under acceptance credits	<b>3,631,796</b>	3,803,866	<b>3,334,854</b>	3,482,087
Revolving credits	<b>10,503,191</b>	10,483,874	<b>8,962,554</b>	9,529,290
Staff loans *	<b>2,020,742</b>	1,971,073	<b>1,764,247</b>	1,729,331
Gross loans, advances and financing	<b>327,237,700</b>	317,301,579	<b>255,851,569</b>	249,157,266
Allowance for impairment on loans and financing:				
- Expected credit losses	<b>(2,005,269)</b>	(2,042,413)	<b>(1,429,965)</b>	(1,466,869)
- Stage 1: 12-Month ECL	<b>(1,090,813)</b>	(1,086,325)	<b>(775,661)</b>	(775,726)
- Stage 2: Lifetime ECL not credit-impaired	<b>(512,337)</b>	(546,221)	<b>(415,399)</b>	(452,091)
- Stage 3: Lifetime ECL credit-impaired	<b>(402,119)</b>	(409,867)	<b>(238,905)</b>	(239,052)
Net loans, advances and financing	<b>325,232,431</b>	315,259,166	<b>254,421,604</b>	247,690,397

\* Included in staff loans of the Group and of the Bank are loans to Directors of subsidiary companies amounting to RM7,752,000 (2018: RM5,012,000) and RM7,494,000 (2018 - RM4,709,000) respectively.

a) By class

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Retail loans / financing *				
- Housing loans / financing	<b>118,996,154</b>	112,302,874	<b>93,381,966</b>	89,027,872
- Hire purchase	<b>51,125,057</b>	50,250,640	<b>40,107,908</b>	38,196,616
- Credit cards	<b>2,020,248</b>	2,064,840	<b>1,978,751</b>	2,025,895
- Other loans / financing ^	<b>108,057,318</b>	106,352,920	<b>82,428,754</b>	81,988,983
	<b>280,198,777</b>	270,971,274	<b>217,897,379</b>	211,239,366
Corporate loans / financing	<b>47,038,923</b>	46,330,305	<b>37,954,190</b>	37,917,900
	<b>327,237,700</b>	317,301,579	<b>255,851,569</b>	249,157,266

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

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A11. Loans, Advances and Financing** (continued)

b) By type of customer

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Non-bank financial institutions				
- Stock-broking companies	1,653	2,973	1,653	2,973
- Others	11,746,755	9,734,072	10,106,101	8,680,888
Business enterprises				
- Small and medium enterprises	70,750,778	70,489,549	58,058,717	58,391,676
- Others	27,365,858	29,033,305	22,546,061	22,924,460
Government and statutory bodies	1,333,269	1,318,357	11,448	10,033
Individuals	212,239,790	204,066,098	163,399,740	156,821,569
Other entities	32,679	37,491	25,233	27,939
Foreign entities	3,766,918	2,619,734	1,702,616	2,297,728
	<u>327,237,700</u>	<u>317,301,579</u>	<u>255,851,569</u>	<u>249,157,266</u>

c) By interest/profit rate sensitivity

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Fixed rate				
- Housing loans / financing	951,294	1,762,168	51,107	711,476
- Hire purchase receivables	48,740,510	47,872,472	39,930,321	37,995,624
- Other fixed rate loans / financing	21,706,919	21,387,571	10,449,706	10,361,819
Variable rate				
- Base rate / base lending rate plus	206,141,008	197,504,090	172,955,009	167,638,242
- Cost plus	35,247,067	34,198,485	32,093,289	32,050,311
- Other variable rates	14,450,902	14,576,793	372,137	399,794
	<u>327,237,700</u>	<u>317,301,579</u>	<u>255,851,569</u>	<u>249,157,266</u>

d) By residual contractual maturity

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Maturity within one year	31,134,217	33,476,534	21,767,369	24,078,602
More than one year to three years	28,170,270	25,630,391	22,013,895	19,976,992
More than three years to five years	32,839,522	30,813,477	26,709,693	25,891,581
More than five years	235,093,691	227,381,177	185,360,612	179,210,091
	<u>327,237,700</u>	<u>317,301,579</u>	<u>255,851,569</u>	<u>249,157,266</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A11. Loans, Advances and Financing** (continued)

e) By geographical distribution

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Malaysia	303,697,630	294,073,885	255,036,035	248,304,984
Hong Kong SAR and the People's Republic of China	15,583,384	15,884,112	-	-
Cambodia	4,554,160	4,355,773	-	-
Other countries	3,402,526	2,987,809	815,534	852,282
	<u>327,237,700</u>	<u>317,301,579</u>	<u>255,851,569</u>	<u>249,157,266</u>

f) Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Purchase of securities	4,339,057	2,764,420	3,838,050	2,389,565
Purchase of transport vehicles	51,573,026	50,720,776	40,337,449	38,438,216
Purchase of landed properties	204,686,607	196,597,670	165,141,563	159,761,279
(of which: - residential	<u>123,147,894</u>	<u>116,258,068</u>	<u>96,909,521</u>	<u>92,398,172</u>
- non-residential)	<u>81,538,713</u>	<u>80,339,602</u>	<u>68,232,042</u>	<u>67,363,107</u>
Purchase of fixed assets (excluding landed properties)	411,579	470,118	81,558	140,252
Personal use	13,673,374	13,064,948	7,262,836	6,996,922
Credit card	2,020,248	2,064,840	1,978,751	2,025,895
Purchase of consumer durables	794	924	91	104
Construction	7,252,386	7,143,581	5,753,372	5,953,919
Mergers and acquisitions	12,974	16,222	12,974	16,222
Working capital	38,856,055	39,968,394	27,096,258	28,994,446
Other purpose	4,411,600	4,489,686	4,348,667	4,440,446
	<u>327,237,700</u>	<u>317,301,579</u>	<u>255,851,569</u>	<u>249,157,266</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A11. Loans, Advances and Financing** (continued)

g) Gross loans, advances and financing by sectors

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Agriculture, hunting, forestry and fishing	3,635,117	3,805,553	2,563,909	2,706,340
Mining and quarrying	218,248	213,243	162,530	160,547
Manufacturing	10,539,129	10,539,536	8,458,905	8,426,428
Electricity, gas and water	170,514	130,928	43,585	36,695
Construction	12,118,538	11,575,205	9,615,364	9,351,546
Wholesale & retail trade and restaurants & hotels	27,026,452	26,443,547	22,323,269	21,980,620
Transport, storage and communication	4,178,528	4,163,935	3,033,890	2,991,268
Finance, insurance and business services	18,973,475	18,315,474	15,599,611	15,489,976
Real estate	33,728,154	34,730,602	27,360,828	28,101,392
Community, social and personal services	3,404,107	3,230,397	1,854,871	1,687,041
Households	211,762,456	203,134,870	164,778,520	158,182,409
Others	1,482,982	1,018,289	56,287	43,004
	<u>327,237,700</u>	<u>317,301,579</u>	<u>255,851,569</u>	<u>249,157,266</u>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Bankers' acceptances rediscounted	<u>95,631</u>	<u>2,500</u>	<u>95,631</u>	<u>2,500</u>

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
At 1 January	1,620,733	1,475,666	1,143,782	1,064,009
Impaired during the period / year	2,332,543	3,109,654	1,604,808	2,136,046
Reclassified as non-impaired	(1,589,390)	(2,110,795)	(1,123,708)	(1,527,447)
Recoveries	(271,198)	(347,887)	(200,872)	(262,641)
Amount written off	(341,414)	(482,440)	(158,136)	(244,913)
Loans / financing converted to foreclosed properties	(47,716)	(27,799)	(43,695)	(22,822)
Exchange differences	1,159	4,334	(959)	1,550
Closing balance	<u>1,704,717</u>	<u>1,620,733</u>	<u>1,221,220</u>	<u>1,143,782</u>
Gross impaired loans and financing as a percentage of gross loans, advances and financing	<u>0.52%</u>	<u>0.51%</u>	<u>0.48%</u>	<u>0.46%</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A11. Loans, Advances and Financing** (continued)

j) Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Malaysia	1,386,033	1,300,431	1,094,948	1,020,145
Hong Kong SAR and the People's Republic of China	108,080	104,861	-	-
Cambodia	46,632	65,858	-	-
Other countries	163,972	149,583	126,272	123,637
	<u>1,704,717</u>	<u>1,620,733</u>	<u>1,221,220</u>	<u>1,143,782</u>

k) Impaired loans, advances and financing by economic purpose

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Purchase of securities	724	722	724	722
Purchase of transport vehicles	260,585	304,027	175,566	201,474
Purchase of landed properties	857,724	803,830	665,661	629,105
(of which: - residential	616,626	569,671	455,303	428,029
- non-residential)	241,098	234,159	210,358	201,076
Purchase of fixed assets (excluding landed properties)	10,809	7,500	975	364
Personal use	148,394	141,699	50,869	46,402
Credit card	17,847	19,572	17,393	19,141
Construction	54,960	69,316	50,384	67,218
Working capital	290,995	263,975	197,008	169,303
Other purpose	62,679	10,092	62,640	10,053
	<u>1,704,717</u>	<u>1,620,733</u>	<u>1,221,220</u>	<u>1,143,782</u>



**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A11. Loans, Advances and Financing** (continued)

1) Impaired loans, advances and financing by sectors

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Agriculture, hunting, forestry and fishing	<b>20,299</b>	40,216	<b>19,202</b>	15,109
Mining and quarrying	<b>1,676</b>	1,689	<b>1,548</b>	636
Manufacturing	<b>67,595</b>	56,008	<b>44,104</b>	45,561
Electricity, gas and water	<b>4,956</b>	2,275	<b>112</b>	83
Construction	<b>104,746</b>	129,350	<b>92,826</b>	120,122
Wholesale & retail trade and restaurants & hotels	<b>252,432</b>	170,689	<b>211,118</b>	133,636
Transport, storage and communication	<b>15,539</b>	18,857	<b>11,413</b>	14,072
Finance, insurance and business services	<b>55,425</b>	60,621	<b>43,631</b>	44,404
Real estate	<b>46,648</b>	42,456	<b>38,674</b>	37,287
Community, social and personal services	<b>8,924</b>	9,569	<b>7,461</b>	7,230
Households	<b>1,098,665</b>	1,066,953	<b>749,781</b>	725,551
Others	<b>27,812</b>	22,050	<b>1,350</b>	91
	<b><u>1,704,717</u></b>	<u>1,620,733</u>	<b><u>1,221,220</u></b>	<u>1,143,782</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A11. Loans, Advances and Financing** (continued)

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

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
<b>Group</b>				
At 1 January 2019	1,086,325	546,221	409,867	2,042,413
Changes due to loans, advances and financing recognised as at 1 January 2019:	139,997	(98,520)	(41,477)	-
- Transfer to Stage 1: 12-Month ECL	168,369	(147,602)	(20,767)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(25,007)	75,722	(50,715)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(3,365)	(26,640)	30,005	-
Loans, advances and financing derecognised (other than write-off)	(57,647)	(45,615)	(29,822)	(133,084)
New loans, advances and financing originated	134,825	49,224	29,893	213,942
Net remeasurement due to changes in credit risk	(211,051)	61,333	367,891	218,173
Modifications to contractual cash flows of loans, advances and financing	(3,096)	(705)	6,284	2,483
Amount written off	-	-	(341,414)	(341,414)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(1,256)	(1,256)
Exchange differences	1,460	399	2,153	4,012
At 30 September 2019	<u>1,090,813</u>	<u>512,337</u>	<u>402,119</u>	<u>2,005,269</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A11. Loans, Advances and Financing** (continued)

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

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A11. Loans, Advances and Financing** (continued)

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

	Lifetime ECL			Total RM'000
	12-Month ECL (Stage 1) RM'000	Not Credit- Impaired (Stage 2) RM'000	Credit- Impaired (Stage 3) RM'000	
<b>Bank</b>				
At 1 January 2019	775,726	452,091	239,052	1,466,869
Changes due to loans and advances recognised as at 1 January 2019:				
- Transfer to Stage 1: 12-Month ECL	110,390	(73,578)	(36,812)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	129,671	(117,652)	(12,019)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(18,685)	55,707	(37,022)	-
	(596)	(11,633)	12,229	-
Loans and advances derecognised (other than write-off)	(30,104)	(42,340)	(22,941)	(95,385)
New loans and advances originated	79,256	34,720	2,232	116,208
Net remeasurement due to changes in credit risk	(156,930)	45,204	211,171	99,445
Modifications to contractual cash flows of loans and advances	(2,856)	(698)	5,595	2,041
Amount written off	-	-	(158,136)	(158,136)
Amount transferred to allowance for impairment loss on foreclosed properties	-	-	(1,256)	(1,256)
Exchange differences	179	-	-	179
At 30 September 2019	<u>775,661</u>	<u>415,399</u>	<u>238,905</u>	<u>1,429,965</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A11. Loans, Advances and Financing** (continued)

