

**PUBLIC BANK BERHAD**  
**(6463 - H)**  
**(Incorporated in Malaysia)**  
**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>ASSETS</b>				
Cash and balances with banks	<b>16,816,838</b>	22,080,417	<b>11,008,446</b>	12,750,086
Reverse repurchase agreements	<b>6,314,493</b>	9,541,969	<b>5,564,858</b>	8,638,588
Financial assets held-for-trading	<b>18,364,018</b>	15,811,963	<b>14,478,780</b>	13,986,426
Derivative financial assets	<b>703,072</b>	365,354	<b>691,014</b>	350,729
Financial investments available-for-sale	<b>25,458,820</b>	17,618,512	<b>20,391,822</b>	15,124,867
Financial investments held-to-maturity	<b>20,414,387</b>	7,793,551	<b>17,866,819</b>	5,787,800
Loans, advances and financing	<b>243,221,839</b>	219,415,793	<b>201,928,027</b>	182,404,573
Other assets	<b>2,472,233</b>	2,539,699	<b>2,450,489</b>	2,409,310
Statutory deposits with Central Banks	<b>8,063,746</b>	6,924,832	<b>6,375,578</b>	5,565,946
Deferred tax assets	<b>69,325</b>	70,121	-	-
Investment in subsidiary companies	-	-	<b>4,436,050</b>	4,436,050
Investment in associated companies	<b>157,415</b>	158,885	<b>121,325</b>	121,325
Investment properties	<b>107,028</b>	97,391	-	-
Property and equipment	<b>1,475,578</b>	1,302,997	<b>658,965</b>	568,346
Intangible assets	<b>2,083,142</b>	2,003,912	<b>695,393</b>	695,393
<b>TOTAL ASSETS</b>	<b>345,721,934</b>	305,725,396	<b>286,667,566</b>	252,839,439
<b>LIABILITIES</b>				
Deposits from customers	<b>276,540,176</b>	250,873,189	<b>226,216,991</b>	201,871,592
Deposits from banks	<b>20,669,732</b>	16,175,836	<b>17,696,650</b>	16,923,048
Bills and acceptances payable	<b>661,718</b>	1,573,443	<b>661,168</b>	1,627,515
Recourse obligations on loans and financing sold to Cagamas	<b>1,922,020</b>	500,011	<b>1,422,004</b>	-
Derivative financial liabilities	<b>488,193</b>	334,590	<b>523,725</b>	429,495
Debt securities issued and other borrowed funds	<b>11,427,765</b>	10,369,825	<b>10,440,383</b>	9,906,434
Other liabilities	<b>4,496,646</b>	4,020,416	<b>3,363,265</b>	2,845,591
Provision for tax expense and zakat	<b>554,594</b>	585,229	<b>340,988</b>	362,971
Deferred tax liabilities	<b>86,309</b>	95,661	<b>59,231</b>	50,738
<b>TOTAL LIABILITIES</b>	<b>316,847,153</b>	284,528,200	<b>260,724,405</b>	234,017,384

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	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>EQUITY</b>				
Share capital	<b>3,882,138</b>	3,531,926	<b>3,882,138</b>	3,531,926
Reserves	<b>24,291,867</b>	17,107,240	<b>22,210,360</b>	15,505,701
Treasury shares	<b>(149,337)</b>	(215,572)	<b>(149,337)</b>	(215,572)
<b>Equity attributable to equity holders of the Bank</b>	<b>28,024,668</b>	20,423,594	<b>25,943,161</b>	18,822,055
Non-controlling interests	<b>850,113</b>	773,602	-	-
<b>TOTAL EQUITY</b>	<b>28,874,781</b>	21,197,196	<b>25,943,161</b>	18,822,055
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>345,721,934</b>	305,725,396	<b>286,667,566</b>	252,839,439
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>95,812,661</b>	87,986,206	<b>91,048,625</b>	83,587,446
<b>CAPITAL ADEQUACY</b>				
<b><u>Before deducting interim dividends</u> *</b>				
Common Equity Tier I Capital Ratio	<b>11.328%</b>	9.276%	<b>12.686%</b>	10.927%
Tier I Capital Ratio	<b>12.776%</b>	11.055%	<b>14.397%</b>	13.023%
Total Capital Ratio	<b>16.384%</b>	14.288%	<b>16.324%</b>	14.086%
<b><u>After deducting interim dividends</u> *</b>				
Common Equity Tier I Capital Ratio	<b>10.781%</b>	8.750%	<b>12.029%</b>	10.300%
Tier I Capital Ratio	<b>12.228%</b>	10.529%	<b>13.740%</b>	12.396%
Total Capital Ratio	<b>15.836%</b>	13.762%	<b>15.668%</b>	13.459%
<b>Net assets per share attributable to ordinary equity holders of the Bank (RM)</b>	<b>7.26</b>	5.83	<b>6.72</b>	5.37

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

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**PUBLIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2014**

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Operating revenue	<b>4,528,585</b>	3,918,673	<b>16,860,071</b>	15,264,300
Interest income	<b>3,420,193</b>	2,907,664	<b>12,636,087</b>	11,366,092
Interest expense	<b>(1,865,426)</b>	(1,494,102)	<b>(6,705,614)</b>	(5,795,554)
Net interest income	<b>1,554,767</b>	1,413,562	<b>5,930,473</b>	5,570,538
Net income from Islamic banking business	<b>205,886</b>	203,932	<b>831,196</b>	837,136
	<b>1,760,653</b>	1,617,494	<b>6,761,669</b>	6,407,674
Net fee and commission income	<b>356,332</b>	334,343	<b>1,381,675</b>	1,275,345
Net gains and losses on financial instruments	<b>46,314</b>	33,370	<b>196,761</b>	166,983
Other operating income	<b>99,288</b>	75,267	<b>333,252</b>	308,315
Net income	<b>2,262,587</b>	2,060,474	<b>8,673,357</b>	8,158,317
Other operating expenses	<b>(635,456)</b>	(630,394)	<b>(2,605,865)</b>	(2,503,636)
Operating profit	<b>1,627,131</b>	1,430,080	<b>6,067,492</b>	5,654,681
Allowance for impairment on loans, advances and financing	<b>(62,869)</b>	(90,283)	<b>(259,000)</b>	(351,252)
Writeback of impairment on other assets	<b>343</b>	1,213	<b>782</b>	149
	<b>1,564,605</b>	1,341,010	<b>5,809,274</b>	5,303,578
Share of profit after tax of equity accounted associated companies	<b>2,673</b>	276	<b>4,981</b>	6,406
Profit before tax expense and zakat	<b>1,567,278</b>	1,341,286	<b>5,814,255</b>	5,309,984
Tax expense and zakat	<b>(300,937)</b>	(306,215)	<b>(1,250,915)</b>	(1,204,342)
Profit for the period / year	<b>1,266,341</b>	1,035,071	<b>4,563,340</b>	4,105,642
Profit for the period / year attributable to :				
- Equity holders of the Bank	<b>1,253,981</b>	1,025,617	<b>4,518,830</b>	4,064,683
- Non-controlling interests	<b>12,360</b>	9,454	<b>44,510</b>	40,959
	<b>1,266,341</b>	1,035,071	<b>4,563,340</b>	4,105,642
Earnings per RM1.00 share:				
- basic / diluted (sen)	<b>32.5</b>	29.3	<b>123.7</b>	116.1

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**PUBLIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2014**

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Profit for the period / year	<b>1,266,341</b>	1,035,071	<b>4,563,340</b>	4,105,642
<b>Other comprehensive income / (loss):</b>				
<u>Items that will not be reclassified to profit or loss:</u>				
Defined benefit reserves:				
- Gain on remeasurements of defined benefit plans	<b>8,091</b>	172,234	<b>8,091</b>	172,234
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of:				
- Foreign operations	<b>309,761</b>	21,672	<b>302,165</b>	296,193
- Net investment hedge	<b>(211,511)</b>	(16,001)	<b>(206,460)</b>	(209,365)
Revaluation reserves:				
- Net (loss) / gain on revaluation of financial investments available-for-sale	<b>(34,395)</b>	20,666	<b>(48,839)</b>	10,936
- Share of loss of equity accounted associated companies	<b>(89)</b>	(183)	<b>(76)</b>	(449)
Hedging reserves:				
- Net change in cash flow hedges	<b>(9,641)</b>	(29,841)	<b>17,311</b>	(12,256)
	<b>54,125</b>	(3,687)	<b>64,101</b>	85,059
Income tax relating to components of other comprehensive income / (loss):				
- Defined benefit reserves	<b>4,281</b>	(43,058)	<b>4,281</b>	(43,058)
- Revaluation reserves	<b>7,847</b>	(5,404)	<b>11,962</b>	(3,078)
- Hedging reserves	<b>2,375</b>	6,195	<b>(4,363)</b>	3,063
	<b>14,503</b>	(42,267)	<b>11,880</b>	(43,073)
Other comprehensive income for the period / year, net of tax	<b>76,719</b>	126,280	<b>84,072</b>	214,220
Total comprehensive income for the period / year	<b>1,343,060</b>	1,161,351	<b>4,647,412</b>	4,319,862
Total comprehensive income for the period / year attributable to:				
- Equity holders of the Bank	<b>1,275,866</b>	1,148,374	<b>4,549,693</b>	4,226,259
- Non-controlling interests	<b>67,194</b>	12,977	<b>97,719</b>	93,603
	<b>1,343,060</b>	1,161,351	<b>4,647,412</b>	4,319,862

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**AUDITED STATEMENTS OF PROFIT OR LOSS**  
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<b><u>Bank</u></b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Operating revenue	<b>3,340,238</b>	2,960,778	<b>12,731,516</b>	11,503,573
Interest income	<b>3,143,688</b>	2,659,227	<b>11,602,472</b>	10,368,420
Interest expense	<b>(1,796,559)</b>	(1,436,222)	<b>(6,450,314)</b>	(5,568,826)
Net interest income	<b>1,347,129</b>	1,223,005	<b>5,152,158</b>	4,799,594
Net fee and commission income	<b>142,297</b>	137,870	<b>539,800</b>	520,243
Net gains and losses on financial instruments	<b>44,659</b>	36,894	<b>193,631</b>	162,861
Other operating income	<b>305,270</b>	283,379	<b>988,472</b>	975,058
Net income	<b>1,839,355</b>	1,681,148	<b>6,874,061</b>	6,457,756
Other operating expenses	<b>(403,702)</b>	(415,541)	<b>(1,755,708)</b>	(1,710,684)
Operating profit	<b>1,435,653</b>	1,265,607	<b>5,118,353</b>	4,747,072
Allowance for impairment on loans, advances and financing	<b>(17,753)</b>	(31,192)	<b>(100,227)</b>	(100,605)
Writeback of impairment on other assets	<b>389</b>	1,204	<b>875</b>	165
Profit before tax expense and zakat	<b>1,418,289</b>	1,235,619	<b>5,019,001</b>	4,646,632
Tax expense and zakat	<b>(230,326)</b>	(244,741)	<b>(989,399)</b>	(941,517)
Profit for the period / year	<b>1,187,963</b>	990,878	<b>4,029,602</b>	3,705,115

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<b><u>Bank</u></b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Profit for the period / year	<u>1,187,963</u>	<u>990,878</u>	<u>4,029,602</u>	<u>3,705,115</u>
<b>Other comprehensive income / (loss):</b>				
<b><u>Items that will not be reclassified to profit or loss:</u></b>				
Defined benefit reserves:				
- Gain on remeasurements of defined benefit plans	<u>7,907</u>	<u>167,547</u>	<u>7,907</u>	<u>167,547</u>
<b><u>Items that may be reclassified to profit or loss:</u></b>				
Revaluation reserves:				
- Net (loss) / gain on revaluation of financial investments available-for-sale	<u>(30,596)</u>	<u>19,503</u>	<u>(47,540)</u>	<u>11,226</u>
Hedging reserves:				
- Net change in cash flow hedges	<u>(5,129)</u>	<u>(83,624)</u>	<u>87,675</u>	<u>(121,237)</u>
	<u>(35,725)</u>	<u>(64,121)</u>	<u>40,135</u>	<u>(110,011)</u>
Income tax relating to components of other comprehensive income / (loss):				
- Defined benefit reserves	<u>3,038</u>	<u>(41,887)</u>	<u>3,038</u>	<u>(41,887)</u>
- Revaluation reserves	<u>7,365</u>	<u>(4,875)</u>	<u>11,601</u>	<u>(2,806)</u>
- Hedging reserves	<u>643</u>	<u>19,641</u>	<u>(22,558)</u>	<u>30,309</u>
	<u>11,046</u>	<u>(27,121)</u>	<u>(7,919)</u>	<u>(14,384)</u>
Other comprehensive (loss) / income for the period / year, net of tax	<u>(16,772)</u>	<u>76,305</u>	<u>40,123</u>	<u>43,152</u>
Total comprehensive income for the period / year	<u>1,171,191</u>	<u>1,067,183</u>	<u>4,069,725</u>	<u>3,748,267</u>

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**PUBLIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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

<u>Group</u>	Non-distributable			Distributable		Total Shareholders' Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000			
<b>At 1 January 2014</b>	<b>3,531,926</b>	<b>1,073,310</b>	<b>4,526,365</b>	<b>11,507,565</b>	<b>(215,572)</b>	<b>20,423,594</b>	<b>773,602</b>	<b>21,197,196</b>
Profit for the year	-	-	-	4,518,830	-	4,518,830	44,510	4,563,340
Other comprehensive income for the year	-	-	30,863	-	-	30,863	53,209 *	84,072
Total comprehensive income for the year	-	-	30,863	4,518,830	-	4,549,693	97,719	4,647,412
Transactions with owners / other equity movements:								
Issuance of shares pursuant to rights issue exercise	350,212	4,462,205	-	-	-	4,812,417	-	4,812,417
Disposal of treasury shares	-	-	-	109,404	66,235	175,639	-	175,639
Transfer to statutory reserves	-	-	1,020,860	(1,020,860)	-	-	-	-
Transfer to regulatory reserves	-	-	1,305,418	(1,305,418)	-	-	-	-
Transfer to Profit Equalisation Reserve of the Islamic banking institution	-	-	54	(54)	-	-	-	-
Dividends paid	-	-	-	(1,936,675)	-	(1,936,675)	(21,208)	(1,957,883)
	<b>350,212</b>	<b>4,462,205</b>	<b>2,326,332</b>	<b>(4,153,603)</b>	<b>66,235</b>	<b>3,051,381</b>	<b>(21,208)</b>	<b>3,030,173</b>
<b>At 31 December 2014</b>	<b>3,882,138</b>	<b>5,535,515</b>	<b>6,883,560</b>	<b>11,872,792</b>	<b>(149,337)</b>	<b>28,024,668</b>	<b>850,113</b>	<b>28,874,781</b>

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

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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

