

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

	Note	Group		Bank	
		30 June	31 December	30 June	31 December
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and balances with banks		21,518,474	16,816,838	13,761,864	11,008,446
Reverse repurchase agreements		12,059,893	6,314,493	11,362,239	5,564,858
Financial assets held-for-trading	A8	12,920,880	18,364,018	11,437,518	14,478,780
Derivative financial assets	A27	574,232	703,072	562,967	691,014
Financial investments available-for-sale	A9	21,400,858	25,458,820	14,220,372	20,391,822
Financial investments held-to-maturity	A10	22,733,505	20,414,387	17,965,169	17,866,819
Loans, advances and financing	A11	257,006,512	243,221,839	211,638,961	201,928,027
Other assets	A12	2,726,378	2,472,233	2,538,395	2,450,489
Statutory deposits with Central Banks		8,577,995	8,063,746	6,656,770	6,375,578
Deferred tax assets		69,087	69,325	-	-
Investment in subsidiary companies		-	-	4,436,050	4,436,050
Investment in associated companies		170,668	157,415	121,325	121,325
Investment properties		122,947	107,028	-	-
Property and equipment		1,568,972	1,475,578	658,408	658,965
Intangible assets		2,181,520	2,083,142	695,393	695,393
TOTAL ASSETS		363,631,921	345,721,934	296,055,431	286,667,566
LIABILITIES					
Deposits from customers	A13	295,299,312	276,540,176	234,924,336	226,216,991
Deposits from banks	A14	17,530,558	20,669,732	16,545,696	17,696,650
Bills and acceptances payable		941,653	661,718	1,172,731	661,168
Recourse obligations on loans and financing sold to Cagamas		1,922,020	1,922,020	1,422,004	1,422,004
Derivative financial liabilities	A27	640,380	488,193	688,314	523,725
Debt securities issued and other borrowed funds	B9	11,530,230	11,427,765	10,503,343	10,440,383
Other liabilities	A15	4,698,844	4,496,646	3,402,930	3,363,265
Provision for tax expense and zakat		697,785	554,594	477,067	340,988
Deferred tax liabilities		109,414	86,309	75,571	59,231
TOTAL LIABILITIES		333,370,196	316,847,153	269,211,992	260,724,405

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	Note	Group		Bank	
		30 June	31 December	30 June	31 December
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital		3,882,138	3,882,138	3,882,138	3,882,138
Reserves		25,589,290	24,291,867	23,110,638	22,210,360
Treasury shares		(149,337)	(149,337)	(149,337)	(149,337)
Equity attributable to equity holders of the Bank		29,322,091	28,024,668	26,843,439	25,943,161
Non-controlling interests		939,634	850,113	-	-
TOTAL EQUITY		30,261,725	28,874,781	26,843,439	25,943,161
TOTAL LIABILITIES AND EQUITY					
		363,631,921	345,721,934	296,055,431	286,667,566
COMMITMENTS AND CONTINGENCIES					
	A26	107,891,296	95,812,661	100,965,568	91,048,625
CAPITAL ADEQUACY					
	A29				
<u>Before deducting interim dividends *</u>					
Common Equity Tier I Capital Ratio		11.102%	11.328%	12.160%	12.686%
Tier I Capital Ratio		12.310%	12.776%	13.602%	14.397%
Total Capital Ratio		15.820%	16.384%	15.977%	16.324%
<u>After deducting interim dividends *</u>					
Common Equity Tier I Capital Ratio		10.699%	10.781%	11.670%	12.029%
Tier I Capital Ratio		11.908%	12.228%	13.112%	13.740%
Total Capital Ratio		15.417%	15.836%	15.487%	15.668%
Net assets per share attributable to ordinary equity holders of the Bank (RM)					
		7.59	7.26	6.95	6.72

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

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

<u>Group</u>	Note	2nd Quarter Ended		Half Year Ended	
		30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Operating revenue		4,737,678	4,059,101	9,337,981	8,007,478
Interest income	A16	3,534,388	3,031,228	6,989,666	5,968,736
Interest expense	A17	(1,974,818)	(1,609,479)	(3,895,891)	(3,144,005)
Net interest income		1,559,570	1,421,749	3,093,775	2,824,731
Net income from Islamic banking business	A31b	208,895	203,618	413,262	409,202
		1,768,465	1,625,367	3,507,037	3,233,933
Net fee and commission income	A18	388,554	347,023	758,588	669,690
Net gains and losses on financial instruments	A19	64,906	46,556	122,793	100,406
Other operating income	A20	91,134	80,640	189,774	159,074
Net income		2,313,059	2,099,586	4,578,192	4,163,103
Other operating expenses	A21	(722,176)	(665,964)	(1,425,024)	(1,321,882)
Operating profit		1,590,883	1,433,622	3,153,168	2,841,221
Allowance for impairment on loans, advances and financing	A22	(60,915)	(64,694)	(136,663)	(149,512)
Writeback of / (allowance for) impairment on other assets		440	(146)	928	838
		1,530,408	1,368,782	3,017,433	2,692,547
Share of profit / (loss) after tax of equity accounted associated companies		739	(1,088)	2,392	2,247
Profit before tax expense and zakat		1,531,147	1,367,694	3,019,825	2,694,794
Tax expense and zakat	B5	(318,246)	(299,862)	(622,722)	(599,929)
Profit for the period		1,212,901	1,067,832	2,397,103	2,094,865
Profit for the period attributable to :					
- Equity holders of the Bank		1,196,810	1,056,396	2,368,329	2,073,328
- Non-controlling interests		16,091	11,436	28,774	21,537
		1,212,901	1,067,832	2,397,103	2,094,865
Earnings per RM1.00 share:					
- basic / diluted (sen)	B12	31.0	30.2	61.3	59.2

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

Group	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Profit for the period	1,212,901	1,067,832	2,397,103	2,094,865
Other comprehensive income / (loss):				
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of:				
- Foreign operations	102,698	(69,636)	378,901	(96,572)
- Net investment hedge	(68,215)	49,531	(259,718)	64,304
Revaluation reserves:				
- Net gain / (loss) on revaluation of financial investments available-for-sale	11,280	(7,575)	106,952	(11,651)
- Share of gain / (loss) of equity accounted associated companies	25	(47)	195	(16)
Hedging reserves:				
- Net change in cash flow hedges	12,118	566	(9,265)	11,334
	57,906	(27,161)	217,065	(32,601)
Income tax relating to components of other comprehensive income / (loss):				
- Revaluation reserves	(2,451)	1,848	(25,237)	3,821
- Hedging reserves	(2,908)	(141)	2,224	(2,833)
	(5,359)	1,707	(23,013)	988
Other comprehensive income / (loss) for the period, net of tax	52,547	(25,454)	194,052	(31,613)
Total comprehensive income for the period	1,265,448	1,042,378	2,591,155	2,063,252
Total comprehensive income for the period attributable to:				
- Equity holders of the Bank	1,230,807	1,042,733	2,494,486	2,058,722
- Non-controlling interests	34,641	(355)	96,669	4,530
	1,265,448	1,042,378	2,591,155	2,063,252