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

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

**A12. Other Assets**

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Deferred handling fees	232,618	226,549	192,402	178,288
Interest / Income receivable	59,319	53,356	9,063	7,889
Other receivables, deposits and prepayments	1,236,633	1,106,278	974,466	969,935
Collateral pledged for derivative transactions	251,228	118,620	251,228	118,620
Employee benefits	289,841	327,462	285,236	322,256
Amount due from trust funds	177,892	206,628	-	-
Foreclosed properties	152,800	125,622	141,182	117,987
Outstanding contracts on clients' accounts	73,956	229,372	-	-
Amount due from subsidiary companies	-	-	43,436	39,521
Distribution receivable from collective investments	-	-	31,664	31,772
Dividend receivable from subsidiary companies	-	-	486,870	580,496
	<u>2,474,287</u>	<u>2,393,887</u>	<u>2,415,547</u>	<u>2,366,764</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A13. Deposits from Customers**

a) By type of deposit

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>At amortised cost</b>				
Core deposits:				
- Demand deposits	<b>50,228,173</b>	50,023,160	<b>38,999,969</b>	39,559,440
- Savings deposits	<b>38,125,707</b>	37,034,511	<b>24,948,110</b>	24,171,008
- Fixed deposits	<b>197,834,741</b>	196,788,732	<b>144,608,394</b>	146,016,093
	<b><u>286,188,621</u></b>	<u>283,846,403</u>	<b><u>208,556,473</u></b>	<u>209,746,541</u>
Negotiable instruments of deposit	<b>72,901</b>	133,528	<b>49,922</b>	108,605
Money market deposits	<b>60,905,863</b>	55,129,516	<b>55,956,699</b>	48,985,570
	<b><u>60,978,764</u></b>	<u>55,263,044</u>	<b><u>56,006,621</u></b>	<u>49,094,175</u>
Other deposits	<b>41,414</b>	50,445	<b>25,071</b>	36,843
	<b><u>347,208,799</u></b>	<u>339,159,892</u>	<b><u>264,588,165</u></b>	<u>258,877,559</u>

b) By type of customer

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Federal and state governments	<b>12,278,547</b>	7,020,760	<b>6,876,652</b>	5,509,654
Local government and statutory authorities	<b>3,974,078</b>	2,983,466	<b>3,463,907</b>	2,533,549
Business enterprises	<b>91,186,318</b>	93,682,701	<b>72,498,768</b>	75,246,722
Individuals	<b>177,638,620</b>	173,496,711	<b>137,228,645</b>	133,345,386
Foreign customers	<b>9,858,356</b>	9,349,386	<b>4,258,962</b>	4,037,037
Others	<b>52,272,880</b>	52,626,868	<b>40,261,231</b>	38,205,211
	<b><u>347,208,799</u></b>	<u>339,159,892</u>	<b><u>264,588,165</u></b>	<u>258,877,559</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**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 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Due within six months	212,459,317	189,847,360	160,780,317	148,353,579
More than six months to one year	46,164,331	61,487,317	39,711,059	46,421,532
More than one year to three years	186,837	713,289	121,263	331,729
More than three years to five years	3,020	3,810	2,376	3,428
	<u>258,813,505</u>	<u>252,051,776</u>	<u>200,615,015</u>	<u>195,110,268</u>

**A14. Deposits from Banks**

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<b>At amortised cost</b>				
Licensed banks	4,453,747	4,648,523	2,468,522	3,790,646
Licensed Islamic banks	600,000	-	-	-
Licensed investment banks	525,171	144,311	259,313	27,265
Bank Negara Malaysia	377,102	428,786	358,571	408,387
Other financial institutions	5,189,209	4,261,534	9,692,488	8,260,765
	<u>11,145,229</u>	<u>9,483,154</u>	<u>12,778,894</u>	<u>12,487,063</u>

**A15. Other Liabilities**

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
Interest / Income payable	2,067,474	1,885,756	1,611,016	1,351,860
Other payables and accruals	2,397,013	2,377,762	1,914,768	1,781,347
Collateral received for derivative transactions	36,279	101,475	36,279	101,475
Amount due to trust funds	93,548	86,095	-	-
Unprocessed sales and / or redemptions	71,228	113,587	-	-
Profit Equalisation Reserve of the investment account holder	31	31	-	-
Allowance for impairment on loan / financing commitments and financial guarantees	63,697	62,483	39,576	42,422
Lease liabilities	-	95,666	-	95,666
Outstanding contracts on clients' accounts	99,642	224,208	-	-
Dividend payable to shareholders	8,645	28,407	8,645	2,017
Amount due to subsidiary companies	-	-	49,043	42,029
	<u>4,837,557</u>	<u>4,975,470</u>	<u>3,659,327</u>	<u>3,416,816</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A15. Other Liabilities** (continued)

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

<b>Group</b>	<b>Lifetime ECL</b>			<b>Total RM'000</b>
	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Not Credit- Impaired (Stage 2) RM'000</b>	<b>Credit- Impaired (Stage 3) RM'000</b>	
At 1 January 2019	<b>53,063</b>	<b>8,273</b>	<b>1,147</b>	<b>62,483</b>
Changes due to loan / financing commitments and financial guarantees recognised as at 1 January 2019:	<b>1,957</b>	<b>(1,837)</b>	<b>(120)</b>	<b>-</b>
- Transfer to Stage 1: 12-Month ECL	<b>2,705</b>	<b>(2,580)</b>	<b>(125)</b>	<b>-</b>
- Transfer to Stage 2: Lifetime ECL not credit-impaired	<b>(738)</b>	<b>1,040</b>	<b>(302)</b>	<b>-</b>
- Transfer to Stage 3: Lifetime ECL credit-impaired	<b>(10)</b>	<b>(297)</b>	<b>307</b>	<b>-</b>
Loan / financing commitments and financial guarantees derecognised	<b>(3,290)</b>	<b>(2,058)</b>	<b>(45)</b>	<b>(5,393)</b>
New loan / financing commitments and financial guarantees originated	<b>5,468</b>	<b>619</b>	<b>46</b>	<b>6,133</b>
Net remeasurement due to changes in credit risk	<b>(987)</b>	<b>767</b>	<b>714</b>	<b>494</b>
Modifications to contractual cash flows of loan / financing commitments and financial guarantees	<b>(5)</b>	<b>(7)</b>	<b>(220)</b>	<b>(232)</b>
Exchange differences	<b>212</b>	<b>-</b>	<b>-</b>	<b>212</b>
At 30 September 2019	<b>56,418</b>	<b>5,757</b>	<b>1,522</b>	<b>63,697</b>
At 1 January 2018	52,998	6,567	1,249	60,814
Changes due to loan / financing commitments and financial guarantees recognised as at 1 January 2018:	1,206	(850)	(356)	-
- Transfer to Stage 1: 12-Month ECL	2,456	(2,214)	(242)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(1,234)	1,445	(211)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(16)	(81)	97	-
Loan / financing commitments and financial guarantees derecognised	(4,646)	(2,297)	(79)	(7,022)
New loan / financing commitments and financial guarantees originated	8,041	4,076	38	12,155
Net remeasurement due to changes in credit risk	(4,811)	777	287	(3,747)
Modifications to contractual cash flows of loan / financing commitments and financial guarantees	(18)	-	8	(10)
Exchange differences	293	-	-	293
At 31 December 2018	53,063	8,273	1,147	62,483



**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A15. Other Liabilities** (continued)

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

<b>Bank</b>	<b>Lifetime ECL</b>			<b>Total RM'000</b>
	<b>12-Month ECL (Stage 1) RM'000</b>	<b>Not Credit- Impaired (Stage 2) RM'000</b>	<b>Credit- Impaired (Stage 3) RM'000</b>	
At 1 January 2019	34,345	7,065	1,012	42,422
Changes due to loan commitments and and financial guarantees recognised as at 1 January 2019:	1,327	(1,246)	(81)	-
- Transfer to Stage 1: 12-Month ECL	2,046	(1,962)	(84)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(710)	986	(276)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(9)	(270)	279	-
Loan commitments and financial guarantees derecognised	(2,804)	(2,004)	(41)	(4,849)
New loan commitments and financial guarantees originated	3,080	600	39	3,719
Net remeasurement due to changes in credit risk	(2,671)	705	482	(1,484)
Modifications to contractual cash flows of loan commitments and financial guarantees	(5)	(7)	(220)	(232)
At 30 September 2019	<b>33,272</b>	<b>5,113</b>	<b>1,191</b>	<b>39,576</b>
At 1 January 2018	35,909	5,346	976	42,231
Changes due to loan commitments and and financial guarantees recognised as at 1 January 2018:	724	(487)	(237)	-
- Transfer to Stage 1: 12-Month ECL	1,888	(1,714)	(174)	-
- Transfer to Stage 2: Lifetime ECL not credit-impaired	(1,149)	1,296	(147)	-
- Transfer to Stage 3: Lifetime ECL credit-impaired	(15)	(69)	84	-
Loan commitments and financial guarantees derecognised	(3,428)	(2,021)	(75)	(5,524)
New loan commitments and financial guarantees originated	4,759	3,499	38	8,296
Net remeasurement due to changes in credit risk	(3,601)	728	302	(2,571)
Modifications to contractual cash flows of loan commitments and financial guarantees	(18)	-	8	(10)
At 31 December 2018	<b>34,345</b>	<b>7,065</b>	<b>1,012</b>	<b>42,422</b>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A16. Interest Income**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b><u>Group</u></b>				
Loans and advances	3,459,773	3,486,067	10,391,664	10,229,770
Balances with banks	103,169	71,927	250,922	188,115
Financial investments at fair value through other comprehensive income	265,255	316,830	822,965	890,248
Financial investments at amortised cost	240,658	229,659	712,986	631,464
Others	24,852	23,755	68,251	71,403
	<u>4,093,707</u>	<u>4,128,238</u>	<u>12,246,788</u>	<u>12,011,000</u>
Financial assets at fair value through profit or loss	15,688	18,844	49,867	54,681
	<u>4,109,395</u>	<u>4,147,082</u>	<u>12,296,655</u>	<u>12,065,681</u>
	3rd Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b><u>Bank</u></b>				
Loans and advances	3,089,329	3,145,777	9,312,717	9,262,775
Balances with banks	72,153	44,173	160,016	101,059
Financial investments at fair value through other comprehensive income	215,398	269,175	674,052	752,510
Financial investments at amortised cost	213,862	206,949	633,419	572,524
Others	24,851	23,754	68,246	71,396
	<u>3,615,593</u>	<u>3,689,828</u>	<u>10,848,450</u>	<u>10,760,264</u>
Financial assets at fair value through profit or loss	15,448	12,661	48,926	36,747
	<u>3,631,041</u>	<u>3,702,489</u>	<u>10,897,376</u>	<u>10,797,011</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A17. Interest Expense**