<u>Group</u>	Non-distributable			Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000	Reserves				
At 1 January 2013	3,531,926	1,073,310	4,353,867	9,274,909	(215,572)		18,018,440	699,864	18,718,304
Profit for the year	-	-	-	4,064,683	-		4,064,683	40,959	4,105,642
Other comprehensive income for the year	-	-	161,576	-	-		161,576	52,644 *	214,220
Total comprehensive income for the year	-	-	161,576	4,064,683	-		4,226,259	93,603	4,319,862
Transactions with owners / other equity movements:									
Transfer from Profit Equalisation Reserve of the Islamic banking institution	-	-	(503)	503	-		-	-	-
Transfer to statutory reserves	-	-	10,081	(10,081)	-		-	-	-
Transfer to regulatory reserves	-	-	241	(241)	-		-	-	-
Transfer to general reserves	-	-	1,103	(1,103)	-		-	-	-
Dividends paid	-	-	-	(1,821,105)	-		(1,821,105)	(19,865)	(1,840,970)
	-	-	10,922	(1,832,027)	-		(1,821,105)	(19,865)	(1,840,970)
At 31 December 2013	<u>3,531,926</u>	<u>1,073,310</u>	<u>4,526,365</u>	<u>11,507,565</u>	<u>(215,572)</u>		<u>20,423,594</u>	<u>773,602</u>	<u>21,197,196</u>

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

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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

	Non-distributable		Distributable		Treasury Shares RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	<u>Reserves</u> Other Reserves RM'000	<u>Reserves</u> Retained Profits RM'000		
<b>Bank</b>						
<b>At 1 January 2014</b>	<b>3,531,926</b>	<b>1,073,310</b>	<b>3,803,152</b>	<b>10,629,239</b>	<b>(215,572)</b>	<b>18,822,055</b>
Profit for the year	-	-	-	<b>4,029,602</b>	-	<b>4,029,602</b>
Other comprehensive income for the year	-	-	<b>40,123</b>	-	-	<b>40,123</b>
Total comprehensive income for the year	-	-	<b>40,123</b>	<b>4,029,602</b>	-	<b>4,069,725</b>
Transactions with owners / other equity movements:						
Issuance of shares pursuant to rights issue exercise	<b>350,212</b>	<b>4,462,205</b>	-	-	-	<b>4,812,417</b>
Disposal of treasury shares	-	-	-	<b>109,404</b>	<b>66,235</b>	<b>175,639</b>
Transfer to statutory reserves	-	-	<b>1,007,400</b>	<b>(1,007,400)</b>	-	-
Transfer to regulatory reserves	-	-	<b>1,293,334</b>	<b>(1,293,334)</b>	-	-
Dividends paid	-	-	-	<b>(1,936,675)</b>	-	<b>(1,936,675)</b>
	<b>350,212</b>	<b>4,462,205</b>	<b>2,300,734</b>	<b>(4,128,005)</b>	<b>66,235</b>	<b>3,051,381</b>
<b>At 31 December 2014</b>	<b>3,882,138</b>	<b>5,535,515</b>	<b>6,144,009</b>	<b>10,530,836</b>	<b>(149,337)</b>	<b>25,943,161</b>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013.*

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

	Non-distributable			Distributable		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000	Treasury Shares RM'000	
<b>Bank</b>						
At 1 January 2013	3,531,926	1,073,310	3,758,897	8,746,332	(215,572)	16,894,893
Profit for the year	-	-	-	3,705,115	-	3,705,115
Other comprehensive income for the year	-	-	43,152	-	-	43,152
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>43,152</u>	<u>3,705,115</u>	<u>-</u>	<u>3,748,267</u>
Transactions with owners / other equity movements:						
Transfer to general reserves	-	-	1,103	(1,103)	-	-
Dividends paid	-	-	-	(1,821,105)	-	(1,821,105)
	<u>-</u>	<u>-</u>	<u>1,103</u>	<u>(1,822,208)</u>	<u>-</u>	<u>(1,821,105)</u>
At 31 December 2013	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,803,152</u>	<u>10,629,239</u>	<u>(215,572)</u>	<u>18,822,055</u>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013.*

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	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>Cash Flows from Operating Activities</b>				
Profit before tax expense and zakat	5,814,255	5,309,984	5,019,001	4,646,632
Adjustments for non-cash items:				
Share of profit after tax of equity accounted associated companies	(4,981)	(6,406)	-	-
Allowance for impaired loans and financing	526,553	566,036	253,368	228,830
Depreciation of property and equipment	159,049	161,188	123,090	127,694
Net gain on financial instruments	(22,760)	(11,172)	(21,795)	(11,812)
Dividends received	(165,623)	(145,960)	(1,013,111)	(900,848)
Transfer to profit equalisation reserves	340	497	-	-
Impairment written back	(782)	(149)	(875)	(165)
Other non-cash items	(4,687)	(3,103)	495	(786)
Operating profit before working capital changes	<u>6,301,364</u>	<u>5,870,915</u>	<u>4,360,173</u>	<u>4,089,545</u>
Changes in working capital:				
Increase in operating assets	(25,756,160)	(25,921,174)	(18,678,010)	(22,247,519)
Increase in operating liabilities	30,781,537	27,777,664	25,963,834	21,480,598
Cash generated from operations	<u>11,326,741</u>	<u>7,727,405</u>	<u>11,645,997</u>	<u>3,322,624</u>
Tax expense and zakat paid	(1,278,197)	(1,386,021)	(1,010,810)	(1,120,157)
Net cash generated from operating activities	<u>10,048,544</u>	<u>6,341,384</u>	<u>10,635,187</u>	<u>2,202,467</u>
<b>Cash Flows from Investing Activities</b>				
Purchase of property and equipment	(304,192)	(128,912)	(214,685)	(88,150)
Proceeds from disposal of properties	25,917	39,512	25,786	38,291
Net purchase of financial investments	(20,541,611)	(2,006,250)	(17,417,522)	(817,631)
Additional investment in a subsidiary company	-	-	-	(175,000)
Dividends received	171,724	152,307	981,086	860,919
Net cash used in investing activities	<u>(20,648,162)</u>	<u>(1,943,343)</u>	<u>(16,625,335)</u>	<u>(181,571)</u>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013.*

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>Cash Flows from Financing Activities</b>				
Dividends paid	(1,957,883)	(1,840,970)	(1,936,675)	(1,821,105)
Net proceeds from rights issue	4,812,417	-	4,812,417	-
Net proceeds from disposal of treasury shares	175,639	-	175,639	-
Net drawdown / (repayment) of borrowings	25,131	(401,520)	-	-
Net proceeds from issuance of debt securities	1,498,215	2,347,915	999,500	2,347,915
Redemption of debt securities	(473,000)	(1,400,000)	(473,000)	(1,400,000)
Net cash generated from / (used in) financing activities	<u>4,080,519</u>	<u>(1,294,575)</u>	<u>3,577,881</u>	<u>(873,190)</u>
Net change in cash and cash equivalents	(6,519,099)	3,103,466	(2,412,267)	1,147,706
Cash and cash equivalents at beginning of the year	20,183,223	16,835,772	11,386,416	10,238,710
Exchange differences on translation of opening balances	213,251	243,985	-	-
Cash and cash equivalents at end of the year	<u>13,877,375</u>	<u>20,183,223</u>	<u>8,974,149</u>	<u>11,386,416</u>
Note:				
Cash and balances with banks	16,816,838	22,080,417	11,008,446	12,750,086
Less: Balances with banks with maturity more than one month	(2,939,463)	(1,897,194)	(2,034,297)	(1,363,670)
Cash and cash equivalents at end of the year	<u>13,877,375</u>	<u>20,183,223</u>	<u>8,974,149</u>	<u>11,386,416</u>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2013.*

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

**A1. Basis of Preparation**

The audited interim financial statements for the 4th quarter and financial year ended 31 December 2014 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale, derivative financial instruments and investment properties.

The audited 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 audited interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2013. The explanatory notes attached to the audited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2013.

The audited 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 audited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2013, except for the early adoption of the following MFRSs and Amendments to MFRSs during the current financial year:

- (i) MFRS and Amendments to MFRSs that were Early Adopted by the Group and the Bank:

Effective for annual periods commencing on or after 1 July 2014 (Early adoption)

- Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010 - 2012 Cycle"
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011 - 2013 Cycle"

Effective for annual periods commencing on or after 1 January 2016 (Early adoption)

- Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)
- MFRS 14 Regulatory Deferral Accounts
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)
- Accounting for Acquisitions of interests in Joint Operations (Amendments to MFRS 11)

The adoption of MFRS 14 and amendments to MFRS 116 and MFRS 141 did not have any impact on the Group and the Bank as they are not relevant to the business of the Group and the Bank. The adoption of amendments to MFRS 11 did not have any impact on the Group and the Bank as the Group does not have any interest in joint operations.

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

- (i) MFRS and Amendments to MFRSs that were Early Adopted by the Group and the Bank (continued):

The amendments to MFRS 119 provide a practical expedient in accounting for contributions from employees or third parties to the defined benefit plans. The adoption of the amendments to MFRS 119 did not have any financial impact to the Group and the Bank as the Group's defined benefit plan does not require employees or third parties to contribute to the plan.

The Annual Improvements to MFRSs 2010 – 2012 Cycle consist of the following amendments:

- (a) MFRS 2 Share-based Payment

The amendment clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

- (b) MFRS 3 Business Combinations

The amendment clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. In addition, contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in the statement of profit or loss.

- (c) MFRS 8 Operating Segments

The amendment requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segment and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. In addition, a reconciliation of the total reportable segments' assets to the entity's assets is required if that amount is regularly provided to the chief operating decision maker.

- (d) MFRS 13 Fair Value Measurement

The amendment relates to the IASB's Basis for Conclusions which clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

- (e) MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

The amendment clarifies the accounting for the accumulated depreciation or amortisation when an asset is revalued.

- (f) MFRS 124 Related Party Disclosures

The amendment extends the definition of 'related party' to include an entity, or any member of a group of which it is a party, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The adoption of the Annual Improvements to MFRSs 2010 - 2012 Cycle did not have any financial impact on the Group and the Bank.

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

- (i) MFRS and Amendments to MFRSs that were Early Adopted by the Group and the Bank (continued):

The Annual Improvements to MFRSs 2011 – 2013 Cycle consist of the following amendments:

- (a) MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

The amendment relates to the IASB's Basis for Conclusions which clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

- (b) MFRS 3 Business Combinations

The amendment clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 Joint Arrangements) in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangements for their interests in the joint arrangement.

- (c) MFRS 13 Fair Value Measurement

The amendment clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 Financial Instruments: Presentation.

- (d) MFRS 140 Investment Property

The amendment clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

The adoption of the Annual Improvements to MFRSs 2011-2013 Cycle did not have any financial impact on the Group and the Bank.

The amendments to MFRS 116 and MFRS 138 clarify that the preparers should not use revenue-based methods to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets. The adoption of these amendments did not have any impact on the Group and the Bank as the Group and the Bank do not use revenue-based methods to calculate depreciation and amortisation of its property, plant and equipment or intangible assets.

- (ii) Determination of Substantively Enacted Tax Rate in Measuring Deferred Tax Assets and Liabilities (FRSIC Consensus 21)

FRSIC 21 was developed by the Financial Reporting Standards Implementation Committee ("FRSIC") and issued by the Malaysian Institute of Accountants on 17 February 2014.

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

- (ii) Determination of Substantively Enacted Tax Rate in Measuring Deferred Tax Assets and Liabilities (FRSIC Consensus 21) (continued)

In accordance with FRSIC 21, the announcement of changes in the Malaysian tax rate by the Government in the yearly budget speech has the substantive effect of actual enactment. This is because in Malaysia, historically, there has been no difference between tax rate announced by the Government in the yearly budget speech and the subsequent gazetted tax rate. Hence, an entity shall apply the revised or announced tax rate to the temporary differences that are expected to be reversed in the year of assessment and in subsequent years, as announced in the budget speech.

FRSIC 21 has been applied in the financial statements of the Group and the Bank in relation to the tax rate used in measuring deferred tax assets and liabilities in line with the announcement in the Budget Speech 2015 that corporate tax rate would reduce from 25% to 24% for year of assessment 2016. The changes were accounted for prospectively as a change in accounting estimates and as a result, the deferred tax expense of the Group and the Bank for the current financial year have been increased by RM653,000 and RM591,000 respectively.

- (iii) Bank Negara Malaysia ("BNM") Guidelines

On 4 February 2014, Bank Negara Malaysia ("BNM") issued a letter requiring banking institutions to maintain, in aggregate, collective impairment provisions and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment provisions, pursuant to paragraph 13 of the BNM's Policy Document on Classification and Impairment Provisions for Loans/Financing. The regulatory reserves are maintained in addition to the impairment provisions required under the MFRS 139 Financial Instruments: Recognition and Measurement, and it will be set aside from the retained profits to a separate reserves within equity as an additional credit risk absorbent. Banking institutions are required to comply with this requirement by 31 December 2015. During the financial year, the Group and the Bank have transferred RM1.30 billion and RM1.29 billion respectively from its retained profits to regulatory reserves in accordance with BNM's requirements. The early adoption of this requirement did not have any impact to the profit or loss of the Group and the Bank. As regulatory reserves do not qualify as common equity Tier I ("CET I") capital and Tier I capital under BNM's Capital Adequacy Framework (Capital Components), the adoption of this requirement has resulted in a decrease of 0.6% respectively in CET I and Tier I capital ratios of the Group. For the Bank, the adoption of this requirement has resulted in a decrease of 0.7% respectively in CET I and Tier I capital ratios.

- (iv) MFRSs and Amendments to MFRSs that have been Issued but Not Yet Effective to the Group and the Bank

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

Effective for annual periods commencing on or after 1 January 2016

- Equity Method in Separate Financial Statements (Amendments to MFRS 127)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012–2014 Cycle"



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

- (iv) MFRSs and Amendments to MFRSs that have been Issued but Not Yet Effective to the Group and the Bank (continued)

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

Effective for annual periods commencing on or after 1 January 2017

- MFRS 15 Revenue from Contracts with Customers

Effective for annual periods commencing on or after 1 January 2018

- MFRS 9 Financial Instruments (2014)

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

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

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

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

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

- (b) MFRS 7 Financial Instruments: Disclosures

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

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

- (c) MFRS 119 Employee Benefits

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

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

- (iv) MFRSs and Amendments to MFRSs that have been Issued but Not Yet Effective to the Group and the Bank (continued)

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

- (d) MFRS 134 Interim Financial Reporting

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

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

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

MFRS 9 Financial Instruments (2014)

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

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

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

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2013 was not qualified.

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

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 4th quarter and financial year ended 31 December 2014.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 4th quarter and financial year ended 31 December 2014.

**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 4th quarter and financial year ended 31 December 2014.

**A6. Debt and Equity Securities**

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

a) **RM5.0 Billion Senior Medium Term Notes Programme**

On 15 April 2014, the Bank issued RM600 million in nominal value of Senior Medium Term Notes under its Senior Medium Term Notes Programme. The Notes bear interest at 4.20% per annum payable semi-annually and are due on 15 April 2019.

On 5 May 2014, the Bank issued RM400 million in nominal value of Senior Medium Term Notes under its Senior Medium Term Notes Programme. The Notes bear interest at 4.20% per annum payable semi-annually and are due on 3 May 2019.

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

The Bank's wholly-owned subsidiary company, PIBB obtained approvals from Bank Negara Malaysia and the Securities Commission on 24 March 2014 and 21 April 2014 respectively, for the establishment of an Islamic medium term note programme under the Shariah principle of Murabahah to facilitate the issuance of Senior Sukuk Murabahah and/or Subordinated Sukuk Murabahah of up to RM5.0 billion in nominal value.