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

<u>Bank</u>	Note	2nd Quarter Ended		Half Year Ended	
		30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Operating revenue		3,551,944	3,108,359	6,955,667	6,112,746
Interest income	A16	3,236,547	2,778,368	6,401,476	5,468,123
Interest expense	A17	(1,905,709)	(1,543,347)	(3,759,867)	(3,021,519)
Net interest income		1,330,838	1,235,021	2,641,609	2,446,604
Net fee and commission income	A18	155,176	134,425	307,294	256,608
Net gains and losses on financial instruments	A19	64,075	41,723	124,824	95,010
Other operating income	A20	305,678	330,613	478,554	495,350
Net income		1,855,767	1,741,782	3,552,281	3,293,572
Other operating expenses	A21	(486,527)	(465,319)	(964,424)	(912,308)
Operating profit		1,369,240	1,276,463	2,587,857	2,381,264
Allowance for impairment on loans, advances and financing	A22	(22,669)	(24,855)	(54,004)	(63,165)
Writeback of / (allowance for) impairment on other assets		446	(121)	940	863
Profit before tax expense and zakat		1,347,017	1,251,487	2,534,793	2,318,962
Tax expense and zakat	B5	(257,019)	(250,047)	(490,902)	(486,396)
Profit for the period		1,089,998	1,001,440	2,043,891	1,832,566

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

	2nd Quarter Ended		Half Year Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Profit for the period	1,089,998	1,001,440	2,043,891	1,832,566
Other comprehensive income / (loss):				
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net gain / (loss) on revaluation of financial investments available-for-sale	13,536	(8,527)	84,086	(17,897)
Hedging reserves:				
- Net change in cash flow hedges	(26,735)	17,292	(13,723)	50,732
	(13,199)	8,765	70,363	32,835
Income tax relating to components of other comprehensive income / (loss):				
- Revaluation reserves	(3,252)	2,132	(20,207)	4,474
- Hedging reserves	6,417	(4,323)	3,294	(12,683)
	3,165	(2,191)	(16,913)	(8,209)
Other comprehensive (loss) / income for the period, net of tax	(10,034)	6,574	53,450	24,626
Total comprehensive income for the period	1,079,964	1,008,014	2,097,341	1,857,192

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

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

Group	Non-distributable		Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000				
At 1 January 2015	3,882,138	5,535,515	6,883,560	11,872,792	(149,337)	28,024,668	850,113	28,874,781
Profit for the period	-	-	-	2,368,329	-	2,368,329	28,774	2,397,103
Other comprehensive income for the period	-	-	126,157	-	-	126,157	67,895 *	194,052
Total comprehensive income for the period	-	-	126,157	2,368,329	-	2,494,486	96,669	2,591,155
Transactions with owners / other equity movements:								
Transfer to statutory reserves	-	-	5,543	(5,543)	-	-	-	-
Transfer to regulatory reserves	-	-	131,002	(131,002)	-	-	-	-
Transfer to general reserves	-	-	75,435	(75,435)	-	-	-	-
Transfer from Profit Equalisation Reserve of the Islamic banking institution	-	-	(18)	18	-	-	-	-
Dividends paid	-	-	-	(1,197,063)	-	(1,197,063)	(7,148)	(1,204,211)
	-	-	211,962	(1,409,025)	-	(1,197,063)	(7,148)	(1,204,211)
At 30 June 2015	3,882,138	5,535,515	7,221,679	12,832,096	(149,337)	29,322,091	939,634	30,261,725

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

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

Group	<----- Attributable to Equity Holders of the Bank ----->								
	Non-distributable			Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000					
At 1 January 2014	3,531,926	1,073,310	4,526,365	11,507,565	(215,572)	20,423,594	773,602	21,197,196	
Profit for the period	-	-	-	2,073,328	-	2,073,328	21,537	2,094,865	
Other comprehensive loss for the period	-	-	(14,606)	-	-	(14,606)	(17,007) *	(31,613)	
Total comprehensive (loss) / income for the period	-	-	(14,606)	2,073,328	-	2,058,722	4,530	2,063,252	
Transactions with owners / other equity movements:									
Transfer to statutory reserves	-	-	6,625	(6,625)	-	-	-	-	
Transfer to regulatory reserves	-	-	4,092	(4,092)	-	-	-	-	
Transfer to general reserves	-	-	410	(410)	-	-	-	-	
Dividends paid	-	-	-	(1,050,638)	-	(1,050,638)	(6,088)	(1,056,726)	
	-	-	11,127	(1,061,765)	-	(1,050,638)	(6,088)	(1,056,726)	
At 30 June 2014	<u>3,531,926</u>	<u>1,073,310</u>	<u>4,522,886</u>	<u>12,519,128</u>	<u>(215,572)</u>	<u>21,431,678</u>	<u>772,044</u>	<u>22,203,722</u>	

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

	<----- Attributable to Equity Holders of the Bank ----->					
	Non-distributable		Distributable			
	Share	Share	<u>Reserves</u>	<u>Reserves</u>	Treasury	Total
	Capital	Premium	Other	Retained	Shares	Equity
<u>Bank</u>	RM'000	RM'000	Reserves	Profits	RM'000	RM'000
At 1 January 2015	3,882,138	5,535,515	6,144,009	10,530,836	(149,337)	25,943,161
Profit for the period	-	-	-	2,043,891	-	2,043,891
Other comprehensive income for the period	-	-	53,450	-	-	53,450
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>53,450</u>	<u>2,043,891</u>	<u>-</u>	<u>2,097,341</u>
Transactions with owners / other equity movements:						
Transfer to regulatory reserves	-	-	119,233	(119,233)	-	-
Dividends paid	-	-	-	(1,197,063)	-	(1,197,063)
	<u>-</u>	<u>-</u>	<u>119,233</u>	<u>(1,316,296)</u>	<u>-</u>	<u>(1,197,063)</u>
At 30 June 2015	<u>3,882,138</u>	<u>5,535,515</u>	<u>6,316,692</u>	<u>11,258,431</u>	<u>(149,337)</u>	<u>26,843,439</u>