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Deposits from banks	77,079	93,318	235,404	279,142
Deposits from customers	1,948,001	1,966,221	5,849,232	5,526,344
Loans sold to Cagamas	59,333	59,333	176,066	181,910
Debt securities issued and other borrowed funds	116,146	147,487	373,773	415,528
Others	12,568	3,246	35,352	8,157
	<u>2,213,127</u>	<u>2,269,605</u>	<u>6,669,827</u>	<u>6,411,081</u>
	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Deposits from banks	87,171	97,565	262,846	286,437
Deposits from customers	1,857,002	1,889,161	5,580,479	5,332,122
Loans sold to Cagamas	59,333	59,333	176,066	181,910
Debt securities issued and other borrowed funds	110,826	142,890	359,412	402,432
Others	15,178	3,246	45,211	8,157
	<u>2,129,510</u>	<u>2,192,195</u>	<u>6,424,014</u>	<u>6,211,058</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A18. Net Fee and Commission Income**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
<b><u>Group</u></b>				
(a) Fee and commission income:				
Commissions	159,392	159,333	459,260	439,016
Service charges and fees	78,823	82,186	233,216	250,452
Guarantee fees	8,638	8,881	26,406	23,724
Processing fees	7,312	5,859	18,783	16,715
Commitment fees	18,298	22,332	55,017	67,406
Unit trust management fees	272,096	269,053	794,649	797,375
Fee on sale of trust units	65,630	79,335	193,113	271,649
Brokerage and commissions from stockbroking activities	22,511	23,251	67,784	79,531
Other fee and commission income	12,643	9,711	57,328	38,126
	<u>645,343</u>	<u>659,941</u>	<u>1,905,556</u>	<u>1,983,994</u>
(b) Fee and commission expense:				
Unit trust agency fee	(105,062)	(115,461)	(307,391)	(358,449)
Debit / credit card related fee	(88,248)	(88,824)	(249,454)	(253,053)
Loan related fee	(3,870)	(3,316)	(10,833)	(9,710)
Other fee and commission expense	(3,954)	(5,212)	(13,681)	(15,552)
	<u>(201,134)</u>	<u>(212,813)</u>	<u>(581,359)</u>	<u>(636,764)</u>
Net fee and commission income	<u>444,209</u>	<u>447,128</u>	<u>1,324,197</u>	<u>1,347,230</u>
	<b>3rd Quarter Ended</b>	<b>30 September</b>	<b>Nine Months Ended</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
(a) Fee and commission income:				
Commissions	172,425	171,576	497,787	495,453
Service charges and fees	54,672	59,430	161,858	181,928
Guarantee fees	8,090	8,114	24,059	21,699
Processing fees	3,184	2,580	7,946	7,322
Commitment fees	16,495	20,546	49,757	62,034
Other fee and commission income	7,976	6,012	44,353	25,691
	<u>262,842</u>	<u>268,258</u>	<u>785,760</u>	<u>794,127</u>
(b) Fee and commission expense:				
Debit / credit card related fee	(87,454)	(88,123)	(247,213)	(251,064)
Loan related fee	(3,230)	(2,688)	(9,075)	(7,730)
Other fee and commission expense	(2,670)	(3,125)	(8,968)	(10,107)
	<u>(93,354)</u>	<u>(93,936)</u>	<u>(265,256)</u>	<u>(268,901)</u>
Net fee and commission income	<u>169,488</u>	<u>174,322</u>	<u>520,504</u>	<u>525,226</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A19. Net Gains and Losses on Financial Instruments**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
<b><u>Group</u></b>				
Net gain / (loss) arising on financial assets at fair value through profit or loss:				
- net gain on disposal	4,449	747	17,863	755
- gross dividend income	524	-	2,097	1,573
- unrealised revaluation (loss) / gain	(780)	8,041	21,229	7,781
	<u>4,193</u>	<u>8,788</u>	<u>41,189</u>	<u>10,109</u>
Net (loss) / gain arising on trading derivatives				
- unrealised revaluation (loss) / gain	(3)	(88)	(20)	23
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	18,249	8,612	94,424	30,320
- gross dividend income	459	456	1,584	1,078
	<u>18,708</u>	<u>9,068</u>	<u>96,008</u>	<u>31,398</u>
Net (loss) / gain representing ineffective portions of hedging derivatives:				
- fair value hedge	(1,952)	(99)	(800)	64
- cash flow hedge	(407)	(259)	(2,515)	1,886
	<u>(2,359)</u>	<u>(358)</u>	<u>(3,315)</u>	<u>1,950</u>
Net gains and losses on financial instruments	<u>20,539</u>	<u>17,410</u>	<u>133,862</u>	<u>43,480</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>Bank</b>				
Net gain / (loss) arising on financial assets at fair value through profit or loss:				
- net gain on disposal	4,184	747	17,597	751
- gross dividend income	494	-	1,977	1,483
- unrealised revaluation (loss) / gain	(658)	7,581	20,001	7,317
	<u>4,020</u>	<u>8,328</u>	<u>39,575</u>	<u>9,551</u>
Net (loss) / gain arising on trading derivatives				
- unrealised revaluation (loss) / gain	(3)	(88)	(20)	23
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	17,235	8,087	90,395	29,794
- gross dividend income	187	186	987	186
	<u>17,422</u>	<u>8,273</u>	<u>91,382</u>	<u>29,980</u>
Net (loss) / gain representing ineffective portions of hedging derivatives:				
- fair value hedge	(74)	(56)	106	60
- cash flow hedge	(407)	(259)	(2,515)	1,886
	<u>(481)</u>	<u>(315)</u>	<u>(2,409)</u>	<u>1,946</u>
Net gains and losses on financial instruments	<u>20,958</u>	16,198	<u>128,528</u>	41,500

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A20. Other Operating Income**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
<b><u>Group</u></b>				
Other income:				
Foreign exchange profit	<b>68,062</b>	66,373	<b>206,096</b>	205,977
Rental income from:				
- investment properties	<b>4,144</b>	3,319	<b>11,826</b>	9,641
- other properties	<b>2,440</b>	2,908	<b>7,808</b>	9,473
Net gain on disposal of property and equipment	<b>207</b>	71	<b>596</b>	438
Net (loss) / gain on disposal of foreclosed properties	<b>(723)</b>	333	<b>428</b>	893
Net gain on revaluation of investment properties	<b>3,373</b>	20	<b>39,222</b>	15,619
Others	<b>20,697</b>	18,593	<b>58,605</b>	51,993
Total other operating income	<b>98,200</b>	91,617	<b>324,581</b>	294,034
	<b>3rd Quarter Ended</b>	<b>30 September</b>	<b>Nine Months Ended</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Distribution income from collective investments	<b>52,121</b>	51,318	<b>154,730</b>	148,536
Dividend income from subsidiary companies				
- quoted outside Malaysia	-	-	<b>21,300</b>	20,681
- unquoted in Malaysia	-	46,244	<b>332,243</b>	417,487
	<b>52,121</b>	97,562	<b>508,273</b>	586,704
Other income / (loss):				
Foreign exchange profit / (loss)	<b>14,173</b>	(48,374)	<b>134,927</b>	77,653
Rental income from other properties	<b>3,040</b>	2,816	<b>9,606</b>	9,201
Net gain on disposal of property and equipment	<b>115</b>	30	<b>427</b>	365
Net (loss) / gain on disposal of foreclosed properties	<b>(723)</b>	333	<b>428</b>	893
Others	<b>16,806</b>	12,686	<b>49,778</b>	40,523
	<b>33,411</b>	(32,509)	<b>195,166</b>	128,635
Total other operating income	<b>85,532</b>	65,053	<b>703,439</b>	715,339

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A21. Other Operating Expenses**

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
Personnel costs				
- Salaries, allowances and bonuses	<b>567,596</b>	521,731	<b>1,683,201</b>	1,569,501
- Pension costs	<b>74,494</b>	67,373	<b>222,531</b>	204,265
- Others	<b>41,195</b>	39,590	<b>129,472</b>	122,322
	<b>683,285</b>	628,694	<b>2,035,204</b>	1,896,088
Establishment costs				
- Depreciation	<b>86,602</b>	57,630	<b>256,877</b>	167,782
- Rental	<b>6,003</b>	32,465	<b>17,867</b>	95,395
- Insurance	<b>6,006</b>	5,675	<b>18,771</b>	16,915
- Water and electricity	<b>13,794</b>	13,155	<b>39,081</b>	37,312
- General repairs and maintenance	<b>28,911</b>	25,589	<b>86,595</b>	74,881
- Information technology expenses	<b>16,064</b>	12,144	<b>46,496</b>	37,975
- Others	<b>19,946</b>	18,510	<b>58,896</b>	53,630
	<b>177,326</b>	165,168	<b>524,583</b>	483,890
Marketing expenses				
- Advertisement and publicity	<b>14,471</b>	14,742	<b>44,097</b>	45,179
- Others	<b>21,119</b>	23,732	<b>61,498</b>	72,077
	<b>35,590</b>	38,474	<b>105,595</b>	117,256
Administration and general expenses				
- Communication expenses	<b>14,526</b>	11,421	<b>41,455</b>	38,088
- Legal and professional fees	<b>9,864</b>	9,891	<b>27,236</b>	31,192
- Others	<b>32,113</b>	36,083	<b>100,014</b>	120,810
	<b>56,503</b>	57,395	<b>168,705</b>	190,090
Total other operating expenses	<b>952,704</b>	889,731	<b>2,834,087</b>	2,687,324



**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A21. Other Operating Expenses (continued)**

<b><u>Bank</u></b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
Personnel costs				
- Salaries, allowances and bonuses	<b>427,053</b>	394,774	<b>1,269,685</b>	1,186,173
- Pension costs	<b>63,604</b>	58,049	<b>191,417</b>	176,191
- Others	<b>33,021</b>	32,032	<b>104,471</b>	99,935
	<b><u>523,678</u></b>	<u>484,855</u>	<b><u>1,565,573</u></b>	<u>1,462,299</u>
Establishment costs				
- Depreciation	<b>67,840</b>	44,110	<b>203,570</b>	131,575
- Rental	<b>1,035</b>	25,606	<b>3,066</b>	75,558
- Insurance	<b>5,179</b>	5,031	<b>16,002</b>	14,525
- Water and electricity	<b>9,150</b>	8,927	<b>26,978</b>	25,726
- General repairs and maintenance	<b>25,431</b>	22,866	<b>74,529</b>	65,540
- Information technology expenses	<b>8,067</b>	5,270	<b>22,954</b>	17,919
- Others	<b>12,187</b>	11,967	<b>36,094</b>	33,069
	<b><u>128,889</u></b>	<u>123,777</u>	<b><u>383,193</u></b>	<u>363,912</u>
Marketing expenses				
- Advertisement and publicity	<b>4,812</b>	5,048	<b>17,120</b>	16,510
- Others	<b>12,676</b>	11,179	<b>38,887</b>	35,004
	<b><u>17,488</u></b>	<u>16,227</u>	<b><u>56,007</u></b>	<u>51,514</u>
Administration and general expenses				
- Communication expenses	<b>11,334</b>	8,646	<b>30,795</b>	28,815
- Legal and professional fees	<b>6,748</b>	6,813	<b>19,047</b>	21,849
- Others	<b>17,155</b>	21,394	<b>53,432</b>	70,805
	<b><u>35,237</u></b>	<u>36,853</u>	<b><u>103,274</u></b>	<u>121,469</u>
Cost of resource sharing charged to Public Islamic Bank Berhad *	<b>(103,513)</b>	(94,504)	<b>(307,410)</b>	(280,707)
<b>Total other operating expenses</b>	<b><u><u>601,779</u></u></b>	<u><u>567,208</u></u>	<b><u><u>1,800,637</u></u></b>	<u><u>1,718,487</u></u>

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

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
Credit related	<b>(53,275)</b>	(50,872)	<b>(159,126)</b>	(152,442)
Non-credit branch support	<b>(31,491)</b>	(26,574)	<b>(95,342)</b>	(79,454)
Other administration services	<b>(18,747)</b>	(17,058)	<b>(52,942)</b>	(48,811)
	<b><u>(103,513)</u></b>	<u>(94,504)</u>	<b><u>(307,410)</u></b>	<u>(280,707)</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A22. Allowance for Impairment on Loans, Advances and Financing**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
<b><u>Group</u></b>				
Expected credit losses	126,909	129,987	302,516	325,072
Impaired loans and financing written off	14	32	30	79
Impaired loans and financing recovered	(77,702)	(81,144)	(191,321)	(190,321)
	<u>49,221</u>	<u>48,875</u>	<u>111,225</u>	<u>134,830</u>
	<b>3rd Quarter Ended</b>	<b>30 September</b>	<b>Nine Months Ended</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Expected credit losses	60,376	74,677	119,463	160,686
Impaired loans written off	14	32	30	78
Impaired loans recovered	(31,673)	(27,430)	(100,805)	(90,238)
	<u>28,717</u>	<u>47,279</u>	<u>18,688</u>	<u>70,526</u>

**PUBLIC BANK BERHAD**  
(6463-H)  
(Incorporated in Malaysia)

**A23. Segment Information**

3rd Quarter Ended 30 September 2019	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	636,507	2,786,475	495,270	362,512	36,088	338,154	13,314	448,430	5,116,750	497,547	-	5,614,297
Revenue from other segments	1,731	395,203	11,643	498,917	214	12,947	409	115,251	1,036,315	23,568	(1,059,883)	-
	<b>638,238</b>	<b>3,181,678</b>	<b>506,913</b>	<b>861,429</b>	<b>36,302</b>	<b>351,101</b>	<b>13,723</b>	<b>563,681</b>	<b>6,153,065</b>	<b>521,115</b>	<b>(1,059,883)</b>	<b>5,614,297</b>
Net interest income / (expense) and Islamic banking income	160,015	1,261,229	143,853	(24,900)	6,801	2,818	(5,727)	326,118	1,870,207	325,568	-	2,195,775
Other income / (loss)	962	178,998	6,350	79,765	13,066	224,031	13,527	(2,735)	513,964	58,417	(9,433)	562,948
Net income	160,977	1,440,227	150,203	54,865	19,867	226,849	7,800	323,383	2,384,171	383,985	(9,433)	2,758,723
Other operating expenses (Allowance) / Writeback of	(62,675)	(487,393)	(4,144)	(11,513)	(10,362)	(61,674)	(6,525)	(146,620)	(790,906)	(171,231)	9,433	(952,704)
allowance for impairment on loans, advances and financing	(15,601)	(27,090)	3,441	-	(308)	(48)	-	-	(39,606)	(9,615)	-	(49,221)
Writeback of allowance / (Allowance) for impairment on other assets	-	3,854	-	(199)	(16)	-	-	(404)	3,235	219	-	3,454
Profit by segments	<b>82,701</b>	<b>929,598</b>	<b>149,500</b>	<b>43,153</b>	<b>9,181</b>	<b>165,127</b>	<b>1,275</b>	<b>176,359</b>	<b>1,556,894</b>	<b>203,358</b>	<b>-</b>	<b>1,760,252</b>
Reconciliation of segment profits to consolidated profits: Share of profit after tax of equity accounted associated companies									1,565	-		1,565
Profit before tax expense and zakat									<b>1,558,459</b>	<b>203,358</b>		<b>1,761,817</b>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A23. Segment Information (continued)**