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**A6. Debt and Equity Securities** (continued)

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

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

The Subordinated Sukuk Murabahah to be issued from time to time under the Sukuk Murabahah Programme ("Programme") will qualify as Tier II capital for the computation of the regulatory capital of PIBB and the Group in accordance with the Capital Adequacy Framework (Capital Components) for Islamic Banks issued by BNM.

On 9 June 2014, PIBB issued the first tranche of RM500 million in nominal value of Subordinated Sukuk Murabahah under the Programme which are due on 7 June 2024 and callable on 10 June 2019. The Subordinated Sukuk Murabahah bear profit at 4.75% per annum payable semi-annually.

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

The following tranches of Subordinated Notes together with accrued interest were redeemed by the Bank during the year:

- i) RM200 million (2nd tranche) on 6 November 2014;
- ii) RM223 million (3rd tranche) on 10 December 2014; and
- iii) RM50 million (4th tranche) on 31 December 2014.

**c) Renounceable Rights Issue of 350,212,513 New Ordinary Shares of RM1.00 Each in Public Bank Berhad ("PBB Shares") on the Basis of One (1) Rights Share for Every Ten (10) Existing PBB Shares Held on 23 June 2014 at an Issue Price of RM13.80 Per Rights Share**

On 29 April 2014, the Bank announced to undertake a renounceable rights issue of new PBB Shares ("Rights Issue") to its entitled shareholders to raise gross proceeds of up to RM5.0 billion.

Bursa Malaysia Securities Berhad ("Bursa Securities") granted its approval for the listing and quotation of the Rights Shares on the Main Market of Bursa Securities on 9 May 2014. Bank Negara Malaysia granted its approval for the increase in the issued and paid-up share capital of the Bank pursuant to the Rights Issue on 14 May 2014. The shareholders of the Bank approved the Rights Issue at the Bank's extraordinary general meeting held on 6 June 2014.

On 9 June 2014, the Bank announced that 350,212,513 new PBB Shares on the basis of One (1) Rights Share for every Ten (10) existing PBB Shares will be issued at an issue price of RM13.80 per Rights Share. The entitlement date for the Rights Issue was on 23 June 2014.

The Rights Issue exercise was completed on 8 August 2014 and has raised a total gross proceeds of RM4.8 billion following the listing and quotation of the 350,212,513 Rights Shares on the Main Market of Bursa Securities.

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**A6. Debt and Equity Securities** (continued)

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

**d) Resale of Treasury Shares**

During the financial year, the Bank disposed 9,156,400 of its issued ordinary shares held as treasury shares for a total consideration of RM175,639,643 (after deducting transaction costs) in the open market at an average price of RM19.23 per share. As at 31 December 2014, the number of treasury shares held after deducting the disposal was 20,644,304 PBB Shares.

**A7. Dividends Paid and Distributed**

During the financial year ended 31 December 2014 :-

- a) A second interim single tier dividend of 30% in respect of the financial year ended 31 December 2013, amounting to RM1,050,637,539 was paid on 28 February 2014.
- b) A first interim single tier dividend of 23% in respect of the financial year ended 31 December 2014, amounting to RM886,037,658 was paid on 20 August 2014.

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**A8. Financial Assets Held-for-trading**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Treasury Bills	77,292	-	77,292	-
Malaysian Government Securities	971,970	223,523	971,970	223,523
Malaysian Government Investment Certificates	91,272	1,310,771	91,272	1,106,521
Bank Negara Malaysia Monetary Notes	1,053,737	49,346	1,053,737	49,346
	<u>2,194,271</u>	<u>1,583,640</u>	<u>2,194,271</u>	<u>1,379,390</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	15,705,105	13,822,929	12,242,739	12,274,547
Bankers' acceptances and Islamic accepted bills	367,994	-	-	-
	<u>16,073,099</u>	<u>13,822,929</u>	<u>12,242,739</u>	<u>12,274,547</u>
<b>Non-money market instruments:</b>				
Debt securities:				
- Unquoted private debt securities	96,648	405,394	41,770	332,489
Total financial assets held-for-trading	<u>18,364,018</u>	<u>15,811,963</u>	<u>14,478,780</u>	<u>13,986,426</u>

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**A9. Financial Investments Available-for-sale**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Treasury Bills	389,603	1,386,790	78,452	1,386,790
Malaysian Government Securities	5,792,980	975,356	5,792,980	975,356
Malaysian Government Investment Certificates	6,435,034	3,140,471	4,398,611	1,703,562
Bank Negara Malaysia Monetary Notes	4,935,145	4,604,017	3,152,223	4,604,017
	<u>17,552,762</u>	<u>10,106,634</u>	<u>13,422,266</u>	<u>8,669,725</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,091,364</u>	<u>198,844</u>	<u>1,002,749</u>	<u>198,844</u>
<b>Non-money market instruments:</b>				
Equity securities:				
- Quoted shares and convertible loan stocks in Malaysia	-	4,785	-	4,785
- Quoted shares and convertible loan stocks outside Malaysia	7,086	11,897	-	-
- Unquoted shares #	112,086	110,249	107,921	106,285
Debt securities:				
- Unquoted private debt securities	1,421,176	2,078,879	1,052,762	1,607,095
Unit trust funds	5,274,346	5,107,224	4,806,124	4,538,133
	<u>6,814,694</u>	<u>7,313,034</u>	<u>5,966,807</u>	<u>6,256,298</u>
Total financial investments available-for-sale	<u>25,458,820</u>	<u>17,618,512</u>	<u>20,391,822</u>	<u>15,124,867</u>

# Stated at cost, net of impairment loss.

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**A10. Financial Investments Held-to-maturity**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>At amortised cost</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Treasury Bills	174,363	19,961	9,752	-
Malaysian Government Securities	2,317,575	1,235,500	2,287,544	1,205,514
Malaysian Government Investment Certificates	11,160,710	2,190,194	10,103,198	2,119,819
Bank Negara Malaysia Monetary Notes	439,542	-	439,542	-
Foreign Government Treasury Bills	708,132	756,069	20,149	111,725
Other foreign government securities	131,043	197,872	-	-
	<u>14,931,365</u>	<u>4,399,596</u>	<u>12,860,185</u>	<u>3,437,058</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	1,065,018	1,890,742	1,586,876	1,528,777
Bankers' acceptances and Islamic accepted bills	-	279,895	-	89,092
	<u>1,065,018</u>	<u>2,170,637</u>	<u>1,586,876</u>	<u>1,617,869</u>
<b>Non-money market instruments:</b>				
Debt securities:				
- Cagamas bonds	1,247,447	130,287	1,207,484	90,436
- Unquoted private debt securities	3,170,638	1,093,138	2,212,355	642,544
	<u>4,418,085</u>	<u>1,223,425</u>	<u>3,419,839</u>	<u>732,980</u>
Accumulated impairment losses	(81)	(107)	(81)	(107)
Total financial investments held-to-maturity	<u>20,414,387</u>	<u>7,793,551</u>	<u>17,866,819</u>	<u>5,787,800</u>



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**A11. Loans, Advances and Financing**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>At amortised cost</b>				
Overdrafts	10,195,284	9,694,121	8,394,145	8,319,983
Term loans				
- Housing loans / financing	77,610,372	69,371,088	67,116,548	60,472,169
- Syndicated term loans / financing	1,513,802	1,782,419	1,008,885	1,071,646
- Hire purchase receivables	48,288,687	44,923,671	35,306,545	31,906,568
- Other term loans / financing	92,882,403	83,603,166	77,281,485	70,256,580
Credit card receivables	1,664,137	1,623,283	1,651,400	1,613,033
Bills receivables	171,747	132,233	153,681	112,310
Trust receipts	334,435	318,642	253,595	262,301
Claims on customers under acceptance credits	4,206,587	4,146,270	4,053,227	4,013,598
Revolving credits	6,680,739	4,247,740	6,510,882	4,273,079
Staff loans *	1,495,860	1,333,170	1,403,626	1,254,160
Gross loans, advances and financing	<u>245,044,053</u>	<u>221,175,803</u>	<u>203,134,019</u>	<u>183,555,427</u>
Allowance for impaired loans and financing:				
- collective assessment allowance	(1,682,128)	(1,592,085)	(1,143,525)	(1,071,089)
- individual assessment allowance	(140,086)	(167,925)	(62,467)	(79,765)
Net loans, advances and financing	<u>243,221,839</u>	<u>219,415,793</u>	<u>201,928,027</u>	<u>182,404,573</u>

\* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM3,402,000 (2013: RM3,499,000) and RM3,069,000 (2013 - RM3,092,000) respectively.

**A11a. By class**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Retail loans / financing *				
- Housing loans / financing	77,610,372	69,371,088	67,116,548	60,472,169
- Hire purchase	48,288,687	44,923,671	35,306,545	31,906,568
- Credit cards	1,664,137	1,623,283	1,651,400	1,613,033
- Other loans / financing ^	83,615,227	74,634,000	71,399,103	64,745,015
	<u>211,178,423</u>	<u>190,552,042</u>	<u>175,473,596</u>	<u>158,736,785</u>
Corporate loans / financing	33,865,630	30,623,761	27,660,423	24,818,642
	<u>245,044,053</u>	<u>221,175,803</u>	<u>203,134,019</u>	<u>183,555,427</u>

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

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

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

**A11b. By type of customer**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Banking institutions	-	219,841	-	32,806
Non-bank financial institutions				
- Stock-broking companies	8,803	10,415	8,803	10,415
- Others	6,672,659	5,867,394	6,553,083	5,796,575
Business enterprises				
- Small and medium enterprises	55,544,630	46,466,558	49,161,029	41,907,628
- Others	24,310,180	24,774,604	18,987,132	19,839,602
Government and statutory bodies	331,246	328,984	13,663	9,205
Individuals	155,717,324	141,050,941	126,060,649	113,628,081
Other entities	40,369	43,708	37,536	41,090
Foreign entities	2,418,842	2,413,358	2,312,124	2,290,025
	<u>245,044,053</u>	<u>221,175,803</u>	<u>203,134,019</u>	<u>183,555,427</u>

**A11c. By interest / profit rate sensitivity**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Fixed rate				
- Housing loans / financing	682,813	760,224	79,311	100,506
- Hire purchase receivables	46,454,805	43,231,795	35,293,363	31,896,405
- Other fixed rate loans / financing	15,788,687	15,294,702	8,249,418	8,200,180
Variable rate				
- Base lending rate plus	147,647,383	131,488,842	136,427,954	123,273,711
- Cost plus	22,797,600	20,029,781	22,107,737	19,323,512
- Other variable rates	11,672,765	10,370,459	976,236	761,113
	<u>245,044,053</u>	<u>221,175,803</u>	<u>203,134,019</u>	<u>183,555,427</u>

**A11d. By residual contractual maturity**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Maturity within one year	33,519,550	29,512,905	28,173,351	24,665,072
More than one year to three years	19,854,855	21,787,337	15,876,998	17,348,887
More than three years to five years	22,993,262	21,614,004	18,037,149	16,869,100
More than five years	168,676,386	148,261,557	141,046,521	124,672,368
	<u>245,044,053</u>	<u>221,175,803</u>	<u>203,134,019</u>	<u>183,555,427</u>

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

**A11e. By geographical distribution**

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Malaysia	228,337,847	206,634,918	202,409,537	183,018,237
Hong Kong SAR and the People's Republic of China	12,991,337	11,573,237	-	-
Cambodia	2,990,387	2,430,458	-	-
Other countries	724,482	537,190	724,482	537,190
	<b>245,044,053</b>	<b>221,175,803</b>	<b>203,134,019</b>	<b>183,555,427</b>

**A11f. Gross loans, advances and financing by economic purpose**

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Purchase of securities	2,735,265	4,023,503	2,442,734	3,861,298
Purchase of transport vehicles	48,537,246	45,158,466	35,557,749	32,139,612
Purchase of landed properties	141,982,677	126,004,256	124,781,538	111,871,882
(of which: - residential	79,378,865	70,928,295	68,836,084	62,005,417
- non-residential)	62,603,812	55,075,961	55,945,454	49,866,465
Purchase of fixed assets (excluding landed properties)	245,063	242,072	214,981	212,738
Personal use	9,401,614	9,090,491	4,804,696	4,527,048
Credit card	1,664,137	1,623,283	1,651,400	1,613,033
Purchase of consumer durables	2,437	16,855	283	13,619
Construction	3,930,563	2,903,437	3,245,636	2,268,033
Mergers and acquisitions	181,552	208,454	181,552	208,454
Working capital	32,695,312	28,219,556	26,792,202	23,401,960
Other purpose	3,668,187	3,685,430	3,461,248	3,437,750
	<b>245,044,053</b>	<b>221,175,803</b>	<b>203,134,019</b>	<b>183,555,427</b>

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

**A11g. Gross loans, advances and financing by sectors**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Agriculture, hunting, forestry and fishing	2,936,114	2,847,443	2,357,855	2,471,313
Mining and quarrying	212,118	199,457	179,813	167,811
Manufacturing	9,112,010	8,891,271	8,118,522	7,885,681
Electricity, gas and water	46,009	54,698	10,832	21,429
Construction	7,257,376	6,597,972	6,148,560	5,580,719
Wholesale & retail trade and restaurants & hotels	22,105,505	19,372,207	19,774,038	17,702,488
Transport, storage and communication	3,534,084	3,395,952	2,661,683	2,577,828
Finance, insurance and business services	14,977,836	12,214,958	13,455,331	10,838,160
Real estate	25,230,068	21,064,548	21,400,509	17,867,116
Community, social and personal services	2,316,978	4,319,749	1,851,904	3,886,443
Households	155,917,337	141,214,063	127,091,475	114,444,907
Others	1,398,618	1,003,485	83,497	111,532
	<u>245,044,053</u>	<u>221,175,803</u>	<u>203,134,019</u>	<u>183,555,427</u>

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Bankers' acceptances rediscounted	<u>204,124</u>	<u>974,991</u>	<u>204,124</u>	<u>974,121</u>

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
At 1 January	1,484,779	1,374,086	1,135,737	1,014,660
Impaired during the year	2,745,274	2,939,301	1,965,840	2,125,565
Reclassified as non-impaired	(1,921,658)	(1,976,588)	(1,481,655)	(1,576,211)
Recoveries	(324,762)	(299,343)	(247,577)	(169,777)
Amount written off	(482,772)	(555,058)	(197,092)	(247,931)
Loans converted to foreclosed properties / investments	(21,724)	(10,981)	(21,542)	(10,721)
Exchange differences	9,562	13,362	118	152
Closing balance	<u>1,488,699</u>	<u>1,484,779</u>	<u>1,153,829</u>	<u>1,135,737</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.61%</u>	<u>0.67%</u>	<u>0.57%</u>	<u>0.62%</u>

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

**A11j. Impaired loans, advances and financing by geographical distribution**

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Malaysia	1,375,695	1,364,302	1,141,700	1,133,697
Hong Kong SAR and the People's Republic of China	62,326	74,329	-	-
Cambodia	38,549	44,108	-	-
Other countries	12,129	2,040	12,129	2,040
	<b>1,488,699</b>	<b>1,484,779</b>	<b>1,153,829</b>	<b>1,135,737</b>