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

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

	Non-distributable		Distributable		Treasury Shares RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000		
Bank						
At 1 January 2014	3,531,926	1,073,310	3,803,152	10,629,239	(215,572)	18,822,055
Profit for the period	-	-	-	1,832,566	-	1,832,566
Other comprehensive income for the period	-	-	24,626	-	-	24,626
Total comprehensive income for the period	-	-	24,626	1,832,566	-	1,857,192
Transactions with owners / other equity movements:						
Transfer to general reserves	-	-	410	(410)	-	-
Dividends paid	-	-	-	(1,050,638)	-	(1,050,638)
	-	-	410	(1,051,048)	-	(1,050,638)
At 30 June 2014	<u>3,531,926</u>	<u>1,073,310</u>	<u>3,828,188</u>	<u>11,410,757</u>	<u>(215,572)</u>	<u>19,628,609</u>

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PUBLIC BANK BERHAD
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

	Group		Bank	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Cash Flows from Operating Activities				
Profit before tax expense and zakat	3,019,825	2,694,794	2,534,793	2,318,962
Adjustments for non-cash items:				
Share of profit after tax of equity accounted associated companies	(2,392)	(2,247)	-	-
Allowance for impaired loans and financing	251,452	269,724	118,793	130,835
Depreciation of property and equipment	86,817	76,239	69,123	59,424
Net gain on financial instruments	(20,581)	(16,056)	(23,171)	(12,736)
Dividend income	(93,230)	(81,660)	(586,726)	(406,204)
Transfer to profit equalisation reserves	23	185	-	-
Impairment written back	(928)	(838)	(940)	(863)
Other non-cash items	(7,118)	5,981	(684)	(749)
Operating profit before working capital changes	<u>3,233,868</u>	<u>2,946,122</u>	<u>2,111,188</u>	<u>2,088,669</u>
Changes in working capital:				
Increase in operating assets	(14,968,524)	(10,859,749)	(12,593,154)	(8,925,916)
Increase in operating liabilities	16,231,977	15,537,373	8,457,888	13,646,575
Cash generated from / (used in) operations	<u>4,497,321</u>	<u>7,623,746</u>	<u>(2,024,078)</u>	<u>6,809,328</u>
Tax expense and zakat paid	(479,165)	(462,440)	(355,396)	(343,404)
Net cash generated from / (used in) operating activities	<u>4,018,156</u>	<u>7,161,306</u>	<u>(2,379,474)</u>	<u>6,465,924</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	(179,650)	(71,713)	(68,005)	(43,279)
Proceeds from disposal of properties	8,659	14,087	8,326	13,880
Net sale / (purchase) of financial investments	1,850,328	(3,553,966)	6,169,941	(2,585,799)
Dividends received	93,230	87,761	577,057	410,911
Net cash generated from / (used in) investing activities	<u>1,772,567</u>	<u>(3,523,831)</u>	<u>6,687,319</u>	<u>(2,204,287)</u>

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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2015

	Group		Bank	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Cash Flows from Financing Activities				
Dividends paid	(1,204,211)	(1,056,726)	(1,197,063)	(1,050,638)
Net drawdown / (repayment) of borrowings	39,378	(7,970)	-	-
Net proceeds from issuance of debt securities	-	1,498,214	-	999,500
Net cash (used in) / generated from financing activities	<u>(1,164,833)</u>	433,518	<u>(1,197,063)</u>	<u>(51,138)</u>
Net change in cash and cash equivalents	4,625,890	4,070,993	3,110,782	4,210,499
Cash and cash equivalents at beginning of the year	13,877,375	20,183,223	8,974,149	11,386,416
Exchange differences on translation of opening balances	<u>219,493</u>	<u>(64,082)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the period	<u>18,722,758</u>	<u>24,190,134</u>	<u>12,084,931</u>	<u>15,596,915</u>
Note:				
Cash and balances with banks	21,518,474	27,131,269	13,761,864	17,616,015
Less: Balances with banks with maturity more than one month	<u>(2,795,716)</u>	<u>(2,941,135)</u>	<u>(1,676,933)</u>	<u>(2,019,100)</u>
Cash and cash equivalents at end of the period	<u>18,722,758</u>	<u>24,190,134</u>	<u>12,084,931</u>	<u>15,596,915</u>

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

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

A1. Basis of Preparation

The unaudited interim financial statements for the 2nd quarter and financial half year ended 30 June 2015 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale, derivative financial instruments and investment properties.

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2014. The explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2014.

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

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2014.

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

Effective for annual periods commencing on or after 1 January 2016

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

Effective for annual periods commencing on or after 1 January 2017

- MFRS 15 Revenue from Contracts with Customers

Effective for annual periods commencing on or after 1 January 2018

- MFRS 9 Financial Instruments (2014)

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A1. Basis of Preparation (continued)

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

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

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

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

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

(b) MFRS 7 Financial Instruments: Disclosures

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

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

(c) MFRS 119 Employee Benefits

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

(d) MFRS 134 Interim Financial Reporting

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

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

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A1. Basis of Preparation (continued)

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

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

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

MFRS 9 Financial Instruments (2014)

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

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

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A1. Basis of Preparation (continued)

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

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

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

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

The Group and the Bank have early adopted the classification of a loan/financing as impaired when the loan/financing is classified as R&R and the requirement to maintain, in aggregate, collective impairment provisions and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment provisions in the previous financial year ended 31 December 2014. The adoption of the remaining requirements of the revised BNM Policy Document has resulted in a change in the reclassification policy of R&R loans/financing from impaired to non-impaired. Previously, where a loan is in arrears for less than three (3) months and has been R&R, the loan will be reclassified from impaired to non-impaired when repayments based on the revised and/or restructured terms have been observed continuously for a period of three (3) months. With effect from April 2015, the observation period for such loans/financing will be extended to six (6) months in line with the requirements of the revised BNM Policy Document.

A2. Auditors' Report on Preceding Annual Financial Statements

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

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A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 2nd quarter and financial half year ended 30 June 2015.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 2nd quarter and financial half year ended 30 June 2015.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 2nd quarter and financial half year ended 30 June 2015.

A6. Debt and Equity Securities

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

A7. Dividends Paid and Distributed

During the financial half year ended 30 June 2015, a second interim single tier dividend of 31% in respect of the financial year ended 31 December 2014, amounting to RM1,197,063,153 was paid on 5 March 2015.