3rd Quarter Ended 30 September 2018	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	640,422	2,818,863	498,219	389,603	41,708	348,766	1,692	425,044	5,164,317	460,359	-	5,624,676
Revenue from other segments	1,870	376,437	11,479	526,700	340	12,801	11,948	123,031	1,064,606	15,229	(1,079,835)	-
	<u>642,292</u>	<u>3,195,300</u>	<u>509,698</u>	<u>916,303</u>	<u>42,048</u>	<u>361,567</u>	<u>13,640</u>	<u>548,075</u>	<u>6,228,923</u>	<u>475,588</u>	<u>(1,079,835)</u>	<u>5,624,676</u>
Net interest income / (expense) and Islamic banking income	166,027	1,179,499	135,124	68,210	6,383	5,581	(5,991)	284,106	1,838,939	303,682	-	2,142,621
Other income / (loss)	985	178,264	8,714	85,850	15,510	224,159	13,190	(1,381)	525,291	52,624	(21,760)	556,155
Net income	<u>167,012</u>	<u>1,357,763</u>	<u>143,838</u>	<u>154,060</u>	<u>21,893</u>	<u>229,740</u>	<u>7,199</u>	<u>282,725</u>	<u>2,364,230</u>	<u>356,306</u>	<u>(21,760)</u>	<u>2,698,776</u>
Other operating expenses	(56,981)	(460,265)	(3,800)	(10,427)	(8,628)	(60,088)	(6,340)	(148,788)	(755,317)	(156,174)	21,760	(889,731)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(41,880)	21,984	(33,988)	-	105	(42)	-	-	(53,821)	4,946	-	(48,875)
Writeback of allowance / (Allowance) for impairment on other assets	-	262	-	(364)	(5)	-	-	261	154	(123)	-	31
Profit by segments	<u>68,151</u>	<u>919,744</u>	<u>106,050</u>	<u>143,269</u>	<u>13,365</u>	<u>169,610</u>	<u>859</u>	<u>134,198</u>	<u>1,555,246</u>	<u>204,955</u>	<u>-</u>	<u>1,760,201</u>
Reconciliation of segment profits to consolidated profits: Share of loss after tax of equity accounted associated companies									(440)	-		(440)
Profit before tax expense and zakat									<u>1,554,806</u>	<u>204,955</u>		<u>1,759,761</u>

**PUBLIC BANK BERHAD**  
(6463-H)  
(Incorporated in Malaysia)

**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					
<b>Nine Months Ended 30 September 2019</b>												
External revenue	1,902,280	8,359,156	1,506,671	1,082,810	108,502	989,028	56,966	1,317,032	15,322,445	1,458,165	-	16,780,610
Revenue from other segments	3,198	1,128,703	30,868	1,529,811	640	36,928	1,185	374,133	3,105,466	66,155	(3,171,621)	-
	<b>1,905,478</b>	<b>9,487,859</b>	<b>1,537,539</b>	<b>2,612,621</b>	<b>109,142</b>	<b>1,025,956</b>	<b>58,151</b>	<b>1,691,165</b>	<b>18,427,911</b>	<b>1,524,320</b>	<b>(3,171,621)</b>	<b>16,780,610</b>
Net interest income / (expense) and Islamic banking income	490,894	3,679,713	410,420	(13,451)	19,017	7,375	(17,599)	940,864	5,517,233	952,322	-	6,469,555
Other income	2,315	529,560	40,623	261,758	40,965	655,063	57,460	41,600	1,629,344	183,526	(30,230)	1,782,640
Net income	493,209	4,209,273	451,043	248,307	59,982	662,438	39,861	982,464	7,146,577	1,135,848	(30,230)	8,252,195
Other operating expenses (Allowance) / Writeback of allowance for impairment on loans, advances and financing	(187,256)	(1,466,997)	(13,237)	(33,627)	(32,987)	(178,432)	(19,994)	(430,763)	(2,363,293)	(501,024)	30,230	(2,834,087)
Writeback of allowance / (Allowance) for impairment on other assets	(55,956)	(9,928)	15,960	-	(1,851)	(14)	-	-	(51,789)	(59,436)	-	(111,225)
Profit by segments	-	1,865	-	430	18	-	-	(150)	2,163	89	-	2,252
	<b>249,997</b>	<b>2,734,213</b>	<b>453,766</b>	<b>215,110</b>	<b>25,162</b>	<b>483,992</b>	<b>19,867</b>	<b>551,551</b>	<b>4,733,658</b>	<b>575,477</b>	<b>-</b>	<b>5,309,135</b>
Reconciliation of segment profits to consolidated profits: Share of profit after tax of equity accounted associated companies									2,516	-		2,516
Profit before tax expense and zakat									<b>4,736,174</b>	<b>575,477</b>		<b>5,311,651</b>
Cost income ratio	38.0%	34.9%	2.9%	13.5%	55.0%	26.9%	50.2%	43.8%	33.1%	44.1%		34.3%

**PUBLIC BANK BERHAD**  
(6463-H)  
(Incorporated in Malaysia)

**A23. Segment Information (continued)**

Nine Months Ended 30 September 2019	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
Gross loans, advances and financing	48,885,713	212,272,689	42,070,447	-	364,028	102,953	1,800	-	303,697,630	23,540,070	-	327,237,700
Loans growth	1.8%	3.7%	2.7%	-	-3.0%	4.0%	8.2%	-	3.3%	1.3%	-	3.1%
Impaired loans, advances and financing	254,112	1,029,018	100,793	-	1,739	371	-	-	1,386,033	318,684	-	1,704,717
Impaired loan and financing ratio	0.5%	0.5%	0.2%	-	0.5%	0.4%	-	-	0.5%	1.4%	-	0.5%
Deposits from customers	-	251,547,192	237,685	65,915,094	735,528	-	-	-	318,435,499	28,773,300	-	347,208,799
Deposits growth	-	1.5%	-27.9%	7.5%	-27.1%	-	-	-	2.5%	0.7%	-	2.4%
Segment assets	<b>48,663,061</b>	<b>258,925,445</b>	<b>41,652,237</b>	<b>80,177,333</b>	<b>1,963,015</b>	<b>512,097</b>	<b>839,859</b>	<b>47,316,994</b>	<b>480,050,041</b>	<b>40,131,094</b>	<b>(96,033,420)</b>	<b>424,147,715</b>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									74,678	16		74,694
Unallocated assets									936,586	-		936,586
Intangible assets									775,493	1,693,405		2,468,898
Total assets									<b>481,836,798</b>	<b>41,824,515</b>		<b>427,627,893</b>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A23. Segment Information (continued)**

<b>Nine Months Ended 30 September 2018</b>	----- Operating Segments -----							<b>Head Office RM'000</b>	<b>Total Domestic Operations RM'000</b>	<b>Total Overseas Operations RM'000</b>	<b>Inter- segment Elimination RM'000</b>	<b>Group Total RM'000</b>
	<b>Hire Purchase RM'000</b>	<b>Retail Operations RM'000</b>	<b>Corporate Lending RM'000</b>	<b>Treasury and Capital Market Operations RM'000</b>	<b>Investment Banking RM'000</b>	<b>Fund Management RM'000</b>	<b>Others RM'000</b>					
External revenue	1,916,570	8,251,207	1,471,601	1,018,801	130,475	1,070,120	18,741	1,227,057	15,104,572	1,305,195	-	16,409,767
Revenue from other segments	3,454	958,688	29,201	1,683,138	478	36,526	31,857	372,934	3,116,276	41,487	(3,157,763)	-
	<u>1,920,024</u>	<u>9,209,895</u>	<u>1,500,802</u>	<u>2,701,939</u>	<u>130,953</u>	<u>1,106,646</u>	<u>50,598</u>	<u>1,599,991</u>	<u>18,220,848</u>	<u>1,346,682</u>	<u>(3,157,763)</u>	<u>16,409,767</u>
Net interest income / (expense) and												
Islamic banking income	517,857	3,512,540	397,481	280,142	18,464	15,222	(17,496)	837,251	5,561,461	886,591	-	6,448,052
Other income	2,367	532,924	33,916	249,511	51,899	669,685	49,979	8,545	1,598,826	149,586	(63,668)	1,684,744
Net income	520,224	4,045,464	431,397	529,653	70,363	684,907	32,483	845,796	7,160,287	1,036,177	(63,668)	8,132,796
Other operating expenses	(182,365)	(1,380,279)	(11,679)	(31,027)	(31,410)	(176,035)	(19,144)	(456,887)	(2,288,826)	(462,166)	63,668	(2,687,324)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(97,817)	67,914	(35,724)	-	174	367	-	-	(65,086)	(69,744)	-	(134,830)
Writeback of allowance / (Allowance) for impairment on other assets	-	207	-	(488)	(15)	-	-	(561)	(857)	(1,065)	-	(1,922)
Profit by segments	<u>240,042</u>	<u>2,733,306</u>	<u>383,994</u>	<u>498,138</u>	<u>39,112</u>	<u>509,239</u>	<u>13,339</u>	<u>388,348</u>	<u>4,805,518</u>	<u>503,202</u>	<u>-</u>	<u>5,308,720</u>
Reconciliation of segment profits to consolidated profits: Share of profit after tax of equity accounted associated companies									2,726	-		2,726
Profit before tax expense and zakat									<u>4,808,244</u>	<u>503,202</u>		<u>5,311,446</u>
Cost income ratio	35.1%	34.1%	2.7%	5.9%	44.6%	25.7%	58.9%	54.0%	32.0%	44.6%		33.0%

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A23. Segment Information (continued)**

Nine Months Ended 30 September 2018	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
Gross loans, advances and financing Loans growth	48,500,856 0.7%	201,968,727 3.9%	40,681,277 3.5%	- -	370,476 -5.7%	95,448 7.4%	1,724 8.2%	- -	291,618,508 3.3%	22,855,448 3.3%		314,473,956 3.3%
Impaired loans, advances and financing	303,780	935,835	38,398	-	-	398	-	-	1,278,411	343,501		1,621,912
Impaired loan and financing ratio	0.6%	0.5%	0.1%	-	-	0.4%	-	-	0.4%	1.5%		0.5%
Deposits from customers	-	244,957,651	396,656	60,722,243	910,729	-	-	-	306,987,279	27,948,156		334,935,435
Deposits growth	-	4.0%	55.5%	7.6%	-6.5%	-	-	-	4.7%	7.2%		4.9%
Segment assets	<u>48,241,928</u>	<u>252,629,466</u>	<u>40,310,118</u>	<u>77,415,245</u>	<u>2,340,570</u>	<u>416,096</u>	<u>866,393</u>	<u>44,659,740</u>	<u>466,879,556</u>	<u>36,626,340</u>	<u>(92,138,204)</u>	<u>411,367,692</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									37,954	16		37,970
Unallocated assets									853,559	-		853,559
Intangible assets									775,493	1,682,780		2,458,273
Total assets									<u>468,546,562</u>	<u>38,309,136</u>		<u>414,717,494</u>



**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**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 2019.

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**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:

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Contingent liabilities</b>				
Direct credit substitutes	<b>956,737</b>	974,325	<b>920,629</b>	937,413
Transaction-related contingent items	<b>1,709,986</b>	1,650,611	<b>1,419,758</b>	1,382,478
Short term self-liquidating trade-related contingencies	<b>668,552</b>	574,080	<b>120,437</b>	121,726
	<b>3,335,275</b>	3,199,016	<b>2,460,824</b>	2,441,617
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	<b>28,127,141</b>	26,224,596	<b>22,229,313</b>	21,269,141
- not exceeding one year	<b>24,026,864</b>	23,502,389	<b>19,487,698</b>	19,505,430
Unutilised credit card lines	<b>7,647,717</b>	7,098,371	<b>7,326,015</b>	6,799,934
Forward asset purchases	<b>562,861</b>	323,665	<b>455,837</b>	323,665
	<b>60,364,583</b>	57,149,021	<b>49,498,863</b>	47,898,170
<b>Derivative financial instruments</b>				
Foreign exchange related contracts:				
- up to one year	<b>19,180,529</b>	22,574,272	<b>17,935,983</b>	22,040,029
- more than one year to five years	<b>3,499,029</b>	3,253,717	<b>3,499,029</b>	3,253,717
Interest / Profit rate related contracts:				
- up to one year	<b>2,368,000</b>	5,139,280	<b>2,848,000</b>	5,315,200
- more than one year to five years	<b>4,351,920</b>	4,626,640	<b>4,768,110</b>	5,173,920
- more than five years	<b>431,622</b>	426,008	<b>2,000,000</b>	2,000,000
Commodity related contracts:				
- up to one year	<b>577</b>	382	<b>577</b>	382
	<b>29,831,677</b>	36,020,299	<b>31,051,699</b>	37,783,248
	<b>93,531,535</b>	96,368,336	<b>83,011,386</b>	88,123,035

**PUBLIC BANK BERHAD**  
(6463-H)  
(Incorporated in Malaysia)

**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 2019	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	1,287,729	-	-	1,287,729	5,477	-	-	5,477	2,893	-	-	2,893
- Swaps	17,850,057	-	-	17,850,057	70,439	-	-	70,439	86,058	-	-	86,058
- Options	42,743	-	-	42,743	-	-	-	-	-	-	-	-
Interest / Profit rate related contracts												
- Swaps	1,438,000	-	-	1,438,000	973	-	-	973	125	-	-	125
Precious metal contracts												
- Forwards	577	-	-	577	1	-	-	1	-	-	-	-
	<u>20,619,106</u>	<u>-</u>	<u>-</u>	<u>20,619,106</u>	<u>76,890</u>	<u>-</u>	<u>-</u>	<u>76,890</u>	<u>89,076</u>	<u>-</u>	<u>-</u>	<u>89,076</u>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	-	303,810	431,622	735,432	-	474	-	474	-	2,040	27,620	29,660
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	1,047,625	419,050	1,466,675	-	6,174	3,015	9,189	-	32,773	-	32,773
Interest / Profit rate related contracts												
- Swaps	930,000	3,623,110	425,000	4,978,110	-	4,493	-	4,493	2,440	26,538	6,674	35,652
<b>Net Investment Hedge</b>												
Foreign exchange contracts												
- Forwards	-	-	2,032,354	2,032,354	-	-	-	-	-	-	115,617	115,617
	<u>930,000</u>	<u>4,974,545</u>	<u>3,308,026</u>	<u>9,212,571</u>	<u>-</u>	<u>11,141</u>	<u>3,015</u>	<u>14,156</u>	<u>2,440</u>	<u>61,351</u>	<u>149,911</u>	<u>213,702</u>
<b>Total</b>	<u>21,549,106</u>	<u>4,974,545</u>	<u>3,308,026</u>	<u>29,831,677</u>	<u>76,890</u>	<u>11,141</u>	<u>3,015</u>	<u>91,046</u>	<u>91,516</u>	<u>61,351</u>	<u>149,911</u>	<u>302,778</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A27. Derivative Financial Instruments** (continued)

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

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

**PUBLIC BANK BERHAD**  
(6463-H)  
(Incorporated in Malaysia)

**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	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
<b>As at 30 September 2019</b>												
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	907,255	-	-	907,255	4,125	-	-	4,125	1,566	-	-	1,566
- Swaps	16,985,985	-	-	16,985,985	69,951	-	-	69,951	83,297	-	-	83,297
- Options	42,743	-	-	42,743	-	-	-	-	-	-	-	-
Interest rate related contracts												
- Swaps	1,788,000	-	-	1,788,000	1,076	-	-	1,076	125	-	-	125
Precious metal contracts												
- Forwards	577	-	-	577	1	-	-	1	-	-	-	-
	<u>19,724,560</u>	<u>-</u>	<u>-</u>	<u>19,724,560</u>	<u>75,153</u>	<u>-</u>	<u>-</u>	<u>75,153</u>	<u>84,988</u>	<u>-</u>	<u>-</u>	<u>84,988</u>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	-	220,000	-	220,000	-	-	-	-	-	2,040	-	2,040
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	1,047,625	419,050	1,466,675	-	6,174	3,015	9,189	-	32,773	-	32,773
Interest rate related contracts												
- Swaps	1,060,000	4,123,110	2,425,000	7,608,110	198	9,318	89,832	99,348	2,440	26,538	6,674	35,652
<b>Net Investment Hedge</b>												
Foreign exchange contracts												
- Forwards	-	-	2,032,354	2,032,354	-	-	-	-	-	-	115,617	115,617
	<u>1,060,000</u>	<u>5,390,735</u>	<u>4,876,404</u>	<u>11,327,139</u>	<u>198</u>	<u>15,492</u>	<u>92,847</u>	<u>108,537</u>	<u>2,440</u>	<u>61,351</u>	<u>122,291</u>	<u>186,082</u>
<b>Total</b>	<u>20,784,560</u>	<u>5,390,735</u>	<u>4,876,404</u>	<u>31,051,699</u>	<u>75,351</u>	<u>15,492</u>	<u>92,847</u>	<u>183,690</u>	<u>87,428</u>	<u>61,351</u>	<u>122,291</u>	<u>271,070</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A27. Derivative Financial Instruments** (continued)

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

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**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 counterparty may be unable to meet the terms of a contract in which the Group and the Bank have a gain in a contract. As at the reporting date, the amounts of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, were RM91,046,000 (2018: RM185,891,000) and RM183,690,000 (2018: RM193,101,000) respectively. These amounts will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**Liquidity Risk**

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

- iii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at the reporting date, the Group and the Bank had posted cash collateral of RM251,228,000 (2018: RM118,620,000) on their derivative contracts.

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

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

**PUBLIC BANK BERHAD**  
(6463-H)  
(Incorporated in Malaysia)

**A28. a) Fair Value Measurements**

Determination of Fair Value and Fair Value Hierarchy

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

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

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

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

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

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30 September 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	1,225,764	-	1,225,764
- Money market instruments	-	1,196,457	-	1,196,457
- Non-money market instruments	-	34,980	445,428	480,408
	-	2,457,201	445,428	2,902,629
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	33,886,140	-	33,886,140
- Money market instruments	-	974,657	-	974,657
- Non-money market instruments	1,722	5,269,709	352,368	5,623,799
	1,722	40,130,506	352,368	40,484,596
Derivative financial assets	-	91,046	-	91,046
Total financial assets measured at fair value	1,722	42,678,753	797,796	43,478,271
<b>Non-financial assets</b>				
Investment properties	-	-	745,312	745,312
<b>Financial liabilities</b>				
Derivative financial liabilities	-	302,778	-	302,778
Total financial liabilities measured at fair value	-	302,778	-	302,778



**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A28. a) Fair Value Measurements (continued)**

Determination of Fair Value and Fair Value Hierarchy (continued)

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

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A28. a) Fair Value Measurements (continued)**

Determination of Fair Value and Fair Value Hierarchy (continued)

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

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30 September 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	1,205,260	-	1,205,260
- Non-money market instruments	-	-	419,940	419,940
	-	1,205,260	419,940	1,625,200
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	23,247,936	-	23,247,936
- Money market instruments	-	924,759	-	924,759
- Non-money market instruments	-	1,833,511	345,880	2,179,391
	-	26,006,206	345,880	26,352,086
Derivative financial assets	-	183,690	-	183,690
Total financial assets measured at fair value	-	27,395,156	765,820	28,160,976
<b>Financial liabilities</b>				
Derivative financial liabilities	-	271,070	-	271,070
Total financial liabilities measured at fair value	-	271,070	-	271,070

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A28. a) Fair Value Measurements** (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

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

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A28. a) Fair Value Measurements (continued)**

Determination of Fair Value and Fair Value Hierarchy (continued)

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

Group	<- Unquoted Equity Securities ->			Total RM'000
	Financial Assets at Fair Value Through Profit or Loss RM'000	Financial Investments at Fair Value Through Other Comprehensive Income RM'000	Investment Properties RM'000	
At 1 January 2019	423,949	344,996	719,207	1,488,152
Recognised in profit or loss				
- unrealised revaluation gain	21,479	-	39,222	60,701
Recognised in other comprehensive income				
- unrealised revaluation gain	-	7,000	-	7,000
- realised gain on disposal	-	5	-	5
Disposal	-	(383)	(2,200)	(2,583)
Transfer from owner occupied property	-	-	8,390	8,390
Transfer to owner occupied property	-	-	(17,456)	(17,456)
Reversal of over-provision	-	-	(4,320)	(4,320)
Exchange differences	-	750	2,469	3,219
At 30 September 2019	<b>445,428</b>	<b>352,368</b>	<b>745,312</b>	<b>1,543,108</b>
At 1 January 2018	415,900	316,584	688,052	1,420,536
Recognised in profit or loss				
- unrealised revaluation gain	8,049	-	49,035	57,084
Recognised in other comprehensive income				
- unrealised revaluation gain	-	28,165	-	28,165
Addition	-	-	24,892	24,892
Disposal	-	(114)	-	(114)
Transfer from owner occupied property	-	-	5,573	5,573
Transfer to owner occupied property	-	-	(27,863)	(27,863)
Reversal of over-provision	-	-	(24,000)	(24,000)
Exchange differences	-	361	3,518	3,879
At 31 December 2018	<b>423,949</b>	<b>344,996</b>	<b>719,207</b>	<b>1,488,152</b>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A28. a) Fair Value Measurements (continued)**

Determination of Fair Value and Fair Value Hierarchy (continued)

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

<b>Bank</b>	<b>&lt;- Unquoted Equity Securities -&gt;</b>		
	<b>Financial Assets at Fair Value Through Profit or Loss RM'000</b>	<b>Financial Investments at Fair Value Through Other Comprehensive Income RM'000</b>	<b>Total RM'000</b>
At 1 January 2019	399,690	338,498	738,188
Recognised in profit or loss			
- unrealised revaluation gain	20,250	-	20,250
Recognised in other comprehensive income			
- unrealised revaluation gain	-	7,055	7,055
- realised gain on disposal	-	5	5
Disposal	-	(383)	(383)
Exchange differences	-	705	705
At 30 September 2019	<b>419,940</b>	<b>345,880</b>	<b>765,820</b>
At 1 January 2018	392,102	310,154	702,256
Recognised in profit or loss			
- unrealised revaluation gain	7,588	-	7,588
Recognised in other comprehensive income			
- unrealised revaluation gain	-	28,166	28,166
Disposal	-	(114)	(114)
Exchange differences	-	292	292
At 31 December 2018	<b>399,690</b>	<b>338,498</b>	<b>738,188</b>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A28. a) Fair Value Measurements (continued)**

Determination of Fair Value and Fair Value Hierarchy (continued)

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

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

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

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

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**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):

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2019</b>	<b>31 December 2018</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
<u>Before deducting interim dividends *</u>				
Common Equity Tier I ("CET I") capital ratio	<b>13.120%</b>	13.628%	<b>11.813%</b>	12.657%
Tier I capital ratio	<b>13.497%</b>	14.270%	<b>12.258%</b>	13.428%
Total capital ratio	<b>16.457%</b>	16.840%	<b>15.425%</b>	15.963%
<u>After deducting interim dividends *</u>				
CET I capital ratio	<b>13.120%</b>	13.092%	<b>11.813%</b>	11.989%
Tier I capital ratio	<b>13.497%</b>	13.734%	<b>12.258%</b>	12.760%
Total capital ratio	<b>16.457%</b>	16.304%	<b>15.425%</b>	15.295%

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Components of CET I, Tier I and Tier II capital:				
<u>CET I / Tier I capital:</u>				
Share capital	<b>9,417,653</b>	9,417,653	<b>9,417,653</b>	9,417,653
Other reserves	<b>1,492,755</b>	1,247,057	<b>853,444</b>	759,892
Retained profits	<b>27,636,349</b>	28,051,532	<b>23,041,305</b>	23,619,722
Qualifying non-controlling interests	<b>707,313</b>	702,333	-	-
Less: Goodwill and other intangible assets	<b>(2,468,898)</b>	(2,454,755)	<b>(695,393)</b>	(695,393)
Less: Deferred tax assets, net	<b>(78,035)</b>	(81,374)	-	-
Less: Defined benefit pension fund assets	<b>(220,425)</b>	(249,036)	<b>(217,328)</b>	(245,535)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	<b>(99,684)</b>	(92,847)	<b>(6,183,241)</b>	(5,644,441)
Total CET I capital	<b>36,387,028</b>	36,540,563	<b>26,216,440</b>	27,211,898
Additional Tier I capital securities	<b>99,552</b>	99,462	<b>99,552</b>	99,462
Non-innovative Tier I stapled securities	<b>888,000</b>	1,559,840	<b>888,000</b>	1,559,840
Qualifying CET I and additional Tier I capital instruments held by third parties	<b>59,823</b>	61,325	-	-
Total Tier I capital	<b>37,434,403</b>	38,261,190	<b>27,203,992</b>	28,871,200