**A11k. Impaired loans, advances and financing by economic purpose**

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Purchase of securities	3,434	3,466	3,434	3,462
Purchase of transport vehicles	412,764	357,474	299,684	256,600
Purchase of landed properties	668,989	676,066	593,786	608,140
(of which: - residential	<b>504,808</b>	<b>526,930</b>	<b>441,735</b>	<b>468,751</b>
- non-residential)	<b>164,181</b>	<b>149,136</b>	<b>152,051</b>	<b>139,389</b>
Purchase of fixed assets (excluding landed properties)	164	6,003	160	5,977
Personal use	146,527	169,312	51,070	48,542
Credit card	25,409	23,161	25,353	23,084
Purchase of consumer durables	75	82	-	4
Construction	12,841	11,469	10,449	8,855
Working capital	202,794	223,163	154,249	166,649
Other purpose	15,702	14,583	15,644	14,424
	<b>1,488,699</b>	<b>1,484,779</b>	<b>1,153,829</b>	<b>1,135,737</b>

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

**A11i. Impaired loans, advances and financing by sectors**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Agriculture, hunting, forestry and fishing	17,682	16,692	10,278	2,559
Mining and quarrying	2,220	1,483	1,056	437
Manufacturing	95,216	110,739	86,383	98,646
Electricity, gas and water	1,738	1,551	-	-
Construction	53,219	41,188	49,705	37,600
Wholesale & retail trade and restaurants & hotels	118,792	130,908	92,422	106,597
Transport, storage and communication	51,344	61,167	49,327	59,778
Finance, insurance and business services	26,795	24,219	19,137	19,331
Real estate	34,991	23,715	33,189	21,458
Community, social and personal services	16,669	20,427	15,976	20,118
Households	1,068,180	1,050,632	795,747	768,342
Others	1,853	2,058	609	871
	<u>1,488,699</u>	<u>1,484,779</u>	<u>1,153,829</u>	<u>1,135,737</u>

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<u>Collective Assessment Allowance</u>				
At 1 January	1,592,085	1,529,566	1,071,089	1,059,484
Allowance made during the year	358,852	340,289	259,153	219,966
Amount written off	(271,729)	(280,604)	(187,246)	(208,758)
Exchange differences	2,920	2,834	529	397
Closing balance	<u>1,682,128</u>	<u>1,592,085</u>	<u>1,143,525</u>	<u>1,071,089</u>

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<u>Individual Assessment Allowance</u>				
At 1 January	167,925	201,995	79,765	110,074
Allowance made during the year	190,432	242,911	9,525	18,342
Amount written back in respect of recoveries	(22,731)	(17,164)	(15,310)	(9,478)
Amount written off	(211,043)	(274,454)	(9,846)	(39,173)
Amount transferred to allowance for impairment loss on foreclosed properties	(1,667)	-	(1,667)	-
Exchange differences	17,170	14,637	-	-
Closing balance	<u>140,086</u>	<u>167,925</u>	<u>62,467</u>	<u>79,765</u>

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**A12. Other Assets**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Deferred handling fees	254,694	242,734	191,097	175,656
Interest / Income receivable	89,802	69,650	75,681	45,374
Other receivables, deposits and prepayments	1,415,176	1,410,075	1,326,005	1,338,651
Manager's stocks	99,265	87,984	-	-
Employee benefits	269,797	294,339	263,673	286,306
Amount due from trust funds	107,730	111,536	-	-
Foreclosed properties	56,089	57,280	55,210	55,982
Taxi licenses	-	1,130	-	-
Outstanding contracts on clients' accounts	179,680	264,971	-	-
Amount due from subsidiary companies	-	-	37,336	37,879
Dividend receivable from subsidiary companies	-	-	501,487	469,462
	<b>2,472,233</b>	<b>2,539,699</b>	<b>2,450,489</b>	<b>2,409,310</b>

**A13. Deposits from Customers**

a) By type of deposit

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>At amortised cost</b>				
Core deposits:				
- Demand deposits	41,431,899	38,202,745	35,771,299	33,382,002
- Savings deposits	27,675,462	25,824,590	19,094,648	18,349,316
- Fixed deposits	147,600,034	137,230,286	121,430,943	107,341,341
	<b>216,707,395</b>	<b>201,257,621</b>	<b>176,296,890</b>	<b>159,072,659</b>
Wholesale deposits:				
- Negotiable instruments of deposit	7,222,073	1,620,398	3,674,808	651,420
- Money market deposits	52,524,700	47,881,370	46,163,811	42,036,700
	<b>59,746,773</b>	<b>49,501,768</b>	<b>49,838,619</b>	<b>42,688,120</b>
Other deposits	86,008	113,800	81,482	110,813
	<b>276,540,176</b>	<b>250,873,189</b>	<b>226,216,991</b>	<b>201,871,592</b>

b) By type of customer

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Federal and state governments	3,229,842	1,451,465	549,568	234,600
Local government and statutory authorities	3,419,087	2,695,427	1,806,029	1,610,984
Business enterprises	83,961,654	77,616,935	70,180,944	62,433,119
Individuals	124,941,888	111,921,512	107,897,350	97,008,165
Foreign customers	5,884,641	6,655,412	5,262,723	5,914,089
Others	55,103,064	50,532,438	40,520,377	34,670,635
	<b>276,540,176</b>	<b>250,873,189</b>	<b>226,216,991</b>	<b>201,871,592</b>

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**A13. Deposits from Customers (continued)**

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Due within six months	183,926,889	162,340,586	152,166,260	128,981,442
More than six months to one year	23,113,861	24,080,964	19,025,282	20,876,847
More than one year to three years	302,336	306,626	75,204	167,761
More than three years to five years	3,721	3,878	2,816	3,411
	<u>207,346,807</u>	<u>186,732,054</u>	<u>171,269,562</u>	<u>150,029,461</u>

**A14. Deposits from Banks**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>At amortised cost</b>				
Licensed banks	10,484,982	4,234,141	8,085,476	2,893,468
Licensed Islamic banks	940,000	1,063,881	-	713,881
Licensed investment banks	350,344	3,473,912	260,990	3,494,590
Bank Negara Malaysia	344,471	1,980,255	340,503	1,977,865
Other financial institutions	8,549,935	5,423,647	9,009,681	7,843,244
	<u>20,669,732</u>	<u>16,175,836</u>	<u>17,696,650</u>	<u>16,923,048</u>

**A15. Other Liabilities**

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Interest / Income payable	1,399,565	1,186,739	1,236,480	1,009,164
Other payables and accruals	2,534,807	2,351,233	1,986,008	1,803,877
Amount due to trust funds	47,243	66,534	-	-
Unprocessed sales and / or redemptions	190,902	118,778	-	-
Profit Equalisation Reserve of the investment account holder	55	-	-	-
Finance lease liabilities	136,627	26,484	136,627	26,484
Outstanding contracts on clients' accounts	171,746	255,125	-	-
Dividend payable to shareholders	15,701	15,523	1,121	1,866
Amount due to subsidiary companies	-	-	3,029	4,200
	<u>4,496,646</u>	<u>4,020,416</u>	<u>3,363,265</u>	<u>2,845,591</u>



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**A16. Interest Income**

	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Group</b>				
Loans and advances	2,813,726	2,478,232	10,575,410	9,596,439
Balances with banks	159,955	146,956	732,427	704,391
Financial investments available-for-sale	117,531	73,122	319,891	291,585
Financial investments held-to-maturity	177,344	70,101	474,230	249,862
Others	36,888	41,147	144,981	138,024
	<u>3,305,444</u>	<u>2,809,558</u>	<u>12,246,939</u>	<u>10,980,301</u>
Financial assets held-for-trading	114,749	98,106	389,148	385,791
	<u>3,420,193</u>	<u>2,907,664</u>	<u>12,636,087</u>	<u>11,366,092</u>
Of which:				
Interest income earned on impaired loans and advances	<u>13,860</u>	<u>13,189</u>	<u>56,808</u>	<u>53,248</u>
	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Bank</b>				
Loans and advances	2,582,677	2,269,191	9,709,835	8,757,158
Balances with banks	144,726	137,432	681,746	660,613
Financial investments available-for-sale	115,570	71,383	309,038	284,662
Financial investments held-to-maturity	167,100	49,430	412,649	174,990
Others	36,887	41,138	144,874	138,008
	<u>3,046,960</u>	<u>2,568,574</u>	<u>11,258,142</u>	<u>10,015,431</u>
Financial assets held-for-trading	96,728	90,653	344,330	352,989
	<u>3,143,688</u>	<u>2,659,227</u>	<u>11,602,472</u>	<u>10,368,420</u>
Of which:				
Interest income earned on impaired loans and advances	<u>13,411</u>	<u>12,391</u>	<u>54,496</u>	<u>49,829</u>

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**A17. Interest Expense**

	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b><u>Group</u></b>				
Deposits from banks	109,301	84,468	300,632	340,789
Deposits from customers	1,616,542	1,302,171	5,911,904	5,067,506
Loans sold to Cagamas	8,994	-	8,994	23
Debt securities issued and other borrowed funds	126,746	106,505	478,506	381,161
Others	3,843	958	5,578	6,075
	<b><u>1,865,426</u></b>	<b><u>1,494,102</u></b>	<b><u>6,705,614</u></b>	<b><u>5,795,554</u></b>

	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b><u>Bank</u></b>				
Deposits from banks	98,397	79,009	266,470	312,498
Deposits from customers	1,561,316	1,252,056	5,699,186	4,881,538
Loans sold to Cagamas	8,994	-	8,994	23
Debt securities issued and other borrowed funds	124,081	104,260	470,318	368,931
Others	3,771	897	5,346	5,836
	<b><u>1,796,559</u></b>	<b><u>1,436,222</u></b>	<b><u>6,450,314</u></b>	<b><u>5,568,826</u></b>

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**A18. Net Fee and Commission Income**

	4th Quarter Ended		Financial Year Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b><u>Group</u></b>				
Fee and commission income:				
Commissions	112,724	108,585	400,369	389,199
Service charges and fees	75,279	69,325	291,935	271,588
Guarantee fees	9,052	9,231	33,133	33,517
Processing fees	6,821	3,259	25,556	15,400
Commitment fees	14,663	15,251	67,604	61,445
Unit trust management fees	203,796	189,411	795,158	704,511
Fee on sale of trust units	73,178	82,353	286,676	313,801
Net brokerage and commissions from stockbroking activities	21,991	19,509	88,598	80,053
Other fee and commission income	10,869	9,490	45,167	38,896
	<u>528,373</u>	<u>506,414</u>	<u>2,034,196</u>	<u>1,908,410</u>
Fee and commission expense:				
Loan related fee	(71,590)	(67,028)	(263,272)	(253,359)
Unit trust agency fee	(95,062)	(100,847)	(368,340)	(362,290)
Other fee and commission expense	(5,389)	(4,196)	(20,909)	(17,416)
	<u>(172,041)</u>	<u>(172,071)</u>	<u>(652,521)</u>	<u>(633,065)</u>
Net fee and commission income	<u>356,332</u>	<u>334,343</u>	<u>1,381,675</u>	<u>1,275,345</u>
	4th Quarter Ended		Financial Year Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b><u>Bank</u></b>				
Fee and commission income:				
Commissions	125,684	121,821	455,140	451,183
Service charges and fees	56,249	53,211	215,762	205,653
Guarantee fees	8,550	8,494	30,659	30,507
Processing fees	3,727	1,279	12,923	4,451
Commitment fees	13,698	14,354	63,737	58,384
Other fee and commission income	7,866	7,181	32,590	30,253
	<u>215,774</u>	<u>206,340</u>	<u>810,811</u>	<u>780,431</u>
Fee and commission expense:				
Loan related fee	(70,473)	(66,068)	(258,972)	(249,255)
Other fee and commission expense	(3,004)	(2,402)	(12,039)	(10,933)
	<u>(73,477)</u>	<u>(68,470)</u>	<u>(271,011)</u>	<u>(260,188)</u>
Net fee and commission income	<u>142,297</u>	<u>137,870</u>	<u>539,800</u>	<u>520,243</u>

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

	4th Quarter Ended		Financial Year Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>Group</b>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	839	3,653	8,378	9,839
- gross dividend income	-	2	-	12
- unrealised revaluation gain / (loss)	584	(5,458)	3,878	(9,238)
	<u>1,423</u>	<u>(1,803)</u>	<u>12,256</u>	<u>613</u>
Net gain / (loss) arising on trading derivatives:				
- net gain / (loss) on disposal	-	262	10,447	(5,864)
- unrealised revaluation gain / (loss)	1,439	(2,618)	(11,605)	11,569
	<u>1,439</u>	<u>(2,356)</u>	<u>(1,158)</u>	<u>5,705</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	1,173	4,885	12,509	12,002
- gross dividend income	40,346	31,766	165,623	145,960
	<u>41,519</u>	<u>36,651</u>	<u>178,132</u>	<u>157,962</u>
Net gain representing ineffective portions of hedging derivatives:				
- fair value hedge	1,477	602	5,942	2,131
- cash flow hedge	456	276	1,589	572
	<u>1,933</u>	<u>878</u>	<u>7,531</u>	<u>2,703</u>
Net gains and losses on financial instruments	<u>46,314</u>	<u>33,370</u>	<u>196,761</u>	<u>166,983</u>

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

	4th Quarter Ended		Financial Year Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b><u>Bank</u></b>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	826	3,633	8,232	10,235
- gross dividend income	-	2	-	12
- unrealised revaluation gain / (loss)	636	(5,463)	3,929	(9,243)
	<u>1,462</u>	<u>(1,828)</u>	<u>12,161</u>	<u>1,004</u>
Net gain / (loss) arising on trading derivatives:				
- net gain / (loss) on disposal	-	262	10,447	(5,864)
- unrealised revaluation (loss) / gain	(2)	1,900	(9,364)	12,239
	<u>(2)</u>	<u>2,162</u>	<u>1,083</u>	<u>6,375</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	936	4,885	8,999	12,002
- gross dividend income	40,305	30,764	163,604	140,802
	<u>41,241</u>	<u>35,649</u>	<u>172,603</u>	<u>152,804</u>
Net gain representing ineffective portions of hedging derivatives:				
- fair value hedge	1,502	635	6,195	2,106
- cash flow hedge	456	276	1,589	572
	<u>1,958</u>	<u>911</u>	<u>7,784</u>	<u>2,678</u>
Net gains and losses on financial instruments	<u>44,659</u>	<u>36,894</u>	<u>193,631</u>	<u>162,861</u>

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**A20. Other Operating Income**

	4th Quarter Ended		Financial Year Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b><u>Group</u></b>				
Other income:				
Foreign exchange profit	81,230	58,352	268,940	232,844
Rental income from:				
- investment properties	1,755	1,590	6,698	6,068
- other properties	4,267	3,935	16,378	14,981
Net gain on disposal of property and equipment	55	70	996	500
Net gain on disposal of foreclosed properties	300	325	777	2,657
Net gain on revaluation of investment properties	3,615	411	5,304	2,547
Others	8,066	10,584	34,159	48,718
Total other operating income	<u>99,288</u>	<u>75,267</u>	<u>333,252</u>	<u>308,315</u>
	4th Quarter Ended	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Gross dividend income from:				
- associated companies	-	-	6,101	6,460
- subsidiary companies				
- quoted outside Malaysia	39,888	37,362	56,543	53,881
- unquoted in Malaysia	322,932	186,800	786,863	699,705
	<u>362,820</u>	<u>224,162</u>	<u>849,507</u>	<u>760,046</u>
Other income:				
Foreign exchange (loss) / profit	(67,627)	46,910	100,334	163,852
Rental income from other properties	3,223	3,016	12,507	11,559
Net gain on disposal of property and equipment	22	80	973	579
Net gain on disposal of foreclosed properties	300	325	777	2,657
Others	6,532	8,886	24,374	36,365
	<u>(57,550)</u>	<u>59,217</u>	<u>138,965</u>	<u>215,012</u>
Total other operating income	<u>305,270</u>	<u>283,379</u>	<u>988,472</u>	<u>975,058</u>