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A8. Financial Assets Held-for-trading

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	-	77,292	-	77,292
Malaysian Government Securities	110,212	971,970	110,212	971,970
Malaysian Government Investment Certificates	1,060,884	91,272	1,060,884	91,272
Bank Negara Malaysia Monetary Notes	-	1,053,737	-	1,053,737
	<u>1,171,096</u>	<u>2,194,271</u>	<u>1,171,096</u>	<u>2,194,271</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	11,116,909	15,705,105	10,097,291	12,242,739
Bankers' acceptances and Islamic accepted bills	408,867	367,994	-	-
	<u>11,525,776</u>	<u>16,073,099</u>	<u>10,097,291</u>	<u>12,242,739</u>
Non-money market instruments:				
Debt securities:				
- Unquoted private debt securities	224,008	96,648	169,131	41,770
	<u>224,008</u>	<u>96,648</u>	<u>169,131</u>	<u>41,770</u>
Total financial assets held-for-trading	<u>12,920,880</u>	<u>18,364,018</u>	<u>11,437,518</u>	<u>14,478,780</u>

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A9. Financial Investments Available-for-sale

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	249,998	389,603	-	78,452
Malaysian Government Securities	3,430,454	5,792,980	3,344,947	5,792,980
Malaysian Government Investment Certificates	9,138,528	6,435,034	4,393,435	4,398,611
Bank Negara Malaysia Monetary Notes	647,382	4,935,145	10	3,152,223
	<u>13,466,362</u>	<u>17,552,762</u>	<u>7,738,392</u>	<u>13,422,266</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,630,324</u>	<u>1,091,364</u>	<u>953,172</u>	<u>1,002,749</u>
Non-money market instruments:				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	4,809	7,086	-	-
- Unquoted shares #	114,494	112,086	110,081	107,921
Debt securities:				
- Unquoted private debt securities	822,976	1,421,176	525,382	1,052,762
Unit trust funds	5,361,893	5,274,346	4,893,345	4,806,124
	<u>6,304,172</u>	<u>6,814,694</u>	<u>5,528,808</u>	<u>5,966,807</u>
Total financial investments available-for-sale	<u>21,400,858</u>	<u>25,458,820</u>	<u>14,220,372</u>	<u>20,391,822</u>

Stated at cost, net of impairment loss.

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A10. Financial Investments Held-to-maturity

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
At amortised cost				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	101,259	174,363	9,925	9,752
Malaysian Government Securities	2,107,095	2,317,575	2,077,043	2,287,544
Malaysian Government Investment Certificates	13,089,657	11,160,710	10,103,611	10,103,198
Bank Negara Malaysia Monetary Notes	447,114	439,542	447,114	439,542
Foreign Government Treasury Bills	842,375	708,132	57,436	20,149
Other foreign government securities	103,101	131,043	104	-
	<u>16,690,601</u>	<u>14,931,365</u>	<u>12,695,233</u>	<u>12,860,185</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,252,603</u>	<u>1,065,018</u>	<u>1,616,597</u>	<u>1,586,876</u>
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	1,247,495	1,247,447	1,207,476	1,207,484
- Unquoted private debt securities	3,542,863	3,170,638	2,445,920	2,212,355
	<u>4,790,358</u>	<u>4,418,085</u>	<u>3,653,396</u>	<u>3,419,839</u>
Accumulated impairment losses	(57)	(81)	(57)	(81)
Total financial investments held-to-maturity	<u>22,733,505</u>	<u>20,414,387</u>	<u>17,965,169</u>	<u>17,866,819</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
At amortised cost				
Overdrafts	10,441,214	10,195,284	8,447,522	8,394,145
Term loans				
- Housing loans / financing	81,976,890	77,610,372	70,287,945	67,116,548
- Syndicated term loans / financing	2,069,813	1,513,802	1,112,268	1,008,885
- Hire purchase receivables	50,020,106	48,288,687	36,740,975	35,306,545
- Other term loans / financing	100,507,826	92,882,403	82,997,975	77,281,485
Credit card receivables	1,641,678	1,664,137	1,626,690	1,651,400
Bills receivables	179,632	171,747	161,062	153,681
Trust receipts	306,434	334,435	246,102	253,595
Claims on customers under acceptance credits	3,951,739	4,206,587	3,748,480	4,053,227
Revolving credits	6,135,663	6,680,739	5,978,045	6,510,882
Staff loans *	1,575,590	1,495,860	1,473,677	1,403,626
Gross loans, advances and financing	<u>258,806,585</u>	<u>245,044,053</u>	<u>212,820,741</u>	<u>203,134,019</u>
Allowance for impaired loans and financing:				
- collective assessment allowance	(1,680,264)	(1,682,128)	(1,140,791)	(1,143,525)
- individual assessment allowance	(119,809)	(140,086)	(40,989)	(62,467)
Net loans, advances and financing	<u>257,006,512</u>	<u>243,221,839</u>	<u>211,638,961</u>	<u>201,928,027</u>

* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM3,244,000 (2014: RM3,402,000) and RM2,950,000 (2014 - RM3,069,000) respectively.

A11a. By class

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Retail loans / financing *				
- Housing loans / financing	81,976,890	77,610,372	70,287,945	67,116,548
- Hire purchase	50,020,106	48,288,687	36,740,975	35,306,545
- Credit cards	1,641,678	1,664,137	1,626,690	1,651,400
- Other loans / financing ^	88,858,615	83,615,227	75,250,074	71,399,103
	<u>222,497,289</u>	<u>211,178,423</u>	<u>183,905,684</u>	<u>175,473,596</u>
Corporate loans / financing	36,309,296	33,865,630	28,915,057	27,660,423
	<u>258,806,585</u>	<u>245,044,053</u>	<u>212,820,741</u>	<u>203,134,019</u>

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

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

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A11. Loans, Advances and Financing (continued)

A11b. By type of customer

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Non-bank financial institutions				
- Stock-broking companies	7,960	8,803	7,960	8,803
- Others	5,985,488	6,672,659	5,805,130	6,553,083
Business enterprises				
- Small and medium enterprises	60,007,896	55,544,630	52,908,998	49,161,029
- Others	25,457,945	24,310,180	19,595,553	18,987,132
Government and statutory bodies	830,126	331,246	13,621	13,663
Individuals	164,030,277	155,717,324	132,095,971	126,060,649
Other entities	39,014	40,369	35,389	37,536
Foreign entities	2,447,879	2,418,842	2,358,119	2,312,124
	<u>258,806,585</u>	<u>245,044,053</u>	<u>212,820,741</u>	<u>203,134,019</u>