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A29. Capital Adequacy (continued)**

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

	Group		Bank	
	30 September 2019 RM'000	31 December 2018 RM'000	30 September 2019 RM'000	31 December 2018 RM'000
<u>Tier II capital</u>				
Stage 1 and Stage 2 expected credit loss allowances	1,678,059	1,706,858	1,238,023	1,277,949
Qualifying regulatory reserves	1,475,174	1,340,126	1,290,444	1,171,183
Subordinated notes	4,499,984	2,999,980	4,499,984	2,999,980
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	435,265	724,569	-	-
Others	120,573	119,871	-	-
Total Tier II capital	<u>8,209,055</u>	<u>6,891,404</u>	<u>7,028,451</u>	<u>5,449,112</u>
Total capital	<u>45,643,458</u>	<u>45,152,594</u>	<u>34,232,443</u>	<u>34,320,312</u>

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

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

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



**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A29. Capital Adequacy** (continued)

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

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

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

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
Credit risk	<b>252,258,603</b>	243,758,710	<b>202,277,344</b>	195,930,586
Market risk	<b>4,532,719</b>	4,313,276	<b>5,444,659</b>	4,994,901
Operational risk	<b>19,943,108</b>	19,472,018	<b>13,623,721</b>	13,517,986
Large exposure risk	<b>612,894</b>	581,132	<b>587,406</b>	556,873
	<b><u>277,347,324</u></b>	<u>268,125,136</u>	<b><u>221,933,130</u></b>	<u>215,000,346</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A29. Capital Adequacy (continued)**

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

	<b>Public Islamic Bank Berhad<sup>1</sup></b>	<b>Public Investment Bank Berhad<sup>2</sup></b>	<b>Public Bank (L) Ltd.<sup>3</sup></b>	<b>Public Bank (Hong Kong) Limited<sup>4</sup></b>	<b>Public Finance Limited<sup>4</sup></b>	<b>Cambodian Public Bank Plc<sup>5</sup></b>	<b>Public Bank Vietnam Limited<sup>6</sup></b>
<b>30 September 2019</b>							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	<b>11.999%</b>	<b>52.715%</b>	<b>19.330%</b>	<b>17.883%</b>	<b>21.616%</b>	N/A	N/A
Tier I capital ratio	<b>11.999%</b>	<b>52.715%</b>	<b>19.330%</b>	<b>17.883%</b>	<b>21.616%</b>	N/A	N/A
Total capital ratio	<b>14.534%</b>	<b>53.512%</b>	<b>19.339%</b>	<b>19.141%</b>	<b>22.677%</b>	<b>19.525%</b>	<b>44.824%</b>
<u>After deducting interim dividends: *</u>							
CET I capital ratio	<b>11.999%</b>	<b>52.715%</b>	<b>19.330%</b>	<b>17.883%</b>	<b>21.616%</b>	N/A	N/A
Tier I capital ratio	<b>11.999%</b>	<b>52.715%</b>	<b>19.330%</b>	<b>17.883%</b>	<b>21.616%</b>	N/A	N/A
Total capital ratio	<b>14.534%</b>	<b>53.512%</b>	<b>19.339%</b>	<b>19.141%</b>	<b>22.677%</b>	<b>19.525%</b>	<b>44.824%</b>
<b>31 December 2018</b>							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	12.087%	51.529%	19.171%	16.342%	23.326%	N/A	N/A
Tier I capital ratio	12.087%	51.529%	19.171%	16.342%	23.326%	N/A	N/A
Total capital ratio	16.116%	52.062%	19.175%	17.510%	24.381%	19.756%	25.703%
<u>After deducting interim dividends: *</u>							
CET I capital ratio	11.955%	47.019%	19.171%	16.342%	21.248%	N/A	N/A
Tier I capital ratio	11.955%	47.019%	19.171%	16.342%	21.248%	N/A	N/A
Total capital ratio	15.984%	47.552%	19.175%	17.510%	22.303%	19.756%	25.703%

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A29. Capital Adequacy (continued)**

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

- <sup>1</sup> The risk-weighted assets of Public Islamic Bank Berhad ("PIBB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Frameworks for Islamic Banks on Capital Components and Risk-Weighted Assets. The minimum regulatory capital adequacy requirements before including capital conservation buffer and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIBB is required to maintain a capital conservation buffer of 2.5% and a CCyB if this buffer is applied by regulators in countries which PIBB has exposures to.
- <sup>2</sup> The risk-weighted assets of Public Investment Bank Berhad ("PIVB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Frameworks on Capital Components and Basel II - Risk-Weighted Assets. The minimum regulatory capital adequacy requirements before including capital conservation buffer and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIVB is required to maintain a capital conservation buffer of 2.5% and a CCyB if this buffer is applied by regulators in countries which PIVB has exposures to.
- <sup>3</sup> The risk-weighted assets of Public Bank (L) Ltd are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with the Banking Capital Adequacy Framework - Guidelines on Capital Components and Risk Weighted Assets issued by the Labuan Financial Services Authority ("Labuan FSA"). The minimum regulatory capital adequacy requirements for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.
- <sup>4</sup> These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The capital adequacy ratios of these two subsidiary companies are computed in accordance with the provisions of the Banking (Amendment) Ordinance 2012 relating to Basel III capital standards and the amended Banking Capital Rules. These two subsidiaries are required to maintain a capital conservation buffer of 2.5% and a CCyB of 2.5% (2018: 1.875%) as imposed by Hong Kong Monetary Authority to their private sector exposures in Hong Kong with effect from 1 January 2019.

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A29. Capital Adequacy (continued)**

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

- <sup>5</sup> The amount presented here is the solvency ratio of Cambodian Public Bank Plc ("Campu Bank"), which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with National Bank of Cambodia ("NBC") Prakas B7-010-182 and B7-00-46 (amended by Prakas No. B7-04-206 and Prakas No. B7-07-135). This ratio is derived as Campu Bank's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.
- <sup>6</sup> The amount presented here is the capital adequacy ratio of Public Bank Vietnam Limited ("PBVN"), which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with SBV Circular No.19/2017/TT-NHNN being amendment of and supplement to Circular No.36/2014/TT-NHNN on safety ratios, limits in operations of credit institutions issued by the State Bank of Vietnam. This ratio is derived as PBVN's capital divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory capital adequacy ratio requirement is 9.0%.

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A30. Operations of Islamic Banking**

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

	Note	Group	
		30 September 2019 RM'000	31 December 2018 RM'000
<b>ASSETS</b>			
Cash and balances with banks		280,929	2,127,231
Financial assets at fair value through profit or loss		1,216,961	30,310
Derivative financial assets		-	3,946
Financial investments at fair value through other comprehensive income		9,244,228	8,654,277
Financial investments at amortised cost		3,588,881	3,186,041
Financing and advances	A30(d)	48,107,583	45,629,999
Other assets		70,585	69,628
Statutory deposits with Bank Negara Malaysia		2,048,400	1,891,250
Deferred tax assets		942	2,637
Collective investment		544,459	530,514
Investment in an associated company		45,000	45,000
Right-of-use assets		19,003	-
Property and equipment		3,744	3,079
<b>Total Assets</b>		<b>65,170,715</b>	<b>62,173,912</b>
<b>LIABILITIES AND ISLAMIC</b>			
<b>BANKING FUNDS</b>			
Deposits from customers	A30(e)	55,801,762	53,639,575
Deposits from banks		2,989,350	1,982,936
Bills and acceptances payable		560	204
Derivative financial liabilities		94,958	23,601
Senior Sukuk Murabahah		519,840	519,775
Subordinated Sukuk Murabahah		500,000	999,887
Lease liabilities		20,111	-
Other liabilities		358,214	451,580
Provision for zakat and taxation		12,270	11,299
<b>Total Liabilities</b>		<b>60,297,065</b>	<b>57,628,857</b>
Islamic Banking Funds		4,873,650	4,545,055
<b>Total Liabilities and Islamic Banking Funds</b>		<b>65,170,715</b>	<b>62,173,912</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>11,013,155</b>	<b>10,404,744</b>

**PUBLIC BANK BERHAD**  
(6463-H)  
(Incorporated in Malaysia)

**A30. Operations of Islamic Banking** (continued)

**b) Statement of Profit or Loss for the 3rd Quarter and Nine Months Ended 30 September 2019**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Income derived from investment of depositors' funds and others	<b>694,766</b>	671,750	<b>2,030,143</b>	1,909,282
Income derived from investment of Islamic Banking Funds	<b>57,810</b>	53,749	<b>167,813</b>	155,083
Allowance for impairment on financing and advances	<b>(11,757)</b>	(19,845)	<b>(35,472)</b>	(34,671)
Allowance for impairment on other assets	<b>(69)</b>	(94)	<b>(153)</b>	(354)
<b>Total distributable income</b>	<b>740,750</b>	705,560	<b>2,162,331</b>	2,029,340
Income attributable to depositors and others	<b>(448,420)</b>	(455,796)	<b>(1,341,268)</b>	(1,257,916)
<b>Total net income</b>	<b>292,330</b>	249,764	<b>821,063</b>	771,424
Other operating expenses	<b>(115,015)</b>	(106,682)	<b>(342,553)</b>	(323,826)
<b>Profit before zakat and taxation</b>	<b>177,315</b>	143,082	<b>478,510</b>	447,598
Zakat	<b>(75)</b>	(65)	<b>(225)</b>	(195)
Taxation	<b>(40,277)</b>	(32,799)	<b>(110,726)</b>	(104,271)
<b>Profit for the period</b>	<b>136,963</b>	110,218	<b>367,559</b>	343,132

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

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	<b>694,766</b>	671,750	<b>2,030,143</b>	1,909,282
Income derived from investment of Islamic Banking Funds	<b>57,810</b>	53,749	<b>167,813</b>	155,083
Income attributable to depositors and others	<b>(448,420)</b>	(455,796)	<b>(1,341,268)</b>	(1,257,916)
Elimination of inter-company income and expenses	<b>(4,649)</b>	(4,559)	<b>(13,961)</b>	(12,997)
<b>Net income from Islamic banking business</b>	<b>299,507</b>	265,144	<b>842,727</b>	793,452

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A30. Operations of Islamic Banking** (continued)

c) **Statement of Comprehensive Income for the 3rd Quarter and Nine Months Ended 30 September 2019**

	3rd Quarter Ended		Nine Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b><u>Group</u></b>				
Profit for the period	<b>136,963</b>	110,218	<b>367,559</b>	343,132
Other comprehensive income / (loss):				
<u>Items that may be reclassified to profit or loss:</u>				
Net change in revaluation of financial investments:				
- at fair value through other comprehensive income	<b>26,822</b>	19,556	<b>88,547</b>	1,994
Net change in cash flow hedges	<b>(22,634)</b>	(5,088)	<b>(77,625)</b>	7,636
	<b>4,188</b>	14,468	<b>10,922</b>	9,630
Income tax effect	<b>(1,005)</b>	(3,472)	<b>(2,621)</b>	(2,312)
Other comprehensive income for the period, net of tax	<b>3,183</b>	10,996	<b>8,301</b>	7,318
Total comprehensive income for the period	<b>140,146</b>	121,214	<b>375,860</b>	350,450

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A30. Operations of Islamic Banking (continued)**