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**A21. Other Operating Expenses**

<u>Group</u>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Personnel costs				
- Salaries, allowances and bonuses	<b>396,599</b>	353,987	<b>1,544,848</b>	1,388,845
- Pension costs	<b>41,693</b>	62,341	<b>203,116</b>	232,668
- Others	<b>30,454</b>	31,258	<b>130,650</b>	123,095
	<b>468,746</b>	447,586	<b>1,878,614</b>	1,744,608
Establishment costs				
- Depreciation	<b>43,930</b>	39,015	<b>159,049</b>	161,188
- Rental	<b>25,429</b>	25,536	<b>97,774</b>	93,803
- Insurance	<b>3,865</b>	4,738	<b>19,817</b>	21,806
- Water and electricity	<b>13,517</b>	11,010	<b>52,267</b>	44,530
- General repairs and maintenance	<b>4,106</b>	19,935	<b>67,261</b>	72,558
- Information technology expenses	<b>5,934</b>	7,001	<b>26,852</b>	27,896
- Others	<b>13,256</b>	12,005	<b>49,801</b>	44,875
	<b>110,037</b>	119,240	<b>472,821</b>	466,656
Marketing expenses				
- Advertisement and publicity	<b>8,534</b>	12,147	<b>41,338</b>	63,289
- Others	<b>16,341</b>	21,824	<b>72,857</b>	84,109
	<b>24,875</b>	33,971	<b>114,195</b>	147,398
Administration and general expenses				
- Communication expenses	<b>3,484</b>	9,572	<b>26,957</b>	38,899
- Legal and professional fees	<b>6,923</b>	11,967	<b>38,203</b>	43,399
- Others	<b>21,391</b>	8,058	<b>75,075</b>	62,676
	<b>31,798</b>	29,597	<b>140,235</b>	144,974
Total other operating expenses	<b>635,456</b>	630,394	<b>2,605,865</b>	2,503,636

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

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Personnel costs				
- Salaries, allowances and bonuses	295,352	267,274	1,188,616	1,088,897
- Pension costs	35,695	48,081	179,281	208,398
- Others	24,996	26,913	109,628	107,639
	<u>356,043</u>	<u>342,268</u>	<u>1,477,525</u>	<u>1,404,934</u>
Establishment costs				
- Depreciation	33,617	29,442	123,090	127,694
- Rental	22,965	23,770	89,210	87,416
- Insurance	3,625	3,667	16,997	16,641
- Water and electricity	9,905	8,321	39,294	33,359
- General repairs and maintenance	1,322	17,387	57,184	63,842
- Information technology expenses	1,943	3,763	12,859	14,905
- Others	9,336	8,555	37,045	33,486
	<u>82,713</u>	<u>94,905</u>	<u>375,679</u>	<u>377,343</u>
Marketing expenses				
- Advertisement and publicity	340	5,356	14,067	24,550
- Others	8,501	8,185	38,893	39,893
	<u>8,841</u>	<u>13,541</u>	<u>52,960</u>	<u>64,443</u>
Administration and general expenses				
- Communication expenses	1,409	7,319	19,821	34,129
- Legal and professional fees	5,293	8,789	29,501	32,336
- Others	12,227	9,860	48,869	38,673
	<u>18,929</u>	<u>25,968</u>	<u>98,191</u>	<u>105,138</u>
Shared service cost charged to Public Islamic Bank Berhad	(62,824)	(61,141)	(248,647)	(241,174)
Total other operating expenses	<u>403,702</u>	<u>415,541</u>	<u>1,755,708</u>	<u>1,710,684</u>



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

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b><u>Group</u></b>				
Allowance for impaired loans and financing:				
Collective assessment allowance	90,436	99,762	358,852	340,289
Individual assessment allowance	47,640	56,336	167,701	225,747
(Writeback of allowance) / allowance for bad debts from stockbroking activities	(95)	127	(152)	(2)
Impaired loans and financing written off	31	20	107	644
Impaired loans and financing recovered	(75,143)	(65,962)	(267,508)	(215,426)
	<u>62,869</u>	<u>90,283</u>	<u>259,000</u>	<u>351,252</u>

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Allowance / (Writeback of allowance) for impaired loans:				
Collective assessment allowance	70,816	73,408	259,153	219,966
Individual assessment allowance	(13)	2,948	(5,785)	8,864
Impaired loans written off	32	25	103	554
Impaired loans recovered	(53,082)	(45,189)	(153,244)	(128,779)
	<u>17,753</u>	<u>31,192</u>	<u>100,227</u>	<u>100,605</u>

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**A23. Segment Information**

4th Quarter Ended 31 December 2014	<----- Operating Segments ----->											Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000	Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	
External revenue	617,377	2,186,735	319,030	507,766	55,527	277,210	1,494	250,903	4,216,042	312,543	-	4,528,585
Revenue from other segments	-	360,446	4,129	305,540	648	4,053	7,482	202,503	884,801	1,823	(886,624)	-
	<u>617,377</u>	<u>2,547,181</u>	<u>323,159</u>	<u>813,306</u>	<u>56,175</u>	<u>281,263</u>	<u>8,976</u>	<u>453,406</u>	<u>5,100,843</u>	<u>314,366</u>	<u>(886,624)</u>	<u>4,528,585</u>
Net interest income and												
Islamic banking income	204,669	1,142,970	86,100	53,331	6,166	4,289	(2,079)	58,900	1,554,346	206,307	-	1,760,653
Other income	381	141,881	4,558	73,562	18,252	166,512	9,116	56,649	470,911	48,508	(17,485)	501,934
Net income	<u>205,050</u>	<u>1,284,851</u>	<u>90,658</u>	<u>126,893</u>	<u>24,418</u>	<u>170,801</u>	<u>7,037</u>	<u>115,549</u>	<u>2,025,257</u>	<u>254,815</u>	<u>(17,485)</u>	<u>2,262,587</u>
Other operating expenses	(56,962)	(347,849)	(2,690)	(7,190)	(7,093)	(45,169)	(3,772)	(69,027)	(539,752)	(113,189)	17,485	(635,456)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(47,377)	116	13,547	-	(219)	-	-	-	(33,933)	(28,936)	-	(62,869)
Writeback of allowance for impairment on other assets	-	343	-	-	-	-	-	-	343	-	-	343
Profit by segments	<u>100,711</u>	<u>937,461</u>	<u>101,515</u>	<u>119,703</u>	<u>17,106</u>	<u>125,632</u>	<u>3,265</u>	<u>46,522</u>	<u>1,451,915</u>	<u>112,690</u>	<u>-</u>	<u>1,564,605</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									968	1,705		2,673
Profit before tax expense and zakat									<u>1,452,883</u>	<u>114,395</u>		<u>1,567,278</u>

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**A23. Segment Information (continued)**

<b>4th Quarter Ended 31 December 2013</b>	<----- Operating Segments ----->											<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>	<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>	
External revenue	588,837	1,928,217	271,998	425,099	51,615	271,970	1,353	109,872	3,648,961	269,712	-	3,918,673
Revenue from other segments	-	303,324	6,114	239,269	2,126	3,160	7,388	384,788	946,169	949	(947,118)	-
	<u>588,837</u>	<u>2,231,541</u>	<u>278,112</u>	<u>664,368</u>	<u>53,741</u>	<u>275,130</u>	<u>8,741</u>	<u>494,660</u>	<u>4,595,130</u>	<u>270,661</u>	<u>(947,118)</u>	<u>3,918,673</u>
Net interest income and												
Islamic banking income	214,797	1,067,356	72,756	36,037	4,099	3,366	(1,983)	36,312	1,432,740	184,754	-	1,617,494
Other income	448	136,248	11,963	56,297	18,063	155,108	8,775	43,478	430,380	29,272	(16,672)	442,980
Net income	<u>215,245</u>	<u>1,203,604</u>	<u>84,719</u>	<u>92,334</u>	<u>22,162</u>	<u>158,474</u>	<u>6,792</u>	<u>79,790</u>	<u>1,863,120</u>	<u>214,026</u>	<u>(16,672)</u>	<u>2,060,474</u>
Other operating expenses	(52,773)	(333,067)	(2,747)	(5,715)	(9,237)	(45,446)	(3,410)	(99,000)	(551,395)	(95,671)	16,672	(630,394)
(Allowance) / Writeback of												
allowance for impairment on												
loans, advances and financing	(52,065)	(19,409)	15,528	-	(113)	-	-	-	(56,059)	(34,224)	-	(90,283)
Writeback of allowance for												
impairment on other assets	-	1,213	-	-	-	-	-	-	1,213	-	-	1,213
Profit / (loss) by segments	<u>110,407</u>	<u>852,341</u>	<u>97,500</u>	<u>86,619</u>	<u>12,812</u>	<u>113,028</u>	<u>3,382</u>	<u>(19,210)</u>	<u>1,256,879</u>	<u>84,131</u>	<u>-</u>	<u>1,341,010</u>
Reconciliation of segment profits												
to consolidated profits:												
Share of profit / (loss) after tax												
of equity accounted associated												
companies									888	(612)		276
Profit before tax expense and zakat									<u>1,257,767</u>	<u>83,519</u>		<u>1,341,286</u>

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**A23. Segment Information** (continued)

Financial Year Ended	<----- 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					
31 December 2014												
External revenue	2,424,802	8,193,013	1,170,795	1,913,800	218,296	1,082,754	5,680	702,433	15,711,573	1,148,498	-	16,860,071
Revenue from other segments	-	1,359,000	14,725	948,987	4,894	15,466	29,829	1,426,173	3,799,074	6,661	(3,805,735)	-
	<u>2,424,802</u>	<u>9,552,013</u>	<u>1,185,520</u>	<u>2,862,787</u>	<u>223,190</u>	<u>1,098,220</u>	<u>35,509</u>	<u>2,128,606</u>	<u>19,510,647</u>	<u>1,155,159</u>	<u>(3,805,735)</u>	<u>16,860,071</u>
Net interest income and												
Islamic banking income	874,067	4,381,308	307,707	174,878	21,739	16,386	(7,952)	229,416	5,997,549	764,120	-	6,761,669
Other income	1,805	527,383	40,978	269,435	79,017	651,080	35,495	223,479	1,828,672	153,394	(70,378)	1,911,688
Net income	<u>875,872</u>	<u>4,908,691</u>	<u>348,685</u>	<u>444,313</u>	<u>100,756</u>	<u>667,466</u>	<u>27,543</u>	<u>452,895</u>	<u>7,826,221</u>	<u>917,514</u>	<u>(70,378)</u>	<u>8,673,357</u>
Other operating expenses	(228,053)	(1,405,107)	(11,030)	(25,751)	(32,970)	(177,578)	(14,867)	(369,413)	(2,264,769)	(411,474)	70,378	(2,605,865)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(198,950)	(10,582)	33,304	-	(10)	-	-	-	(176,238)	(82,762)	-	(259,000)
Writeback of allowance for impairment on other assets	-	782	-	-	-	-	-	-	782	-	-	782
Profit by segments	<u>448,869</u>	<u>3,493,784</u>	<u>370,959</u>	<u>418,562</u>	<u>67,776</u>	<u>489,888</u>	<u>12,676</u>	<u>83,482</u>	<u>5,385,996</u>	<u>423,278</u>	<u>-</u>	<u>5,809,274</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(3,664)	8,645		4,981
Profit before tax expense and zakat									<u>5,382,332</u>	<u>431,923</u>		<u>5,814,255</u>
Cost income ratio	26.0%	28.6%	3.2%	5.8%	32.7%	26.6%	54.0%	81.6%	28.9%	44.8%		30.0%

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**A23. Segment Information (continued)**

Financial Year Ended	----- Operating Segments ----->								Head Office	Total Domestic Operations	Total Overseas Operations	Inter-segment Elimination	Group Total
	Hire Purchase	Retail Operations	Corporate Lending	Treasury and Capital Market Operations	Investment Banking	Fund Management	Others	RM'000					
<b>31 December 2014</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>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross loans, advances and financing	46,400,632	153,222,251	28,232,965	-	419,575	60,148	2,276	-	228,337,847	16,706,206			245,044,053
Loan growth	7.5%	11.5%	10.4%	-	14.9%	11.6%	2.9%	-	10.5%	14.9%			10.8%
Impaired loans, advances and financing	388,950	915,015	71,730	-	-	-	-	-	1,375,695	113,004			1,488,699
Impaired loan ratio	0.8%	0.6%	0.3%	-	-	-	-	-	0.6%	0.7%			0.6%
Deposits from customers	-	193,434,103	247,938	62,795,649	1,994,069	-	-	-	258,471,759	18,068,417			276,540,176
Deposit growth	-	9.7%	-18.8%	12.8%	-30.1%	-	-	-	9.9%	14.9%			10.2%
Segment assets	<u>46,054,962</u>	<u>201,068,969</u>	<u>28,167,240</u>	<u>83,405,294</u>	<u>3,881,269</u>	<u>370,729</u>	<u>378,197</u>	<u>29,022,582</u>	<u>392,349,242</u>	<u>23,985,491</u>	<u>(73,990,761)</u>		<u>342,343,972</u>
Reconciliation of segment assets to consolidated assets:													
Investment in associated companies									25,035	132,380			157,415
Unallocated assets									1,137,405	-			1,137,405
Intangible assets									769,251	1,313,891			2,083,142
Total assets									<u>394,280,933</u>	<u>25,431,762</u>			<u>345,721,934</u>

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**A23. Segment Information (continued)**

Financial Year Ended	----- Operating Segments -----											Group Total
	Hire Purchase	Retail Operations	Corporate Lending	Treasury and Capital Market Operations	Investment Banking	Fund Management	Others	Head Office	Total Domestic Operations	Total Overseas Operations	Inter-segment Elimination	
31 December 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,333,254	7,366,038	1,063,171	1,820,583	205,780	1,019,141	5,156	371,384	14,184,507	1,079,793	-	15,264,300
Revenue from other segments	-	1,191,443	14,756	815,875	13,492	12,322	29,500	1,313,690	3,391,078	3,850	(3,394,928)	-
	<u>2,333,254</u>	<u>8,557,481</u>	<u>1,077,927</u>	<u>2,636,458</u>	<u>219,272</u>	<u>1,031,463</u>	<u>34,656</u>	<u>1,685,074</u>	<u>17,575,585</u>	<u>1,083,643</u>	<u>(3,394,928)</u>	<u>15,264,300</u>
Net interest income and												
Islamic banking income	913,258	4,100,595	286,077	150,590	16,619	13,151	(7,741)	201,174	5,673,723	733,951	-	6,407,674
Other income	1,913	523,016	42,718	245,599	64,025	585,594	34,513	180,694	1,678,072	138,853	(66,282)	1,750,643
Net income	<u>915,171</u>	<u>4,623,611</u>	<u>328,795</u>	<u>396,189</u>	<u>80,644</u>	<u>598,745</u>	<u>26,772</u>	<u>381,868</u>	<u>7,351,795</u>	<u>872,804</u>	<u>(66,282)</u>	<u>8,158,317</u>
Other operating expenses	(214,785)	(1,320,109)	(10,803)	(21,877)	(31,731)	(172,517)	(14,212)	(408,162)	(2,194,196)	(375,722)	66,282	(2,503,636)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(205,015)	(16,972)	21,331	-	(309)	-	-	-	(200,965)	(150,287)	-	(351,252)
Writeback of allowance for impairment on other assets	-	149	-	-	-	-	-	-	149	-	-	149
Profit / (loss) by segments	<u>495,371</u>	<u>3,286,679</u>	<u>339,323</u>	<u>374,312</u>	<u>48,604</u>	<u>426,228</u>	<u>12,560</u>	<u>(26,294)</u>	<u>4,956,783</u>	<u>346,795</u>	<u>-</u>	<u>5,303,578</u>
Reconciliation of segment profits to consolidated profits:												
Share of profit after tax of equity accounted associated companies									258	6,148		6,406
Profit before tax expense and zakat									<u>4,957,041</u>	<u>352,943</u>		<u>5,309,984</u>
Cost income ratio	23.5%	28.6%	3.3%	5.5%	39.3%	28.8%	53.1%	106.9%	29.8%	43.0%		30.7%