A11c. By interest / profit rate sensitivity

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Fixed rate				
- Housing loans / financing	650,529	682,813	71,843	79,311
- Hire purchase receivables	48,330,675	46,454,805	36,726,549	35,293,363
- Other fixed rate loans / financing	16,249,597	15,788,687	7,836,244	8,249,418
Variable rate				
- Base rate / base lending rate plus	156,392,223	147,647,383	143,538,923	136,427,954
- Cost plus	24,131,102	22,797,600	23,458,358	22,107,737
- Other variable rates	13,052,459	11,672,765	1,188,824	976,236
	<u>258,806,585</u>	<u>245,044,053</u>	<u>212,820,741</u>	<u>203,134,019</u>

A11d. By residual contractual maturity

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Maturity within one year	31,245,607	33,519,550	25,227,137	28,173,351
More than one year to three years	22,040,519	19,854,855	17,345,535	15,876,998
More than three years to five years	23,660,840	22,993,262	18,773,690	18,037,149
More than five years	181,859,619	168,676,386	151,474,379	141,046,521
	<u>258,806,585</u>	<u>245,044,053</u>	<u>212,820,741</u>	<u>203,134,019</u>

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A11. Loans, Advances and Financing (continued)

A11e. By geographical distribution

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Malaysia	240,328,206	228,337,847	211,960,911	202,409,537
Hong Kong SAR and the People's Republic of China	14,321,163	12,991,337	-	-
Cambodia	3,321,725	2,990,387	-	-
Other countries	835,491	724,482	859,830	724,482
	258,806,585	245,044,053	212,820,741	203,134,019

A11f. Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Purchase of securities	2,568,055	2,735,265	2,072,424	2,442,734
Purchase of transport vehicles	50,274,054	48,537,246	36,997,715	35,557,749
Purchase of landed properties	151,294,727	141,982,677	131,894,925	124,781,538
(of which: - residential	84,046,006	79,378,865	72,277,461	68,836,084
- non-residential)	67,248,721	62,603,812	59,617,464	55,945,454
Purchase of fixed assets (excluding landed properties)	261,234	245,063	225,138	214,981
Personal use	9,776,523	9,401,614	5,012,773	4,804,696
Credit card	1,641,678	1,664,137	1,626,690	1,651,400
Purchase of consumer durables	2,187	2,437	176	283
Construction	4,468,703	3,930,563	3,768,481	3,245,636
Mergers and acquisitions	165,290	181,552	165,290	181,552
Working capital	34,372,928	32,695,312	27,180,135	26,792,202
Other purpose	3,981,206	3,668,187	3,876,994	3,461,248
	258,806,585	245,044,053	212,820,741	203,134,019

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A11. Loans, Advances and Financing (continued)

A11g. Gross loans, advances and financing by sectors

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Agriculture, hunting, forestry and fishing	3,488,214	2,936,114	2,910,842	2,357,855
Mining and quarrying	218,302	212,118	184,018	179,813
Manufacturing	9,581,105	9,112,010	8,372,544	8,118,522
Electricity, gas and water	52,239	46,009	13,730	10,832
Construction	7,505,485	7,257,376	6,364,436	6,148,560
Wholesale & retail trade and restaurants & hotels	23,129,505	22,105,505	20,453,862	19,774,038
Transport, storage and communication	3,498,793	3,534,084	2,751,465	2,661,683
Finance, insurance and business services	15,085,837	14,977,836	13,346,590	13,455,331
Real estate	27,394,088	25,230,068	23,207,334	21,400,509
Community, social and personal services	2,886,801	2,316,978	1,906,671	1,851,904
Households	164,187,701	155,917,337	133,223,131	127,091,475
Others	1,778,515	1,398,618	86,118	83,497
	258,806,585	245,044,053	212,820,741	203,134,019

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

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Bankers' acceptances rediscounted	827,024	204,124	827,024	204,124

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

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
At 1 January	1,488,699	1,484,779	1,153,829	1,135,737
Impaired during the period / year	1,352,342	2,745,274	958,010	1,965,840
Reclassified as non-impaired	(966,572)	(1,921,658)	(750,374)	(1,481,655)
Recoveries	(194,734)	(324,762)	(153,213)	(247,577)
Amount written off	(286,466)	(482,772)	(143,219)	(197,092)
Loans converted to foreclosed properties / investments	(8,664)	(21,724)	(8,582)	(21,542)
Exchange differences	8,777	9,562	729	118
Closing balance	1,393,382	1,488,699	1,057,180	1,153,829
Gross impaired loans as a percentage of gross loans, advances and financing	0.54%	0.61%	0.50%	0.57%

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A11. Loans, Advances and Financing (continued)

A11j. Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Malaysia	1,269,094	1,375,695	1,045,733	1,141,700
Hong Kong SAR and the People's Republic of China	72,698	62,326	-	-
Cambodia	40,143	38,549	-	-
Other countries	11,447	12,129	11,447	12,129
	<u>1,393,382</u>	<u>1,488,699</u>	<u>1,057,180</u>	<u>1,153,829</u>

A11k. Impaired loans, advances and financing by economic purpose

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Purchase of securities	3,432	3,434	3,432	3,434
Purchase of transport vehicles	384,673	412,764	275,016	299,684
Purchase of landed properties	626,248	668,989	548,578	593,786
(of which: - residential	459,160	504,808	394,193	441,735
- non-residential)	167,088	164,181	154,385	152,051
Purchase of fixed assets (excluding landed properties)	60	164	60	160
Personal use	138,465	146,527	41,033	51,070
Credit card	20,834	25,409	20,771	25,353
Purchase of consumer durables	1	75	1	-
Construction	13,334	12,841	10,059	10,449
Working capital	189,485	202,794	141,417	154,249
Other purpose	16,850	15,702	16,813	15,644
	<u>1,393,382</u>	<u>1,488,699</u>	<u>1,057,180</u>	<u>1,153,829</u>

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A11. Loans, Advances and Financing (continued)

A11i. Impaired loans, advances and financing by sectors

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Agriculture, hunting, forestry and fishing	20,937	17,682	12,633	10,278
Mining and quarrying	1,794	2,220	577	1,056
Manufacturing	78,373	95,216	69,647	86,383
Electricity, gas and water	2,105	1,738	-	-
Construction	53,542	53,219	49,128	49,705
Wholesale & retail trade and restaurants & hotels	111,485	118,792	89,376	92,422
Transport, storage and communication	47,307	51,344	45,477	49,327
Finance, insurance and business services	23,725	26,795	16,888	19,137
Real estate	46,457	34,991	41,930	33,189
Community, social and personal services	7,753	16,669	6,797	15,976
Households	996,157	1,068,180	724,489	795,747
Others	3,747	1,853	238	609
	1,393,382	1,488,699	1,057,180	1,153,829