**d) Financing and Advances**

By type and contract

<b>30 September 2019</b>	<b>Bai' Bithaman Ajil RM'000</b>	<b>Ijarah Thumma Al-Bai' RM'000</b>	<b>Bai' Inah RM'000</b>	<b>Musharakah Mutanaqisah RM'000</b>	<b>Murabahah RM'000</b>	<b>Others RM'000</b>	<b>Total Financing and Advances RM'000</b>
<b>At amortised cost</b>							
Cash line	1,708,340	-	-	-	-	-	1,708,340
Term financing							
- House financing	4,942,345	-	-	14,846,416	-	-	19,788,761
- Syndicated financing	1,561,084	-	-	-	-	-	1,561,084
- Hire purchase receivables	-	8,557,191	-	-	-	-	8,557,191
- Other term financing	3,916,691	-	1,591,590	10,620,948	-	103,349	16,232,578
Credit card receivables	-	-	-	-	-	26,508	26,508
Bills receivables	-	-	-	-	1,856	-	1,856
Trust receipts	-	-	-	-	2,468	-	2,468
Claims on customers under acceptance credits	-	-	-	-	195,320	-	195,320
Revolving credits	248,883	-	-	-	-	-	248,883
Staff financing	-	8,964	-	81,050	-	-	90,014
Gross financing and advances	<b>12,377,343</b>	<b>8,566,155</b>	<b>1,591,590</b>	<b>25,548,414</b>	<b>199,644</b>	<b>129,857</b>	<b>48,413,003</b>
Allowance for impairment on financing and advances:							
- Expected credit losses							(305,420)
- Stage 1: 12-Month ECL							(142,410)
- Stage 2: Lifetime ECL not credit-impaired							(73,608)
- Stage 3: Lifetime ECL credit-impaired							(89,402)
Net financing and advances							<b>48,107,583</b>



**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A30. Operations of Islamic Banking (continued)**

**d) Financing and Advances (continued)**

By type and contract (continued)

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A30. Operations of Islamic Banking** (continued)

**d) Financing and Advances** (continued)

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

	Group	
	30 September 2019 RM'000	31 December 2018 RM'000
At 1 January	277,731	244,386
Impaired during the period / year	515,488	673,794
Reclassified as non-impaired	(397,927)	(506,901)
Recoveries	(44,218)	(50,578)
Amount written off	(60,299)	(77,993)
Financing converted to foreclosed properties	(4,021)	(4,977)
Closing balance	<u>286,754</u>	<u>277,731</u>
Gross impaired financing and advances as a percentage of gross financing and advances	<u>0.59%</u>	<u>0.60%</u>

**e) Deposits from Customers**

	Group	
	30 September 2019 RM'000	31 December 2018 RM'000
<b>By type of deposit and contract</b>		
<b>At amortised cost</b>		
Savings deposit		
- Qard	6,596,758	6,479,885
Demand deposit		
- Qard	4,646,747	4,338,942
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Bithaman Ajil	22,959	23,149
- Commodity Murabahah	37,949,513	35,286,960
- Special term deposit account		
- Qard	6,585,785	7,510,639
	<u>55,801,762</u>	<u>53,639,575</u>

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A31. Changes in Accounting Policies**

**Effects of adoption of MFRS 16 Leases**

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

i) Lessee

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

ii) Lessor

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

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

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

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A31. Changes in Accounting Policies** (continued)

**Effects of adoption of MFRS 16 Leases** (continued)

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

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

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A31. Changes in Accounting Policies (continued)**

**Effects of adoption of MFRS 16 Leases (continued)**

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A31. Changes in Accounting Policies (continued)**

**Effects of adoption of MFRS 16 Leases (continued)**

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

**PUBLIC BANK BERHAD**  
**(6463-H)**  
**(Incorporated in Malaysia)**

**A31. Changes in Accounting Policies (continued)**

**Effects of adoption of MFRS 16 Leases (continued)**

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

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

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

**PUBLIC BANK BERHAD**  
(6463 - H)  
(Incorporated in Malaysia)

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

**B1. Performance Review**

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

Key Profit or Loss Items:	Group		Nine Months Ended	
	30 September	30 September	Variance	
	2019	2018	RM'000	%
	RM'000	RM'000		
Profit before tax expense and zakat	5,311,651	5,311,446	205	0.0
Net profit attributable to equity holders of the Bank	4,105,691	4,185,255	(79,564)	(1.9)
Other comprehensive income (net)	291,252	69,925	221,327	316.5

Key Balance Sheet Items:	Group		As At	
	30 September	30 September	Variance	
	2019	2018	RM'000	%
	RM'000	RM'000		
Gross loans, advances and financing	327,237,700	314,473,956	12,763,744	4.1
Gross impaired loan and financing (%)	0.52%	0.52%	n/a	-
Deposits from customers	347,208,799	334,935,435	12,273,364	3.7

The Group's pre-tax profit for the nine months ended 30 September 2019 increased marginally by RM0.2 million to RM5,311.7 million as compared to the pre-tax profit in the previous year corresponding period of RM5,311.4 million. Net profit attributable to equity holders decreased by RM79.6 million or 1.9% to RM4,105.7 million. For the period under review, the Group's profit was affected by the negative effect of Overnight Policy Rate ("OPR") reduction of 0.25% in May 2019 as compared to an OPR hike in January 2018 of the previous year corresponding period. As a result, overall net interest income of the Group declined by RM27.8 million (-0.5%) despite a 4.1% loans growth achieved in the last 12 months. Nevertheless, the Group had recorded higher investment income of RM90.4 million (207.9%), higher net income from Islamic banking business of RM49.3 million (6.2%), higher other operating income of RM30.5 million (10.4%) and lower loan impairment allowance of RM23.6 million (17.5%) during the period. These were partially offset by higher operating overheads of RM146.8 million (-5.5%) which was in tandem with increased business activities whilst net fee and commission income was lower by RM23.0 million (-1.7%) resulting mainly from lower unit trust management related fee income, in line with market sentiment.

Other comprehensive income (net) of the Group for the current period increased by RM221.3 million or 316.5% to RM291.3 million as compared to other comprehensive income (net) of RM69.9 million in the previous year corresponding period, which was mainly due to gain on revaluation of financial investments partially offset by loss on cash flow hedges.

The Group's profit continued to be supported by healthy loans and customer deposits growth coupled with stable asset quality. Gross loans grew by RM12.8 billion or 4.1% to RM327.2 billion as at 30 September 2019 as compared to RM314.5 billion as at 30 September 2018, mainly driven by growth in mortgage financing and corporate lending. Total deposits from customers increased by 3.7% or RM12.3 billion to RM347.2 billion as at 30 September 2019. The Group's gross impaired loan ratio continued to remain stable at 0.5% as at 30 September 2019. This was attributed to the Group's consistent adoption of stringent credit underwriting and proactive recovery processes.

The Group's Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio stood at a healthy level of 13.1%, 13.5% and 16.5% respectively. The Group's liquidity position also remained stable and healthy with gross loans to fund and equity ratio maintained at 79.8% as at 30 September 2019.



**PUBLIC BANK BERHAD**  
(6463 - H)  
(Incorporated in Malaysia)

**B1. Performance Review (continued)**

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

The performance of the respective operating segments for the nine months ended 30 September 2019 as compared to the previous year corresponding period is analysed as follows:-

<b>Profit Before Tax by Segments:</b>	<b>Group</b>		<b>Nine Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>Variance</b>	
	<b>2019</b>	<b>2018</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>		
Retail operations	2,734,213	2,733,306	907	0.0
Hire purchase	249,997	240,042	9,955	4.1
Corporate lending	453,766	383,994	69,772	18.2
Treasury and capital market operations	215,110	498,138	(283,028)	(56.8)
Investment banking	25,162	39,112	(13,950)	(35.7)
Fund management	483,992	509,239	(25,247)	(5.0)
Head office and others	573,934	404,413	169,521	41.9
Total domestic operations	<u>4,736,174</u>	<u>4,808,244</u>	<u>(72,070)</u>	<u>(1.5)</u>
Overseas operations	575,477	503,202	72,275	14.4
	<u><u>5,311,651</u></u>	<u><u>5,311,446</u></u>	<u><u>205</u></u>	<u><u>0.0</u></u>

- 1) Retail Operations – Pre-tax profit increased marginally by RM0.9 million to RM2,734.2 million mainly due to higher net interest income arising from higher average loan balances. These were partially offset by higher other operating expenses and higher loan impairment allowance.
- 2) Hire purchase – Pre-tax profit increased by RM10.0 million (4.1%) to RM250.0 million mainly due to lower loan impairment allowance partially offset by lower net interest income and higher other operating expenses.
- 3) Corporate lending – Pre-tax profit increased by RM69.8 million (18.2%) to RM453.8 million mainly due to net writeback of loan impairment allowance, higher net interest income and higher fee and other income.
- 4) Treasury and capital market operations (including funding center) – Pre-tax profit decreased by RM283.0 million (-56.8%) to RM215.1 million mainly due to the negative effect on net interest income arising from the OPR reduction in the current period as compared to an OPR hike in the previous year corresponding period, partially offset by higher investment income.
- 5) Investment banking – The decrease in pre-tax profit of RM14.0 million (-35.7%) to RM25.2 million was mainly due to lower brokerage income from stock-broking activities and higher loan impairment allowance, partially offset by higher investment income.
- 6) Fund management – Pre-tax profit decreased by RM25.2 million (-5.0%) to RM484.0 million mainly due to lower fee on sale of trust units, lower net interest income and lower management fee earned on lower average net asset value of funds under management arising from the weakness in the equity market.
- 7) Head office and others – Pre-tax profit increased by RM169.5 million (41.9%) to RM573.9 million mainly due to higher net interest income, higher investment income and lower other operating expenses.
- 8) Overseas operations – Pre-tax profit increased by RM72.3 million (14.4%) to RM575.5 million mainly due to higher net interest income on higher average loan balances, higher fee and other income and lower loan impairment allowance. These were partially offset by higher other operating expenses.

**PUBLIC BANK BERHAD**  
(6463 - H)  
(Incorporated in Malaysia)

**B1. Performance Review (continued)**

**Current Quarter vs. Previous Year Corresponding Quarter**

Key Profit or Loss Items:	Group		Variance	%
	30 September 2019	30 September 2018		
	RM'000	RM'000	RM'000	
Profit before tax expense and zakat	1,761,817	1,759,761	2,056	0.1
Net profit attributable to equity holders of the Bank	1,362,652	1,383,655	(21,003)	(1.5)
Other comprehensive income (net)	119,680	181,054	(61,374)	(33.9)

For the 3rd quarter ended 30 September 2019, the Group registered a pre-tax profit of RM1,761.8 million, a marginal increase of RM2.1 million or 0.1% as compared to a pre-tax profit of RM1,759.8 million in the previous year corresponding quarter ended 30 September 2018. The increase was mainly due to higher net income from Islamic banking business and higher net interest income arising from loans growth, despite the negative effect of the 0.25% OPR reduction in May 2019. These were partially offset by higher other operating expenses by RM63.0 million (-7.1%) which is in tandem with increased business activities. Net profit attributable to equity holders has however decreased by RM21.0 million or 1.5% to RM1,362.7 million as compared to the previous year corresponding quarter.

Other comprehensive income (net) of the Group for the current quarter decreased by RM61.4 million or 33.9% to RM119.7 million, mainly due to lower foreign currency translation gain in respect of foreign operations and loss on cash flow hedges partially offset by higher gain on revaluation of financial investments.

Performance of the respective operating segments for the 3rd quarter ended 30 September 2019 as compared to the previous year corresponding quarter is analysed as follows:-

Profit Before Tax by Segments:	3rd Quarter Ended		Variance	%
	30 September 2019	30 September 2018		
	RM'000	RM'000	RM'000	
Retail operations	929,598	919,744	9,854	1.1
Hire purchase	82,701	68,151	14,550	21.3
Corporate lending	149,500	106,050	43,450	41.0
Treasury and capital market operations	43,153	143,269	(100,116)	(69.9)
Investment banking	9,181	13,365	(4,184)	(31.3)
Fund management	165,127	169,610	(4,483)	(2.6)
Head office and others	179,199	134,617	44,582	33.1
Total domestic operations	<u>1,558,459</u>	<u>1,554,806</u>	<u>3,653</u>	<u>0.2</u>
Overseas operations	203,358	204,955	(1,597)	(0.8)
	<u><u>1,761,817</u></u>	<u><u>1,759,761</u></u>	<u><u>2,056</u></u>	<u><u>0.1</u></u>

- 1) Retail operations – The increase in pre-tax profit of RM9.9 million (1.1%) to RM929.6 million was mainly due to higher net interest income, partially offset by allowance for loan impairment in the current quarter as compared to a net writeback in the previous year corresponding quarter, and higher other operating expenses.
- 2) Hire purchase – Pre-tax profit increased by RM14.6 million (21.3%) to RM82.7 million, mainly due to lower loan impairment allowance partially offset by lower net interest income and higher other operating expenses.