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**A23. Segment Information (continued)**

Financial Year Ended	<----- 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						
31 December 2013													
Gross loans, advances and financing	43,178,908	137,467,748	25,566,913	-	365,248	53,890	2,211	-	206,634,918	14,540,885			221,175,803
Loan growth	6.8%	14.1%	9.7%	-	16.5%	4.5%	13.2%	-	12.0%	9.8%			11.8%
Impaired loans, advances and financing	330,288	943,701	90,313	-	-	-	-	-	1,364,302	120,477			1,484,779
Impaired loan ratio	0.8%	0.7%	0.4%	-	-	-	-	-	0.7%	0.8%			0.7%
Deposits from customers	-	176,321,803	305,470	55,663,669	2,850,770	-	-	-	235,141,712	15,731,477			250,873,189
Deposit growth	-	14.7%	-4.9%	3.7%	-4.9%	-	-	-	11.6%	9.5%			11.5%
Segment assets	<u>42,899,484</u>	<u>184,423,380</u>	<u>25,495,712</u>	<u>73,670,860</u>	<u>4,259,476</u>	<u>344,470</u>	<u>319,936</u>	<u>21,079,419</u>	<u>352,492,737</u>	<u>21,072,333</u>	<u>(71,040,117)</u>		<u>302,524,953</u>
Reconciliation of segment assets to consolidated assets:													
Investment in associated companies									37,158	121,727			158,885
Unallocated assets									1,037,646	-			1,037,646
Intangible assets									769,251	1,234,661			2,003,912
Total assets									<u>354,336,792</u>	<u>22,428,721</u>			<u>305,725,396</u>

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**A23. Segment Information (continued)**

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

**A24. Subsequent Events**

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

**A25. Changes in the Composition of the Group**

There were no material changes in the composition of the Group during the 4th quarter and financial year ended 31 December 2014.



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**A26. Commitments and Contingencies**

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Contingent liabilities</b>				
Direct credit substitutes	<b>1,598,096</b>	1,521,770	<b>1,237,889</b>	1,196,990
Transaction-related contingent items	<b>1,285,971</b>	1,173,514	<b>1,121,989</b>	1,041,919
Short term self-liquidating trade-related contingencies	<b>405,965</b>	467,641	<b>296,586</b>	295,684
	<b>3,290,032</b>	3,162,925	<b>2,656,464</b>	2,534,593
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	<b>28,962,346</b>	29,229,501	<b>26,380,852</b>	26,897,981
- not exceeding one year	<b>23,074,157</b>	21,886,823	<b>20,356,377</b>	19,688,146
Unutilised credit card lines	<b>4,135,781</b>	3,823,553	<b>4,038,701</b>	3,713,960
Forward asset purchases	<b>1,059,113</b>	4,176	<b>875,083</b>	-
	<b>57,231,397</b>	54,944,053	<b>51,651,013</b>	50,300,087
<b>Derivative financial instruments</b>				
Foreign exchange related contracts:				
- less than one year	<b>21,082,468</b>	16,836,631	<b>20,782,159</b>	16,652,983
- one year to less than five years	<b>2,449,762</b>	2,151,746	<b>2,449,762</b>	2,151,746
Interest / Profit rate related contracts:				
- less than one year	<b>821,971</b>	1,953,625	<b>577,129</b>	1,838,821
- one year to less than five years	<b>10,716,883</b>	6,176,844	<b>11,211,950</b>	6,247,237
- five years and above	<b>220,000</b>	2,706,403	<b>1,720,000</b>	3,808,000
Commodity related contracts:				
- less than one year	<b>148</b>	1,890	<b>148</b>	1,890
Equity related contracts:				
- less than one year	-	52,089	-	52,089
	<b>35,291,232</b>	29,879,228	<b>36,741,148</b>	30,752,766
	<b>95,812,661</b>	87,986,206	<b>91,048,625</b>	83,587,446

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**A27. Derivative Financial Instruments**

Details of derivative financial instruments outstanding as at 31 December 2014 and 31 December 2013 are as follows:

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

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

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

Details of derivative financial instruments outstanding as at 31 December 2014 and 31 December 2013 are as follows (continued):

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

Group As at 31 December 2013	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	1,025,029	19,681	-	1,044,710	10,725	-	-	10,725	7,207	699	-	7,906
- Swaps	15,803,116	-	-	15,803,116	156,182	-	-	156,182	65,266	-	-	65,266
- Options	8,486	-	-	8,486	11	-	-	11	11	-	-	11
Interest rate related contracts												
- Swaps	450,000	-	-	450,000	48	-	-	48	208	-	-	208
Equity related contracts												
- Options purchased	52,089	-	-	52,089	16,616	-	-	16,616	-	-	-	-
Precious metal contracts												
- Forwards	1,890	-	-	1,890	1	-	-	1	1	-	-	1
	<u>17,340,610</u>	<u>19,681</u>	<u>-</u>	<u>17,360,291</u>	<u>183,583</u>	<u>-</u>	<u>-</u>	<u>183,583</u>	<u>72,693</u>	<u>699</u>	<u>-</u>	<u>73,392</u>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	1,276,625	2,126,844	4,806,403	8,209,872	1,482	92,086	49,652	143,220	21,496	38,768	8,758	69,022
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	-	2,132,065	2,132,065	-	-	-	-	-	-	191,322	191,322
Interest / Profit rate related contracts												
- Swaps	227,000	-	1,950,000	2,177,000	52	-	38,499	38,551	11	-	843	854
	<u>1,503,625</u>	<u>2,126,844</u>	<u>8,888,468</u>	<u>12,518,937</u>	<u>1,534</u>	<u>92,086</u>	<u>88,151</u>	<u>181,771</u>	<u>21,507</u>	<u>38,768</u>	<u>200,923</u>	<u>261,198</u>
<b>Total</b>	<u>18,844,235</u>	<u>2,146,525</u>	<u>8,888,468</u>	<u>29,879,228</u>	<u>185,117</u>	<u>92,086</u>	<u>88,151</u>	<u>365,354</u>	<u>94,200</u>	<u>39,467</u>	<u>200,923</u>	<u>334,590</u>

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

Details of derivative financial instruments outstanding as at 31 December 2014 and 31 December 2013 are as follows (continued):

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

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

Details of derivative financial instruments outstanding as at 31 December 2014 and 31 December 2013 are as follows (continued):

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

Bank As at 31 December 2013	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	986,040	19,681	-	1,005,721	10,687	-	-	10,687	7,174	699	-	7,873
- Swaps	15,658,457	-	-	15,658,457	155,895	-	-	155,895	65,041	-	-	65,041
- Options	8,486	-	-	8,486	11	-	-	11	11	-	-	11
Interest rate related contracts												
- Swaps	469,681	-	-	469,681	48	-	-	48	832	-	-	832
Equity related contracts												
- Options purchased	52,089	-	-	52,089	16,616	-	-	16,616	-	-	-	-
Precious metal contracts												
- Forwards	1,890	-	-	1,890	1	-	-	1	1	-	-	1
	<u>17,176,643</u>	<u>19,681</u>	<u>-</u>	<u>17,196,324</u>	<u>183,258</u>	<u>-</u>	<u>-</u>	<u>183,258</u>	<u>73,059</u>	<u>699</u>	<u>-</u>	<u>73,758</u>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	1,142,140	1,897,237	4,708,000	7,747,377	1,482	92,086	49,652	143,220	18,268	28,816	-	47,084
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	-	2,132,065	2,132,065	-	-	-	-	-	-	191,322	191,322
Interest rate related contracts												
- Swaps	227,000	-	3,450,000	3,677,000	52	-	24,199	24,251	11	-	117,320	117,331
	<u>1,369,140</u>	<u>1,897,237</u>	<u>10,290,065</u>	<u>13,556,442</u>	<u>1,534</u>	<u>92,086</u>	<u>73,851</u>	<u>167,471</u>	<u>18,279</u>	<u>28,816</u>	<u>308,642</u>	<u>355,737</u>
<b>Total</b>	<u>18,545,783</u>	<u>1,916,918</u>	<u>10,290,065</u>	<u>30,752,766</u>	<u>184,792</u>	<u>92,086</u>	<u>73,851</u>	<u>350,729</u>	<u>91,338</u>	<u>29,515</u>	<u>308,642</u>	<u>429,495</u>

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

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

**Market Risk**

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

**Credit Risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 December 2014, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM703,072,000 (2013: RM365,354,000) and RM691,014,000 (2013: RM350,729,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**Liquidity Risk**

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

- iii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 December 2014, the Group and the Bank had posted cash collateral of RM88,616,000 (2013: RM16,182,000) on their derivative contracts.

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2013 and Pillar 3 Disclosures section of the 2013 Annual Report.

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**A28. Fair Value Measurements**

Determination of Fair Value and Fair Value Hierarchy

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

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

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

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

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

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets held-for-trading				
- Government securities and treasury bills	-	2,194,271	-	2,194,271
- Money market instruments	-	16,073,099	-	16,073,099
- Non-money market instruments	-	96,648	-	96,648
	-	<u>18,364,018</u>	-	<u>18,364,018</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	17,552,762	-	17,552,762
- Money market instruments	-	1,091,364	-	1,091,364
- Non-money market instruments #	3,443,812	3,258,796	-	6,702,608
	<u>3,443,812</u>	<u>21,902,922</u>	-	<u>25,346,734</u>
Derivative financial assets	-	703,072	-	703,072
Total financial assets measured at fair value	<u>3,443,812</u>	<u>40,970,012</u>	-	<u>44,413,824</u>
<b>Non-financial assets</b>				
Investment properties	-	-	107,028	107,028
<b>Financial liabilities</b>				
Derivative financial liabilities	-	488,193	-	488,193
Total financial liabilities measured at fair value	-	<u>488,193</u>	-	<u>488,193</u>

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

Determination of Fair Value and Fair Value Hierarchy (continued)

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

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2013</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets held-for-trading				
- Government securities and treasury bills	-	1,583,640	-	1,583,640
- Money market instruments	-	13,822,929	-	13,822,929
- Non-money market instruments	-	405,394	-	405,394
	-	<u>15,811,963</u>	-	<u>15,811,963</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	10,106,634	-	10,106,634
- Money market instruments	-	198,844	-	198,844
- Non-money market instruments #	3,351,529	3,851,256	-	7,202,785
	<u>3,351,529</u>	<u>14,156,734</u>	-	<u>17,508,263</u>
Derivative financial assets	-	348,738	16,616	365,354
Total financial assets measured at fair value	<u>3,351,529</u>	<u>30,317,435</u>	16,616	<u>33,685,580</u>
<b>Non-financial assets</b>				
Investment properties	-	-	97,391	97,391
<b>Financial liabilities</b>				
Derivative financial liabilities	-	334,590	-	334,590
Total financial liabilities measured at fair value	-	<u>334,590</u>	-	<u>334,590</u>

# Excluding the carrying amount of equity securities - unquoted shares held by the Group of RM112,086,000 (2013: RM110,249,000) which are not carried at fair value.



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

Determination of Fair Value and Fair Value Hierarchy (continued)

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

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets held-for-trading				
- Government securities and treasury bills	-	2,194,271	-	2,194,271
- Money market instruments	-	12,242,739	-	12,242,739
- Non-money market instruments	-	41,770	-	41,770
	-	<u>14,478,780</u>	-	<u>14,478,780</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	13,422,266	-	13,422,266
- Money market instruments	-	1,002,749	-	1,002,749
- Non-money market instruments #	2,968,504	2,890,382	-	5,858,886
	<u>2,968,504</u>	<u>17,315,397</u>	-	<u>20,283,901</u>
Derivative financial assets	-	691,014	-	691,014
Total financial assets measured at fair value	<u>2,968,504</u>	<u>32,485,191</u>	-	<u>35,453,695</u>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	523,725	-	523,725
Total financial liabilities measured at fair value	-	<u>523,725</u>	-	<u>523,725</u>

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

Determination of Fair Value and Fair Value Hierarchy (continued)

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

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2013</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets held-for-trading				
- Government securities and treasury bills	-	1,379,390	-	1,379,390
- Money market instruments	-	12,274,547	-	12,274,547
- Non-money market instruments	-	332,489	-	332,489
	-	13,986,426	-	13,986,426
Financial investments available-for-sale				
- Government securities and treasury bills	-	8,669,725	-	8,669,725
- Money market instruments	-	198,844	-	198,844
- Non-money market instruments #	2,885,269	3,264,744	-	6,150,013
	2,885,269	12,133,313	-	15,018,582
Derivative financial assets	-	334,113	16,616	350,729
Total financial assets measured at fair value	2,885,269	26,453,852	16,616	29,355,737
<b>Financial liabilities</b>				
Derivative financial liabilities	-	429,495	-	429,495
Total financial liabilities measured at fair value	-	429,495	-	429,495

# Excluding the carrying amount of equity securities - unquoted shares held by the Bank of RM107,921,000 (2013: RM106,285,000) which are not carried at fair value.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

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

Determination of Fair Value and Fair Value Hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments:

	<b>Group and Bank</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Derivative Financial Assets</b>		
At 1 January	<b>16,616</b>	12,154
Recognised in the statement of profit or loss		
- Realised gains	<b>300</b>	771
- Unrealised gains	-	5,027
Sales	<b>(16,916)</b>	(1,336)
Closing balance	<b>-</b>	<b>16,616</b>

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 and broker quotes on Bloomberg and Reuters.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair values derived. The Group and the Bank generally use widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgement and estimation, due to the low complexity of the financial instruments held.