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

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
<u>Collective Assessment Allowance</u>				
At 1 January	1,682,128	1,592,085	1,143,525	1,071,089
Allowance made during the period / year	168,053	358,852	126,412	259,153
Amount written off	(173,822)	(271,729)	(129,972)	(187,246)
Exchange differences	3,905	2,920	826	529
Closing balance	1,680,264	1,682,128	1,140,791	1,143,525

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
<u>Individual Assessment Allowance</u>				
At 1 January	140,086	167,925	62,467	79,765
Allowance made during the period / year	103,449	190,432	8,420	9,525
Amount written back in respect of recoveries	(20,050)	(22,731)	(16,039)	(15,310)
Amount written off	(112,644)	(211,043)	(13,247)	(9,846)
Amount transferred to allowance for impairment loss on foreclosed properties	(612)	(1,667)	(612)	(1,667)
Exchange differences	9,580	17,170	-	-
Closing balance	119,809	140,086	40,989	62,467

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A12. Other Assets

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Deferred handling fees	262,186	254,694	195,361	191,097
Interest / Income receivable	77,793	89,802	56,308	75,681
Other receivables, deposits and prepayments	1,578,701	1,415,176	1,434,295	1,326,005
Manager's stocks	93,022	99,265	-	-
Employee benefits	251,904	269,797	246,186	263,673
Amount due from trust funds	175,558	107,730	-	-
Foreclosed properties	58,752	56,089	58,103	55,210
Outstanding contracts on clients' accounts	228,462	179,680	-	-
Amount due from subsidiary companies	-	-	36,986	37,336
Dividend receivable from subsidiary companies	-	-	511,156	501,487
	<u>2,726,378</u>	<u>2,472,233</u>	<u>2,538,395</u>	<u>2,450,489</u>

A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
At amortised cost				
Core deposits:				
- Demand deposits	42,090,868	41,431,899	35,988,610	35,771,299
- Savings deposits	29,079,276	27,675,462	19,744,528	19,094,648
- Fixed deposits	161,787,620	147,600,034	125,236,091	121,430,943
	<u>232,957,764</u>	<u>216,707,395</u>	<u>180,969,229</u>	<u>176,296,890</u>
Wholesale deposits:				
- Negotiable instruments of deposit	3,214,209	7,222,073	1,141,301	3,674,808
- Money market deposits	59,017,755	52,524,700	52,708,335	46,163,811
	<u>62,231,964</u>	<u>59,746,773</u>	<u>53,849,636</u>	<u>49,838,619</u>
Other deposits	109,584	86,008	105,471	81,482
	<u>295,299,312</u>	<u>276,540,176</u>	<u>234,924,336</u>	<u>226,216,991</u>

b) By type of customer

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Federal and state governments	6,266,204	3,229,842	614,853	549,568
Local government and statutory authorities	2,789,177	3,419,087	1,935,563	1,806,029
Business enterprises	84,123,775	83,961,654	68,568,382	70,180,944
Individuals	138,030,605	124,941,888	113,751,474	107,897,350
Foreign customers	7,247,192	5,884,641	6,611,361	5,262,723
Others	56,842,359	55,103,064	43,442,703	40,520,377
	<u>295,299,312</u>	<u>276,540,176</u>	<u>234,924,336</u>	<u>226,216,991</u>

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A13. Deposits from Customers (continued)

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

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Due within six months	198,369,072	183,926,889	156,800,635	152,166,260
More than six months to one year	25,393,973	23,113,861	22,037,166	19,025,282
More than one year to three years	252,618	302,336	245,068	75,204
More than three years to five years	3,921	3,721	2,858	2,816
	<u>224,019,584</u>	<u>207,346,807</u>	<u>179,085,727</u>	<u>171,269,562</u>

A14. Deposits from Banks

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
At amortised cost				
Licensed banks	8,407,033	10,484,982	6,574,239	8,085,476
Licensed Islamic banks	-	940,000	-	-
Licensed investment banks	238,072	350,344	255,560	260,990
Bank Negara Malaysia	430,328	344,471	426,370	340,503
Other financial institutions	8,455,125	8,549,935	9,289,527	9,009,681
	<u>17,530,558</u>	<u>20,669,732</u>	<u>16,545,696</u>	<u>17,696,650</u>

A15. Other Liabilities

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Interest / Income payable	1,675,392	1,399,565	1,415,126	1,236,480
Other payables and accruals	2,495,519	2,534,807	1,869,917	1,986,008
Amount due to trust funds	137,548	47,243	-	-
Unprocessed sales and / or redemptions	54,084	190,902	-	-
Profit Equalisation Reserve of the investment account holder	41	55	-	-
Finance lease liabilities	112,870	136,627	112,870	136,627
Outstanding contracts on clients' accounts	214,709	171,746	-	-
Dividend payable to shareholders	8,681	15,701	1,533	1,121
Amount due to subsidiary companies	-	-	3,484	3,029
	<u>4,698,844</u>	<u>4,496,646</u>	<u>3,402,930</u>	<u>3,363,265</u>

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A16. Interest Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<u>Group</u>				
Loans and advances	2,946,298	2,557,981	5,812,192	5,048,998
Balances with banks	149,131	193,710	254,887	349,059
Financial investments available-for-sale	87,193	66,287	199,686	133,916
Financial investments held-to-maturity	182,319	90,166	363,358	167,987
Others	34,171	36,817	69,000	74,150
	<u>3,399,112</u>	<u>2,944,961</u>	<u>6,699,123</u>	<u>5,774,110</u>
Financial assets held-for-trading	135,276	86,267	290,543	194,626
	<u><u>3,534,388</u></u>	<u><u>3,031,228</u></u>	<u><u>6,989,666</u></u>	<u><u>5,968,736</u></u>

Of which:

Interest income earned on impaired loans
and advances

	<u>14,140</u>	<u>14,151</u>	<u>28,420</u>	<u>27,693</u>
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	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<u>Bank</u>				
Loans and advances	2,694,043	2,348,421	5,315,469	4,629,804
Balances with banks	138,500	180,870	232,191	326,660
Financial investments available-for-sale	78,027	60,877	184,699	126,775
Financial investments held-to-maturity	171,831	73,333	342,296	131,437
Others	34,169	36,784	68,996	74,047
	<u>3,116,570</u>	<u>2,700,285</u>	<u>6,143,651</u>	<u>5,288,723</u>
Financial assets held-for-trading	119,977	78,083	257,825	179,400
	<u><u>3,236,547</u></u>	<u><u>2,778,368</u></u>	<u><u>6,401,476</u></u>	<u><u>5,468,123</u></u>

Of which:

Interest income earned on impaired loans
and advances

	<u>13,379</u>	<u>13,494</u>	<u>27,067</u>	<u>26,379</u>
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A17. Interest Expense

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits from banks	117,302	56,205	215,856	124,618
Deposits from customers	1,717,953	1,434,596	3,399,928	2,790,912
Loans sold to Cagamas	14,359	-	28,561	-
Debt securities issued and other borrowed funds	123,164	118,148	245,819	227,111
Others	2,040	530	5,727	1,364
	<u>1,974,818</u>	<u>1,609,479</u>	<u>3,895,891</u>	<u>3,144,005</u>

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits from banks	106,537	47,526	195,416	109,827
Deposits from customers	1,662,687	1,379,025	3,290,317	2,686,991
Loans sold to Cagamas	14,359	-	28,561	-
Debt securities issued and other borrowed funds	120,270	116,314	240,097	223,439
Others	1,856	482	5,476	1,262
	<u>1,905,709</u>	<u>1,543,347</u>	<u>3,759,867</u>	<u>3,021,519</u>

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A18. Net Fee and Commission Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<u>Group</u>				
Fee and commission income:				
Commissions	106,174	92,528	218,197	185,253
Service charges and fees	79,661	71,884	158,543	143,288
Guarantee fees	10,822	10,429	19,651	17,317
Processing fees	5,313	5,098	13,078	11,703
Commitment fees	19,387	15,924	41,741	31,495
Unit trust management fees	213,575	198,177	419,869	388,110
Fee on sale of trust units	83,667	69,012	159,504	140,676
Net brokerage and commissions from stockbroking activities	28,239	24,185	47,918	42,754
Other fee and commission income	22,735	16,120	37,987	24,829
	<u>569,573</u>	<u>503,357</u>	<u>1,116,488</u>	<u>985,425</u>
Fee and commission expense:				
Loan related fee *	(71,213)	(61,026)	(148,279)	(126,413)
Unit trust agency fee	(104,947)	(89,884)	(199,262)	(178,972)
Other fee and commission expense	(4,859)	(5,424)	(10,359)	(10,350)
	<u>(181,019)</u>	<u>(156,334)</u>	<u>(357,900)</u>	<u>(315,735)</u>
Net fee and commission income	<u>388,554</u>	<u>347,023</u>	<u>758,588</u>	<u>669,690</u>
<u>Bank</u>				
Fee and commission income:				
Commissions	118,259	105,876	243,268	214,281
Service charges and fees	58,114	53,393	117,148	104,113
Guarantee fees	10,324	9,749	18,485	15,906
Processing fees	2,032	2,011	5,967	5,685
Commitment fees	18,034	14,971	39,220	29,515
Other fee and commission income	19,722	11,345	31,978	17,252
	<u>226,485</u>	<u>197,345</u>	<u>456,066</u>	<u>386,752</u>
Fee and commission expense:				
Loan related fee *	(68,212)	(60,014)	(142,367)	(124,347)
Other fee and commission expense	(3,097)	(2,906)	(6,405)	(5,797)
	<u>(71,309)</u>	<u>(62,920)</u>	<u>(148,772)</u>	<u>(130,144)</u>
Net fee and commission income	<u>155,176</u>	<u>134,425</u>	<u>307,294</u>	<u>256,608</u>

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

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A19. Net Gains and Losses on Financial Instruments

	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Group				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	3,107	1,448	8,982	2,690
- unrealised revaluation (loss) / gain	(1,794)	(774)	457	1,746
	1,313	674	9,439	4,436
Net gain / (loss) arising on trading derivatives				
- net gain on disposal	-	6	-	8,150
- unrealised revaluation gain / (loss)	815	1,251	(2,749)	(7,073)
	815	1,257	(2,749)	1,077
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	10,568	3,975	20,362	9,409
- gross dividend income	50,959	39,132	93,230	81,660
	61,527	43,107	113,592	91,069
Net gain representing ineffective portions of hedging derivatives:				
- fair value hedge	822	1,163	1,775	3,057
- cash flow hedge	429	355	736	767
	1,251	1,518	2,511	3,824
Net gains and losses on financial instruments	64,906	46,556	122,793	100,406

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

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	3,101	1,343	8,972	2,584
- unrealised revaluation (loss) / gain	(1,861)	(773)	352	1,747
	1,240	570	9,324	4,331
Net (loss) / gain arising on trading derivatives:				
- net gain on disposal	-	6	-	8,150
- unrealised revaluation (loss) / gain	(6)	454	(1)	(7,295)
	(6)	460	(1)	855
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	10,194	701	19,263	6,135
- gross dividend income	50,415	38,401	92,681	79,690
	60,609	39,102	111,944	85,825
Net gain representing ineffective portions of hedging derivatives:				
- fair value hedge	1,803	1,236	2,821	3,232
- cash flow hedge	429	355	736	767
	2,232	1,591	3,557	3,999
Net gains and losses on financial instruments	64,075	41,723	124,824	95,010

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A20. Other Operating Income

	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<u>Group</u>				
Other income:				
Foreign exchange profit	68,263	64,208	150,713	124,913
Rental income from:				
- investment properties	1,946	1,604	3,818	3,250
- other properties	4,107	4,201	8,444	7,908
Net gain on disposal of property and equipment	28	1,007	685	813
Net gain on disposal of foreclosed properties	776	590	1,066	988
Net gain on revaluation of investment properties	6,568	1,698	6,568	1,698
Others	9,446	7,332	18,480	19,504
Total other operating income	<u>91,134</u>	<u>80,640</u>	<u>189,774</u>	<u>159,074</u>
	2nd Quarter Ended	30 June	Half Year Ended	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Gross dividend income from:				
- associated companies	-	6,101	-	6,101
- subsidiary companies				
- quoted outside Malaysia	19,556	16,655	19,556	16,655
- unquoted in Malaysia	257,315	210,671	474,489	303,758
	<u>276,871</u>	<u>233,427</u>	<u>494,045</u>	<u>326,514</u>
Other income:				
Foreign exchange profit / (loss)	18,951	86,826	(36,240)	148,189
Rental income from other properties	3,119	3,233	6,324	6,013
Net gain on disposal of property and equipment	35	1,035	692	842
Net gain on disposal of foreclosed properties	776	590	1,066	988
Others	5,926	5,502	12,667	12,804
	<u>28,807</u>	<u>97,186</u>	<u>(15,491)</u>	<u>168,836</u>
Total other operating income	<u>305,678</u>	<u>330,613</u>	<u>478,554</u>	<u>495,350</u>

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A21. Other Operating Expenses