**PUBLIC BANK BERHAD**  
(6463 - H)  
(Incorporated in Malaysia)

**B1. Performance Review (continued)**

**Current Quarter vs. Previous Year Corresponding Quarter (continued)**

- 3) Corporate lending – Pre-tax profit increased by RM43.5 million (41.0%) to RM149.5 million mainly due to net writeback of loan impairment allowance in the current quarter and higher net interest income.
- 4) Treasury and capital market operations (including funding center) – Pre-tax profit decreased by RM110.1 million (-69.9%) to RM43.2 million, mainly due to the negative effect of OPR reduction on net interest income and lower investment income.
- 5) Investment banking – Pre-tax profit decreased by RM4.2 million (-31.3%) to RM9.2 million mainly due to lower stock-broking income and higher other operating expenses.
- 6) Fund management business – Pre-tax profit decreased by RM4.5 million (-2.6%) to RM165.1 million, mainly due to lower net interest income and higher other operating expenses.
- 7) Head office and others – Pre-tax profit increased by RM44.6 million (33.1%) to RM179.2 million, mainly due to higher net interest income and lower other operating expenses.
- 8) Overseas Operations – Pre-tax profit decreased marginally by RM1.6 million (-0.8%) to RM203.4 million, mainly due to higher other operating expenses and higher loan impairment allowance, partially offset by higher net interest income and higher other income.

**B2. Variation of Results Against Preceding Quarter**

Key Profit or Loss Items:	Group Quarter Ended		Variance	
	30 September 2019	30 June 2019		
	RM'000	RM'000		
Profit before tax expense and zakat	<b>1,761,817</b>	1,730,574	31,243	1.8
Net profit attributable to equity holders of the Bank	<b>1,362,652</b>	1,332,946	29,706	2.2
Other comprehensive income (net)	<b>119,680</b>	116,393	3,287	2.8

For the 3rd quarter ended 30 September 2019, the Group registered a pre-tax profit of RM1,761.8 million, an increase of RM31.2 million or 1.8% as compared to the pre-tax profit of RM1,730.6 million for the preceding quarter ended 30 June 2019. Net profit attributable to equity holders increased by RM29.7 million or 2.2% to RM1,362.7 million over the same period. The improvement was mainly due to higher net interest income, higher income from Islamic banking business and lower loan impairment allowance. These were partially offset by lower investment income and lower fee and other operating income.

Other comprehensive income (net) of the Group for the current quarter increased by RM3.3 million or 2.8% which was mainly due to lower loss on cash flow hedges partially offset by lower foreign currency translation gain in respect of foreign operations.

**PUBLIC BANK BERHAD**  
**(6463 - H)**  
**(Incorporated in Malaysia)**

**B3. Prospects for 2019**

The global economy is expected to grow at a more modest pace in 2019. The US economy continues to grow at a moderate rate, supported by the stable labour market. However, growth in the advanced economies is offset by weaknesses in Europe and subdued economic activity in Japan. Although China's growth is supported by ongoing policy accommodation, the overall economic activity in Asia is affected by global uncertainties. Risks to the global outlook are tilted to the downside, mainly emanating from the trade disputes, weakness in Europe and excessive financial market volatility.

The Malaysian economy is projected to grow by 4.7% in 2019 (2018: 4.7%). Domestic demand remains the anchor of growth, largely driven by private sector activity. Household spending will be supported by continued income and employment growth. However, economic uncertainties, including the extended weakness in Malaysia's commodity-related sectors are drags to the growth outlook ahead.

Malaysia's banking system remains sound as financial institutions continue to operate with ample liquidity and capital buffers. The Overnight Policy Rate was maintained at 3.00% in September. Malaysia's inflation is expected to be stable at 0.9% in 2019 (2018: 1.0%).

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

The Public Bank Group continues to focus on residential property financing and offers competitive pricing, particularly for home mortgages of own occupation within the broader mass market. The Group remains supportive of the Government's efforts in promoting affordable housing.

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

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

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

The Public Bank Group continues to proactively collaborate with AIA Bhd in the bancassurance segment by enhancing the suite of bancassurance products to meet its customers' needs and deepen industry penetration.

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

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

**B4. Profit Forecast or Profit Guarantee**

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

**PUBLIC BANK BERHAD**  
(6463 - H)  
(Incorporated in Malaysia)

**B5. Tax Expense and Zakat**

The analysis of the tax expense for the 3rd quarter and nine months ended 30 September 2019 are as follows:

<b><u>Group</u></b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	353,886	333,871	1,052,054	1,077,182
Overseas income tax	40,451	38,975	114,655	93,456
	<b>394,337</b>	<b>372,846</b>	<b>1,166,709</b>	<b>1,170,638</b>
(Over) / Under provision in prior years				
- Malaysian income tax	(15,227)	(10,269)	(15,227)	(51,307)
- Overseas income tax	1	(2)	(3,492)	193
	<b>379,111</b>	<b>362,575</b>	<b>1,147,990</b>	<b>1,119,524</b>
Deferred tax (income) / expense				
- Relating to origination and reversal of temporary differences	(9,550)	(11,225)	(9,150)	(54,910)
- Under provision	13,367	6,766	13,367	6,766
Tax expense	<b>382,928</b>	<b>358,116</b>	<b>1,152,207</b>	<b>1,071,380</b>
Zakat	75	65	225	195
	<b>383,003</b>	<b>358,181</b>	<b>1,152,432</b>	<b>1,071,575</b>

The Group's effective tax rate for the 3rd quarter and nine months ended 30 September 2019 and 30 September 2018 were lower than the statutory tax rate mainly due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

<b><u>Bank</u></b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	275,231	264,590	853,699	905,314
Overseas income tax	2,341	1,001	10,356	4,012
	<b>277,572</b>	<b>265,591</b>	<b>864,055</b>	<b>909,326</b>
(Over) / Under provision in prior years				
- Malaysian income tax	(13,876)	(9,529)	(13,876)	(50,647)
- Overseas income tax	-	-	(3,509)	361
	<b>263,696</b>	<b>256,062</b>	<b>846,670</b>	<b>859,040</b>
Deferred tax (income) / expense				
- Relating to origination and reversal of temporary differences	(9,793)	(11,892)	(15,168)	(59,568)
- Under provision	13,367	6,766	13,367	6,766
	<b>267,270</b>	<b>250,936</b>	<b>844,869</b>	<b>806,238</b>

The Bank's effective tax rate for the 3rd quarter and nine months ended 30 September 2019 and 30 September 2018 were lower than the statutory tax rate mainly due to certain income not subject to tax.

**B6. Status of Corporate Proposals Announced but Not Completed**

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

**B7. Status of Utilisation of Proceeds Raised from Corporate Proposals**

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

**B8. Financial Risk Management**

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

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

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

**PUBLIC BANK BERHAD**  
**(6463 - H)**  
**(Incorporated in Malaysia)**

**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	
<b>Unsecured</b>							
<b>As At 30 September 2019</b>							
Hong Kong Dollar ("HKD") term loan	583,651	-	-	-	583,651	-	583,651
United States Dollar ("USD") term loan	836,857	-	-	-	836,857	-	836,857
USD syndicated term loan	1,541,849	-	-	-	1,541,849	-	1,541,849
RM Senior Medium Term notes / sukuk murabahah	-	3,319,028	-	-	-	3,319,028	3,319,028
RM Subordinated notes / sukuk murabahah	-	4,999,984	-	-	-	4,999,984	4,999,984
RM Additional Tier I capital securities	-	99,552	-	-	-	99,552	99,552
RM Non-innovative Tier I stapled securities	-	-	-	888,973	-	888,973	888,973
	<b>2,962,357</b>	<b>8,418,564</b>	<b>-</b>	<b>888,973</b>	<b>2,962,357</b>	<b>9,307,537</b>	<b>12,269,894</b>
<b>As At 31 December 2018</b>							
HKD term loan	575,534	-	-	-	575,534	-	575,534
USD term loan	-	-	826,779	-	826,779	-	826,779
USD syndicated term loan	1,519,096	-	-	-	1,519,096	-	1,519,096
RM Senior Medium Term notes / sukuk murabahah	-	3,318,773	-	1,000,597	-	4,319,370	4,319,370
RM Subordinated notes / sukuk murabahah	-	3,499,980	-	499,887	-	3,999,867	3,999,867
RM Additional Tier I capital securities	-	99,462	-	-	-	99,462	99,462
RM Non-innovative Tier I stapled securities	-	-	-	2,096,686	-	2,096,686	2,096,686
	<b>2,094,630</b>	<b>6,918,215</b>	<b>826,779</b>	<b>3,597,170</b>	<b>2,921,409</b>	<b>10,515,385</b>	<b>13,436,794</b>
<b>As At 30 September 2018</b>							
HKD term loan	576,037	-	-	-	576,037	-	576,037
USD term loan	-	-	827,132	-	827,132	-	827,132
USD syndicated term loan	1,519,149	-	-	-	1,519,149	-	1,519,149
RM Senior Medium Term notes	-	3,318,687	-	1,000,851	-	4,319,538	4,319,538
RM Subordinated notes / sukuk murabahah	-	2,499,978	-	1,449,823	-	3,949,801	3,949,801
RM Additional Tier I capital securities	-	99,432	-	-	-	99,432	99,432
RM Non-innovative Tier I stapled securities	-	895,157	-	1,204,937	-	2,100,094	2,100,094
	<b>2,095,186</b>	<b>6,813,254</b>	<b>827,132</b>	<b>3,655,611</b>	<b>2,922,318</b>	<b>10,468,865</b>	<b>13,391,183</b>

**PUBLIC BANK BERHAD**  
**(6463 - H)**  
**(Incorporated in Malaysia)**

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

Bank	More Than 1 Year		Less Than 1 Year		Sub-total		Total
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	
<b>Unsecured</b>							
<b>As At 30 September 2019</b>							
USD term loan	836,857	-	-	-	836,857	-	836,857
USD syndicated term loan	1,541,849	-	-	-	1,541,849	-	1,541,849
RM Senior Medium Term notes	-	2,799,188	-	-	-	2,799,188	2,799,188
RM Subordinated notes	-	4,499,984	-	-	-	4,499,984	4,499,984
RM Additional Tier I capital securities	-	99,552	-	-	-	99,552	99,552
RM Non-innovative Tier I stapled securities	-	-	-	888,973	-	888,973	888,973
	<u>2,378,706</u>	<u>7,398,724</u>	<u>-</u>	<u>888,973</u>	<u>2,378,706</u>	<u>8,287,697</u>	<u>10,666,403</u>
<b>As At 31 December 2018</b>							
USD term loan	-	-	826,779	-	826,779	-	826,779
USD syndicated term loan	1,519,096	-	-	-	1,519,096	-	1,519,096
RM Senior Medium Term notes	-	2,798,998	-	1,000,597	-	3,799,595	3,799,595
RM Subordinated notes	-	2,999,980	-	-	-	2,999,980	2,999,980
RM Additional Tier I capital securities	-	99,462	-	-	-	99,462	99,462
RM Non-innovative Tier I stapled securities	-	-	-	2,096,686	-	2,096,686	2,096,686
	<u>1,519,096</u>	<u>5,898,440</u>	<u>826,779</u>	<u>3,097,283</u>	<u>2,345,875</u>	<u>8,995,723</u>	<u>11,341,598</u>
<b>As At 30 September 2018</b>							
USD term loan	-	-	827,132	-	827,132	-	827,132
USD syndicated term loan	1,519,149	-	-	-	1,519,149	-	1,519,149
RM Senior Medium Term notes	-	2,798,934	-	1,000,851	-	3,799,785	3,799,785
RM Subordinated notes	-	1,999,978	-	950,000	-	2,949,978	2,949,978
RM Additional Tier I capital securities	-	99,432	-	-	-	99,432	99,432
RM Non-innovative Tier I stapled securities	-	895,157	-	1,204,937	-	2,100,094	2,100,094
	<u>1,519,149</u>	<u>5,793,501</u>	<u>827,132</u>	<u>3,155,788</u>	<u>2,346,281</u>	<u>8,949,289</u>	<u>11,295,570</u>
Exchange rates used:	HKD	USD					
As at 30 September 2019	0.53455	4.19050					
As at 31 December 2018	0.52820	4.13600					
As at 30 September 2018	0.52905	4.13850					



**PUBLIC BANK BERHAD**  
**(6463 - H)**  
**(Incorporated in Malaysia)**

**B10. Changes in Material Litigation**

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

**B11. Dividends**

No dividend has been proposed for the 3rd quarter ended 30 September 2019.

**B12. Earnings Per Share**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net profit attributable to equity holders (RM'000)	<b><u>1,362,652</u></b>	<u>1,383,655</u>	<b><u>4,105,691</u></b>	<u>4,185,255</u>
Weighted average number of Public Bank Berhad Shares ('000)	<b><u>3,882,138</u></b>	<u>3,882,138</u>	<b><u>3,882,138</u></b>	<u>3,869,264</u>
Basic earnings per share (sen)	<b><u>35.1</u></b>	<u>35.6</u>	<b><u>105.8</u></b>	<u>108.2</u>

**Diluted**

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