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

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

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**A29. Capital Adequacy**

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
<u>Before deducting interim dividends *</u>				
Common equity Tier I ("CET I") capital ratio	<b>11.328%</b>	9.276%	<b>12.686%</b>	10.927%
Tier I capital ratio	<b>12.776%</b>	11.055%	<b>14.397%</b>	13.023%
Total capital ratio	<b>16.384%</b>	14.288%	<b>16.324%</b>	14.086%
<u>After deducting interim dividends *</u>				
CET I capital ratio	<b>10.781%</b>	8.750%	<b>12.029%</b>	10.300%
Tier I capital ratio	<b>12.228%</b>	10.529%	<b>13.740%</b>	12.396%
Total capital ratio	<b>15.836%</b>	13.762%	<b>15.668%</b>	13.459%

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Components of CET I, Tier I and Tier II capital:				
<u>CET I / Tier I capital:</u>				
Paid-up share capital	<b>3,882,138</b>	3,531,926	<b>3,882,138</b>	3,531,926
Share premium	<b>5,535,515</b>	1,073,310	<b>5,535,515</b>	1,073,310
Other reserves	<b>5,453,501</b>	4,402,843	<b>4,945,825</b>	3,924,896
Retained profits	<b>11,872,792</b>	11,507,565	<b>10,668,300</b>	10,892,504
Treasury shares	<b>(149,337)</b>	(215,572)	<b>(149,337)</b>	(215,572)
Qualifying non-controlling interests	<b>566,877</b>	522,093	-	-
Less: Goodwill and other intangible assets	<b>(2,083,142)</b>	(2,003,912)	<b>(695,393)</b>	(695,393)
Less: Deferred tax assets, net	<b>(69,325)</b>	(70,121)	-	-
Less: Defined benefit pension fund assets	<b>(205,195)</b>	(220,922)	<b>(200,986)</b>	(215,372)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	<b>(28,451)</b>	-	<b>(852,957)</b>	-
Total CET I capital	<b>24,775,373</b>	18,527,210	<b>23,133,105</b>	18,296,299
Innovative Tier I capital securities	<b>1,449,280</b>	1,630,440	<b>1,449,280</b>	1,630,440
Non-innovative Tier I stapled securities	<b>1,670,400</b>	1,879,200	<b>1,670,400</b>	1,879,200
Qualifying CET I and additional Tier I capital instruments held by third parties	<b>46,764</b>	42,031	-	-
Total Tier I capital	<b>27,941,817</b>	22,078,881	<b>26,252,785</b>	21,805,939

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**A29. Capital Adequacy (continued)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<u>Tier II capital</u>				
Collective assessment allowance and regulatory reserves #	<b>2,495,677</b>	1,123,706	<b>1,978,560</b>	625,010
Subordinated notes / sukuk murabahah				
- meeting all relevant criteria	<b>2,448,162</b>	1,949,116	<b>1,949,302</b>	1,949,116
- subject to gradual phase-out treatment	<b>2,998,707</b>	3,471,121	<b>2,998,707</b>	3,471,121
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	<b>62,352</b>	56,042	-	-
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from Tier II capital	<b>(113,804)</b>	(142,255)	<b>(3,411,830)</b>	(4,264,787)
Total Tier II capital	<b>7,891,094</b>	6,457,730	<b>3,514,739</b>	1,780,460
Total capital	<b>35,832,911</b>	28,536,611	<b>29,767,524</b>	23,586,399

# Excludes collective assessment allowance on impaired loans/financing restricted from Tier II capital of the Group and the Bank of RM632,242,000 (2013: RM600,816,000) and RM458,747,000 (2013: RM446,948,000) respectively.

Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM1,445,791,000 (2013: RM132,437,000) and RM1,293,334,000 (2013: Nil.) respectively.

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

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**A29. Capital Adequacy** (continued)

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

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

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

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) issued on 28 November 2012. The minimum regulatory capital adequacy ratios, as required under BNM's Capital Adequacy Framework (Capital Components) which includes transitional arrangements for year 2014, are set out as follows:

Calendar Year	CET I Capital Ratio %	Tier I Capital Ratio %	Total Capital Ratio %
2014	4.0	5.5	8.0
2015 onwards *	4.5	6.0	8.0

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

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**A29. Capital Adequacy (continued)**

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

	<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>31 December 2014</b>						
<u>Before deducting interim dividends: *</u>						
CET I capital ratio	<b>11.730%</b>	<b>44.638%</b>	<b>N/A</b>	<b>13.921%</b>	<b>26.449%</b>	<b>N/A</b>
Tier I capital ratio	<b>11.730%</b>	<b>44.638%</b>	<b>33.941%</b>	<b>13.921%</b>	<b>26.449%</b>	<b>N/A</b>
Total capital ratio	<b>14.580%</b>	<b>45.270%</b>	<b>33.980%</b>	<b>15.104%</b>	<b>27.425%</b>	<b>17.418%</b>
<u>After deducting interim dividends: *</u>						
CET I capital ratio	<b>11.007%</b>	<b>37.487%</b>	<b>N/A</b>	<b>13.921%</b>	<b>24.029%</b>	<b>N/A</b>
Tier I capital ratio	<b>11.007%</b>	<b>37.487%</b>	<b>33.941%</b>	<b>13.921%</b>	<b>24.029%</b>	<b>N/A</b>
Total capital ratio	<b>13.857%</b>	<b>38.119%</b>	<b>33.980%</b>	<b>15.104%</b>	<b>25.004%</b>	<b>17.418%</b>
<b>31 December 2013</b>						
<u>Before deducting interim dividends: *</u>						
CET I capital ratio	12.133%	27.792%	N/A	13.916%	27.468%	N/A
Tier I capital ratio	12.133%	27.792%	25.625%	13.916%	27.468%	N/A
Total capital ratio	12.751%	27.993%	25.671%	15.089%	28.409%	19.685%
<u>After deducting interim dividends: *</u>						
CET I capital ratio	11.743%	26.657%	N/A	13.916%	25.257%	N/A
Tier I capital ratio	11.743%	26.657%	25.625%	13.916%	25.257%	N/A
Total capital ratio	12.360%	26.858%	25.671%	15.089%	26.199%	19.685%

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

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**A29. Capital Adequacy (continued)**

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

- <sup>1</sup> The risk-weighted assets of Public Islamic Bank Berhad are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-weighted Assets) issued on 28 November 2012. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.0%, 5.5% and 8.0% respectively for year 2014.
- <sup>2</sup> The risk-weighted assets of Public Investment Bank Berhad are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) issued on 28 November 2012. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.0%, 5.5% and 8.0% respectively for year 2014.
- <sup>3</sup> The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and total capital ratio respectively.
- <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.
- <sup>5</sup> The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-010-182, B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.



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**A29. Capital Adequacy (continued)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Credit risk	<b>200,875,562</b>	183,113,937	<b>168,570,558</b>	154,360,722
Market risk	<b>2,554,845</b>	2,111,436	<b>3,027,889</b>	2,850,579
Operational risk	<b>15,281,141</b>	14,497,356	<b>10,753,781</b>	10,228,677
	<b>218,711,548</b>	199,722,729	<b>182,352,228</b>	167,439,978

**A30. Credit Exposures Arising From Credit Transactions With Connected Parties**

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
Outstanding credit exposures with connected parties (RM'000)	<b>2,067,450</b>	1,756,651	<b>2,879,663</b>	2,522,959
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>0.81%</b>	0.76%	<b>1.27%</b>	1.24%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	<b>0.01%</b>	0.01%	<b>0.00%</b>	0.00%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

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**A31. Operations of Islamic Banking**

**A31a. Statement of Financial Position As At 31 December 2014**

	<b>Group</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>ASSETS</b>		
Cash and balances with banks	2,652,849	6,744,111
Financial assets held-for-trading	2,571,794	1,752,632
Derivative financial assets	60,835	130,777
Financial investments available-for-sale	4,546,283	1,891,272
Financial investments held-to-maturity	1,651,516	-
Financing and advances	25,434,279	22,904,370
Other assets	73,106	88,537
Statutory deposits with Bank Negara Malaysia	1,140,200	939,850
Investment in an associated company	20,000	20,000
Property and equipment	1,303	1,026
<b>Total Assets</b>	<b>38,152,165</b>	<b>34,472,575</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>		
Deposits from customers	30,727,614	28,400,736
Deposits from banks	3,620,104	2,789,398
Bills and acceptances payable	550	3,825
Recourse obligations on financing sold to Cagamas	500,016	500,011
Derivative financial liabilities	89	-
Subordinated Sukuk Murabahah	498,860	-
Other liabilities	98,041	116,854
Provision for zakat and taxation	39,847	36,012
Deferred tax liabilities	15,445	34,293
<b>Total Liabilities</b>	<b>35,500,566</b>	<b>31,881,129</b>
Islamic Banking Funds	2,651,599	2,591,446
<b>Total Liabilities and Islamic Banking Funds</b>	<b>38,152,165</b>	<b>34,472,575</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>6,822,999</b>	<b>5,650,699</b>

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**A31b. Statement of Profit or Loss for the 4th Quarter and Financial Year Ended 31 December 2014**

	4th Quarter Ended		Financial Year Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b><u>Group</u></b>				
Income derived from investment of depositors' funds and others	412,432	366,715	1,554,471	1,423,221
Income derived from investment of Islamic Banking Funds	32,562	30,937	127,824	119,799
Allowance for impairment on financing and advances	(16,812)	(24,563)	(90,045)	(100,756)
(Impairment) / writeback of impairment on other assets	(46)	9	(93)	(16)
Profit Equalisation Reserve	(54)	-	(340)	(497)
<b>Total distributable income</b>	<b>428,082</b>	<b>373,098</b>	<b>1,591,817</b>	<b>1,441,751</b>
Income attributable to depositors and others	(239,054)	(193,720)	(850,759)	(705,387)
<b>Total net income</b>	<b>189,028</b>	<b>179,378</b>	<b>741,058</b>	<b>736,364</b>
Other overheads and expenditures	(69,042)	(67,979)	(272,870)	(263,125)
<b>Profit before zakat and taxation</b>	<b>119,986</b>	<b>111,399</b>	<b>468,188</b>	<b>473,239</b>
Zakat	(58)	(66)	(230)	(264)
Taxation	(29,772)	(27,523)	(114,178)	(115,935)
<b>Profit for the period / year</b>	<b>90,156</b>	<b>83,810</b>	<b>353,780</b>	<b>357,040</b>

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**A31c. Statement of Profit or Loss and Other Comprehensive Income for the 4th Quarter and Financial Year Ended 31 December 2014**

	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Profit for the period / year	<b>90,156</b>	83,810	<b>353,780</b>	357,040
Other comprehensive income / (loss):				
<u>Items that will not be reclassified to profit or loss:</u>				
Defined benefit reserves:				
- Gain on remeasurements of defined benefit plans	<b>133</b>	2,823	<b>133</b>	2,823
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net (loss) / gain on revaluation of financial investments available-for-sale	<b>(1,782)</b>	1,863	<b>(1,909)</b>	1,020
Hedging reserves:				
- Net change in cash flow hedges	<b>(4,512)</b>	53,783	<b>(70,364)</b>	108,981
	<b>(6,294)</b>	55,646	<b>(72,273)</b>	110,001
Income tax relating to components of other comprehensive income / (loss):				
- Defined benefit reserves	<b>67</b>	(706)	<b>67</b>	(706)
- Revaluation reserves	<b>479</b>	(466)	<b>511</b>	(255)
- Hedging reserves	<b>1,732</b>	(13,446)	<b>18,195</b>	(27,246)
	<b>2,278</b>	(14,618)	<b>18,773</b>	(28,207)
Other comprehensive (loss) / income for the period / year, net of tax	<b>(3,883)</b>	43,851	<b>(53,367)</b>	84,617
Total comprehensive income for the period / year	<b>86,273</b>	127,661	<b>300,413</b>	441,657

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**A31d. Financing and Advances**

	<b>Group</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Bai' Bithaman Ajil	<b>8,228,567</b>	8,128,836
Ijarah Thumma Al-Bai'	<b>10,987,471</b>	11,168,723
Bai' Inah	<b>2,242,559</b>	2,500,022
Musharakah Mutanaqisah	<b>4,254,732</b>	1,386,398
Murabahah	<b>42,801</b>	20,879
Gross financing and advances	<b>25,756,130</b>	23,204,858
Allowance for impairment on financing and advances:		
- collective assessment allowance	<b>(321,851)</b>	(300,488)
Net financing and advances	<b>25,434,279</b>	22,904,370

Movements in impaired financing and advances are as follows:

	<b>Group</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
At 1 January	<b>208,074</b>	175,167
Impaired during the year	<b>574,124</b>	523,987
Reclassified as non-impaired	<b>(428,963)</b>	(388,637)
Recoveries	<b>(36,222)</b>	(30,337)
Amount written off	<b>(84,483)</b>	(71,846)
Financing converted to foreclosed properties	<b>(182)</b>	(260)
Closing balance	<b>232,348</b>	208,074
Impaired financing and advances as a percentage of gross financing and advances	<b>0.90%</b>	0.90%

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**A31e. Deposits from Customers**

<b>By type of deposit and contract</b>	<b>Group</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Savings deposit		
- Wadiah	5,136,085	4,823,093
- Mudharabah	-	63,510
	<u>5,136,085</u>	<u>4,886,603</u>
Demand deposit		
- Wadiah	3,259,675	2,958,752
- Mudharabah	-	94,753
	<u>3,259,675</u>	<u>3,053,505</u>
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Inah	3,516,265	642,941
- Commodity Murabahah	<u>12,788,111</u>	-
- General investment account		
- Mudharabah	321,692	3,205,661
- Wakalah	705,502	12,945,906
	<u>1,027,194</u>	<u>16,151,567</u>
- Special investment account		
- Wakalah	<u>5,000,284</u>	<u>3,666,120</u>
	<u><u>30,727,614</u></u>	<u><u>28,400,736</u></u>

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

**B1. Performance Review**

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

The Group's pre-tax profit for the the financial year ended 31 December 2014 of RM5,814.3 million was RM504.3 million or 9.5% higher than the previous year of RM5,310.0 million. Net profit attributable to equity holders improved by RM454.1 million or 11.2% to RM4,518.8 million. The improved earnings was mainly due to higher net interest income of RM359.9 million (6.5%), higher net fee and commission income of RM106.3 million (8.3%), lower loan impairment allowances of RM92.3 million (26.3%) and higher investment income of RM29.8 million (17.8%). These were partially offset by higher other operating expenses of RM102.2 million (4.1%) mainly due to higher personnel costs which were in tandem with the increased headcount to support business expansion.

The growth in the Group's net interest income was driven by continued healthy loans and customer deposits growth coupled with sustained strong asset quality, as well as the positive impact arising from the hike in the overnight policy rate and the rights issue exercise during the year. Gross loans grew by RM23.9 billion or 10.8% to RM245.0 billion as at 31 December 2014 as compared to RM221.2 billion as at 31 December 2013, driven by growth in property financing, financing of passenger vehicles and lending to small and medium enterprises ("SMEs"). Total deposits from customers increased by 10.2% or RM25.7 billion to RM276.5 billion as at 31 December 2014 which partly contributed to the higher net interest income for the current year. The Group's impaired loan ratio had further improved to 0.6% as at the end of 2014 from 0.7% as at the end of 2013.

The performance of the respective operating business segments for the financial year ended 31 December 2014 as compared to the previous year is analysed as follows:-

- 1) Retail Operations – The increase in pre-tax profit of RM207.1 million (6.3%) to RM3,493.8 million was mainly due to higher net interest income on higher average loan and deposit balances as well as the hike in the overnight policy rate, partially offset by higher other operating expenses.
- 2) Hire purchase – Pre-tax profit decreased by RM46.5 million (-9.4%) to RM448.9 million mainly due to lower net interest income as a result of declining net interest margin and higher other operating expenses.
- 3) Corporate lending – Pre-tax profit increased by RM31.6 million (9.3%) to RM371.0 million mainly due to higher net interest income and higher writeback of loan impairment allowances.
- 4) Treasury and capital market operations – The increase in pre-tax profit of RM44.3 million (11.8%) to RM418.6 million was mainly due to higher net interest income on treasury gapping, funding and liquidity management activities and higher foreign exchange income.
- 5) Investment banking – Pre-tax profit increased by RM19.2 million (39.4%) to RM67.8 million mainly due to higher brokerage income from stockbroking activities, higher net interest income and higher investment income.
- 6) Fund management – Pre-tax profit increased by RM63.7 million (14.9%) to RM489.9 million mainly due to higher management fee earned on higher average net asset value of funds under management, partially offset by higher other operating expenses.
- 7) Overseas operations – Pre-tax profit increased by RM79.0 million (22.4%) to RM431.9 million mainly due to lower loan impairment allowances and higher net interest income on higher average loan and deposit balances, partially offset by higher other operating expenses.

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**B1. Performance Review (continued)**

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

For the 4th quarter ended 31 December 2014, the Group registered a pre-tax profit of RM1,567.3 million, an improvement of RM226.0 million or 16.8% as compared to the previous corresponding quarter. Net profit attributable to equity holders grew by 22.3% or RM228.4 million over the same period. The improved earnings was mainly due to higher net interest income, higher net fee and commission income, higher foreign exchange income and lower loan impairment allowances.

Performance of the respective operating business segments for the 4th quarter ended 31 December 2014 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Retail operations – Pre-tax profit increased by RM85.1 million (10.0%) to RM937.5 million, mainly due to higher net interest income and lower loan impairment allowances partially offset by higher other operating expenses.
- 2) Hire purchase – Pre-tax profit decreased by RM9.7 million (-8.8%) to RM100.7 million, mainly due to lower net interest income and higher other operating expenses partially offset by lower loan impairment allowances.
- 3) Corporate lending – Pre-tax profit increased by RM4.0 million (4.1%) to RM101.5 million, mainly due to higher net interest income partially offset by lower fee income.
- 4) Treasury and capital market operations – Pre-tax profit increased by RM33.1 million (38.2%) to RM119.7 million, mainly due to higher net interest margin earned on treasury gapping activities and higher foreign exchange income.
- 5) Investment banking – Pre-tax profit increased by RM4.3 million (33.5%) to RM17.1 million, mainly due to higher net interest margin earned on treasury gapping activities and lower other operating expenses.
- 6) Fund management business – Pre-tax profit increased by RM12.6 million (11.2%) to RM125.6 million, due to higher management fee earned on higher average net asset value of funds under management.
- 7) Overseas Operations – The increase in pre-tax profit of RM30.9 million (37.0%) to RM114.4 million was mainly due to higher net interest income and higher other operating income partially offset by higher other operating expenses.

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

For the 4th quarter ended 31 December 2014, the Group registered a pre-tax profit of RM1,567.3 million, an increase of RM15.1 million or 1.0% as compared to the pre-tax profit of RM1,552.2 million for the preceding quarter ended 30 September 2014. Net profit attributable to equity holders increased by RM62.5 million or 5.2% over the same period. The increase in profit is mainly due to higher foreign exchange income and lower other operating expenses partially offset by higher loan impairment allowances.

**B3. Prospects for 2015**

Global economic recovery is expected to continue in 2015, but at a moderate pace with rate of growth varying across regions and countries. For the major advanced economies, growth will be led by the US, supported by stronger employment growth, strengthening household balance sheets, improving housing market and a more favourable financial condition. While the recovery in the euro area is projected to remain slow and uneven across the region, a modest pace of recovery for Japan is expected to take place in 2015. For emerging Asia, growth is expected to remain on a steady path amid improved outlook on domestic demand and gradual global economic recovery. China, the region's growth engine, is expected to continue growing at a more moderate pace as economic rebalancing continues.



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**B3. Prospects for 2015** (continued)

Outlook for the Malaysian economy in 2015 is expected to remain steady but more challenging following the effects of falling global oil prices in the final quarter of 2014. Real GDP growth is likely to be within the range of 4.5% - 5.5%. Within domestic demand, falling global oil prices could slow investment activity in the oil and gas industry. However, the continued implementation of Economic Transformation Programme and major infrastructure projects such as the Mass Rapid Transit 2 and the Light Rail Transit 3 together with the revised 2015 Budget measures to further promote growth of SMEs in the services sector and to reduce cost of doing business will continue to provide support to the growth of investment activity. Private consumption is expected to moderate following the implementation of Goods and Services Tax (“GST”) in April 2015. However, consumption growth will continue to be supported by stable labour market and income growth. On the external sector, the weakness in commodity prices is likely to drag on export earnings. Nevertheless, the impact is likely to be cushioned by a likely increase in exports of manufactured goods as low global oil prices are expected to boost global consumption.

In 2015, the banking sector will remain supportive of economic growth. The steady economic growth and accommodative policies will continue to support lending activities. Banks are expected to continue to embark on initiatives to enhance funding position and strengthen their compliance with Basel III requirements. Meanwhile, the risks from high household indebtedness will remain well-contained, supported by healthy balance sheet of households and high degree of vigilance by the Government in managing financial stability.

The Public Bank Group is expected to maintain its leading market position in the domestic retail operations segment, supported by sustained demand in home mortgages, vehicle financing and SME lending. Demand for residential properties is expected to be well supported by steady economic prospects, growing household income, stable employment prospects, rising rate of urbanisation, and resilient demand for affordable housing. The Group will continue to take a considered approach in its lending practices to support prudent and responsible financing practices.

The SME segment remains a core focus for the Public Bank Group. The Group will continue to strengthen its market position in SME financing by improving its product and service delivery to meet the needs and expectations of SMEs. SMEs will continue to benefit from the implementation of key Government initiatives that include Economic Transformation Programme, SME Masterplan 2012-2020 and the economic growth corridors.

While rising cost of living and the implementation of GST are expected to soften consumer spending, demand for vehicle hire purchase will remain supported by new launches of car models and attractive product packages by car dealers. The Group will continue to leverage on its large network of hire purchase centres and branches to expand its vehicle hire purchase business by delivering efficient loan turnaround and excellent customer service.

The Public Bank Group’s corporate lending business will continue to be supported by corporates with sound business fundamentals. The Group will continue to focus on its existing corporate clients with good track record to sustain its growth momentum in the corporate lending business.

The Public Bank Group will continue to focus on maintaining a healthy level of liquidity by increasing its investments in high grade liquefiable assets. On liability management, the Group will intensify efforts to further grow its core customer deposits to ensure a stable funding base and efficient funding cost.

The Public Bank Group will continue to enhance efforts to maintain its leading position in the private unit trust industry in Malaysia. This is supported by the ongoing demand for investment products and the Group’s new fund launches, a wider range of financial product offerings under the Private Retirement Scheme Funds, strong distribution capabilities and strong branding. The Group will continue to work closely with its exclusive bancassurance partner, AIA Bhd to further strengthen its bancassurance business and contribute to the Group’s long-term fee-based revenue. The Group will also continue to increase fee income through foreign-exchange related transactions and transactional banking services.

In anticipation of greater financial integration in the region, the Public Bank Group will continue to expand its existing presence in the region through organic growth and will continue to transfer its best practices from its domestic operations to accelerate business growth in its overseas operations.

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**B4. Profit Forecast or Profit Guarantee**

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

**B5. Tax Expense and Zakat**

The analysis of the tax expense for the 4th quarter and financial year ended 31 December 2014 are as follows:

<b><u>Group</u></b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	<b>296,049</b>	292,659	<b>1,191,703</b>	1,168,309
Overseas income tax	<b>18,604</b>	15,145	<b>77,373</b>	65,424
	<b>314,653</b>	307,804	<b>1,269,076</b>	1,233,733
(Over) / under provision in prior years				
- Malaysian income tax	<b>(20,619)</b>	82	<b>(22,169)</b>	(3,337)
- Overseas income tax	<b>22</b>	(55)	<b>425</b>	420
	<b>294,056</b>	307,831	<b>1,247,332</b>	1,230,816
Deferred tax expense				
- Relating to changes in tax rate	<b>653</b>	-	<b>653</b>	-
- Relating to origination and reversal of temporary differences	<b>6,198</b>	(1,839)	<b>20</b>	(30,032)
- (Over) / under provision	<b>(28)</b>	157	<b>2,680</b>	3,294
Tax expense	<b>300,879</b>	306,149	<b>1,250,685</b>	1,204,078
Zakat	<b>58</b>	66	<b>230</b>	264
	<b>300,937</b>	306,215	<b>1,250,915</b>	1,204,342

The Group's effective tax rates for the 4th quarter and financial year ended 31 December 2014 and 31 December 2013 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>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	<b>246,289</b>	241,270	<b>1,000,729</b>	956,324
Overseas income tax	<b>2,878</b>	1,458	<b>10,008</b>	8,983
	<b>249,167</b>	242,728	<b>1,010,737</b>	965,307
(Over) / under provision in prior years				
- Malaysian income tax	<b>(20,442)</b>	-	<b>(21,826)</b>	(4,214)
- Overseas income tax	<b>-</b>	-	<b>(84)</b>	60
	<b>228,725</b>	242,728	<b>988,827</b>	961,153
Deferred tax expense				
- Relating to changes in tax rate	<b>591</b>	-	<b>591</b>	-
- Relating to origination and reversal of temporary differences	<b>1,086</b>	2,014	<b>(2,651)</b>	(22,793)
- (Over) / under provision	<b>(76)</b>	(1)	<b>2,632</b>	3,157
	<b>230,326</b>	244,741	<b>989,399</b>	941,517

The Bank's effective tax rate for the 4th quarter and financial year ended 31 December 2014 and 31 December 2013 were lower than the statutory tax rate mainly due to certain income not subject to tax.

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

Save as disclosed below, there were no corporate proposals announced but not completed as at 31 December 2014.

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

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

With the signing of the ECTA, the Bank has submitted an application to the State Bank of Vietnam for the approval to convert VPB, the existing joint venture bank, into a 100% foreign-owned bank in Vietnam. Upon completion of the Proposed Acquisition, VPB will become a wholly-owned subsidiary company of the Bank. The Bank had received the approval of Bank Negara Malaysia for the Proposed Acquisition.

The Proposed Acquisition does not have a material effect on the earnings and net assets of the Group and the Bank for the financial year ended 31 December 2014.

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

The proceeds raised from the issuances of PBB shares pursuant to the rights issue exercise, senior medium term notes and subordinated sukuk murabahah during the year have been used for working capital, general banking and other corporate purposes, as intended.

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

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**B8. Realised and Unrealised Profits**

The breakdown of retained profits of the Group and the Bank as at the reporting date, into realised and unrealised profits, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	<b>Group</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Total retained profits of Public Bank Berhad and its subsidiaries:		
- Realised	<b>12,449,824</b>	12,306,123
- Unrealised	<b>168,164</b>	183,133
	<b><u>12,617,988</u></b>	<u>12,489,256</u>
Total share of retained profits from associated companies:		
- Realised	<b>1,726</b>	3,484
- Unrealised	<b>-</b>	-
	<b><u>12,619,714</u></b>	<u>12,492,740</u>
Less: Consolidation adjustments	<b>(746,922)</b>	(985,175)
Total Group retained profits as per consolidated accounts	<b><u><u>11,872,792</u></u></b>	<u><u>11,507,565</u></u>
	<b>Bank</b>	
	<b>31 December 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Total retained profits of Public Bank Berhad:		
- Realised	<b>10,491,574</b>	10,573,116
- Unrealised	<b>39,262</b>	56,123
Total Bank retained profits as per accounts	<b><u><u>10,530,836</u></u></b>	<u><u>10,629,239</u></u>

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

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

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

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

	Group		Bank	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>(a) Deposits from customers</b>				
- Fixed deposits				
One year or less	<b>147,293,977</b>	136,925,692	<b>121,352,923</b>	107,176,079
More than one year	<b>306,057</b>	304,594	<b>78,020</b>	165,262
- Negotiable instruments of deposits				
One year or less	<b>7,222,073</b>	1,614,488	<b>3,674,808</b>	645,510
More than one year	-	5,910	-	5,910
- Money market deposits				
One year or less	<b>52,524,700</b>	47,881,370	<b>46,163,811</b>	42,036,700
- Savings deposits	<b>27,675,462</b>	25,824,590	<b>19,094,648</b>	18,349,316
- Demand deposits	<b>41,431,899</b>	38,202,745	<b>35,771,299</b>	33,382,002
- Others	<b>86,008</b>	113,800	<b>81,482</b>	110,813
	<b>276,540,176</b>	250,873,189	<b>226,216,991</b>	201,871,592
<b>(b) Deposits from banks</b>				
- One year or less	<b>20,669,732</b>	16,002,695	<b>17,696,650</b>	16,923,048
- More than one year	-	173,141	-	-
	<b>20,669,732</b>	16,175,836	<b>17,696,650</b>	16,923,048
<b>(c) Debt securities issued and other borrowed funds</b>				
Borrowings denominated in HKD (unsecured)				
Term loan				
- One year or less	-	463,391	-	-
- More than one year	<b>488,522</b>	-	-	-
	<b>488,522</b>	463,391	-	-
Senior Medium Term notes denominated in RM (unsecured)				
- More than one year	<b>1,397,168</b>	399,007	<b>1,397,168</b>	399,007
Subordinated notes / sukuk murabahah denominated in RM (unsecured)				
- More than one year	<b>5,453,023</b>	5,432,922	<b>4,954,163</b>	5,432,922
Innovative Tier I capital securities denominated in USD (unsecured)				
- More than one year	<b>753,186</b>	738,117	<b>753,186</b>	738,117
Innovative Tier I capital securities denominated in RM (unsecured)				
- More than one year	<b>1,211,258</b>	1,219,727	<b>1,211,258</b>	1,219,727
	<b>1,964,444</b>	1,957,844	<b>1,964,444</b>	1,957,844
Non-innovative Tier I stapled securities denominated in RM (unsecured)				
- More than one year	<b>2,124,608</b>	2,116,661	<b>2,124,608</b>	2,116,661
	<b>11,427,765</b>	10,369,825	<b>10,440,383</b>	9,906,434

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**B10. Changes in Material Litigation**

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

**B11. Dividends**

- (a) (i) The Directors had declared a first interim single tier dividend of 23% in respect of financial year ended 31 December 2014, which was paid on 20 August 2014.
- (ii) A second interim single tier dividend of 31% for the financial year ended 31 December 2014, amounting to RM1,197,063,153 computed based on the outstanding issued and paid-up share capital excluding treasury shares as at 31 December 2014, has been declared by the directors;
- (ii) Amount per share : Single tier dividend of 31.0 sen;
- (iii) Entitlement date: 24 February 2015;
- (iv) Payment date: 5 March 2015.
- (b) Total dividend paid for the previous financial year ended 31 December 2013:  
- First interim single tier dividend of 22.0 sen.  
- Second interim single tier dividend of 30.0 sen.

**B12. Earnings Per Share**

	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Net profit attributable to equity holders (RM'000)	<u><u>1,253,981</u></u>	<u><u>1,025,617</u></u>	<u><u>4,518,830</u></u>	<u><u>4,064,683</u></u>
Weighted average number of PBB Shares ('000)	<u><u>3,861,494</u></u>	<u><u>3,502,125</u></u>	<u><u>3,651,972</u></u>	<u><u>3,502,125</u></u>
Basic earnings per share (sen)	<u><u>32.5</u></u>	<u><u>29.3</u></u>	<u><u>123.7</u></u>	<u><u>116.1</u></u>

**Diluted**

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