<u>Group</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Personnel costs				
- Salaries, allowances and bonuses	425,685	394,331	847,714	773,123
- Pension costs	56,370	55,480	112,875	108,947
- Others	33,315	33,444	66,990	65,470
	<u>515,370</u>	<u>483,255</u>	<u>1,027,579</u>	<u>947,540</u>
Establishment costs				
- Depreciation	43,756	38,301	86,817	76,239
- Rental	25,265	24,199	52,000	47,983
- Insurance	5,216	5,477	10,397	11,421
- Water and electricity	12,861	13,572	24,990	25,056
- General repairs and maintenance	22,125	22,717	36,915	44,673
- Information technology expenses	9,360	6,283	19,028	13,597
- Others	10,835	11,634	25,121	24,070
	<u>129,418</u>	<u>122,183</u>	<u>255,268</u>	<u>243,039</u>
Marketing expenses				
- Advertisement and publicity	14,490	12,749	25,423	23,423
- Others	13,841	16,647	29,040	36,096
	<u>28,331</u>	<u>29,396</u>	<u>54,463</u>	<u>59,519</u>
Administration and general expenses				
- Communication expenses	10,307	5,680	14,386	15,406
- Legal and professional fees	12,658	12,822	22,153	22,223
- Others	26,092	12,628	51,175	34,155
	<u>49,057</u>	<u>31,130</u>	<u>87,714</u>	<u>71,784</u>
Total other operating expenses	<u>722,176</u>	<u>665,964</u>	<u>1,425,024</u>	<u>1,321,882</u>

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A21. Other Operating Expenses (continued)

<u>Bank</u>	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Personnel costs				
- Salaries, allowances and bonuses	323,970	308,415	645,514	602,410
- Pension costs	49,776	49,659	99,378	97,049
- Others	27,924	28,816	56,732	56,640
	<u>401,670</u>	<u>386,890</u>	<u>801,624</u>	<u>756,099</u>
Establishment costs				
- Depreciation	34,844	29,764	69,123	59,424
- Rental	22,148	22,141	45,628	43,754
- Insurance	4,577	5,061	9,097	9,309
- Water and electricity	9,638	10,193	18,923	19,020
- General repairs and maintenance	19,782	20,438	32,477	39,948
- Information technology expenses	5,082	2,972	10,894	6,944
- Others	7,472	8,598	18,401	18,165
	<u>103,543</u>	<u>99,167</u>	<u>204,543</u>	<u>196,564</u>
Marketing expenses				
- Advertisement and publicity	6,505	5,545	8,999	8,338
- Others	9,955	10,088	20,760	18,606
	<u>16,460</u>	<u>15,633</u>	<u>29,759</u>	<u>26,944</u>
Administration and general expenses				
- Communication expenses	9,469	4,206	12,706	11,736
- Legal and professional fees	9,410	9,812	16,485	16,303
- Others	15,573	11,881	30,699	24,936
	<u>34,452</u>	<u>25,899</u>	<u>59,890</u>	<u>52,975</u>
Shared service cost charged to Public Islamic Bank Berhad	(69,598)	(62,270)	(131,392)	(120,274)
Total other operating expenses	<u>486,527</u>	<u>465,319</u>	<u>964,424</u>	<u>912,308</u>

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A22. Allowance for Impairment on Loans, Advances and Financing

	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<u>Group</u>				
Allowance for impaired loans and financing:				
Collective assessment allowance	76,570	95,206	168,053	184,624
Individual assessment allowance	42,010	31,401	83,399	85,100
Allowance / (Writeback of allowance) for				
bad debts from stockbroking activities	1	-	(9)	1
Impaired loans and financing written off	49	41	79	70
Impaired loans and financing recovered	(57,715)	(61,954)	(114,859)	(120,283)
	60,915	64,694	136,663	149,512
	2nd Quarter Ended	30 June	Half Year Ended	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance / (Writeback of allowance)				
for impaired loans:				
Collective assessment allowance	58,161	60,675	126,412	133,903
Individual assessment allowance	(5,023)	(3,717)	(7,619)	(3,068)
Impaired loans written off	52	40	79	65
Impaired loans recovered	(30,521)	(32,143)	(64,868)	(67,735)
	22,669	24,855	54,004	63,165

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A23. Segment Information

	<----- 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					
2nd Quarter Ended 30 June 2015												
External revenue	638,807	2,252,649	359,921	475,673	55,290	297,500	1,582	312,757	4,394,179	343,499	-	4,737,678
Revenue from other segments	-	343,170	4,872	382,138	3,010	3,708	7,493	383,366	1,127,757	1,326	(1,129,083)	-
	638,807	2,595,819	364,793	857,811	58,300	301,208	9,075	696,123	5,521,936	344,825	(1,129,083)	4,737,678
Net interest income and												
Islamic banking income	196,671	1,081,260	92,529	56,585	6,772	3,966	(2,103)	102,027	1,537,707	230,758	-	1,768,465
Other income	865	142,005	15,362	63,327	19,564	178,198	9,001	79,092	507,414	54,489	(17,309)	544,594
Net income	197,536	1,223,265	107,891	119,912	26,336	182,164	6,898	181,119	2,045,121	285,247	(17,309)	2,313,059
Other operating expenses	(60,583)	(389,441)	(3,602)	(6,756)	(10,043)	(41,856)	(3,788)	(108,445)	(624,514)	(114,971)	17,309	(722,176)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(45,562)	12,402	648	-	(113)	-	-	-	(32,625)	(28,290)	-	(60,915)
Writeback of allowance for impairment on other assets	-	440	-	-	-	-	-	-	440	-	-	440
Profit by segments	91,391	846,666	104,937	113,156	16,180	140,308	3,110	72,674	1,388,422	141,986	-	1,530,408
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(1,596)	2,335		739
Profit before tax expense and zakat									1,386,826	144,321		1,531,147

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A23. Segment Information (continued)

	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
2nd Quarter Ended 30 June 2014												
External revenue	601,443	1,966,363	287,261	459,358	62,548	267,422	1,415	139,246	3,785,056	274,045	-	4,059,101
Revenue from other segments	-	335,383	3,462	211,060	893	3,290	7,428	456,534	1,018,050	2,099	(1,020,149)	-
	<u>601,443</u>	<u>2,301,746</u>	<u>290,723</u>	<u>670,418</u>	<u>63,441</u>	<u>270,712</u>	<u>8,843</u>	<u>595,780</u>	<u>4,803,106</u>	<u>276,144</u>	<u>(1,020,149)</u>	<u>4,059,101</u>
Net interest income and												
Islamic banking income	224,102	1,049,263	74,328	40,651	5,487	3,523	(1,900)	46,382	1,441,836	183,531	-	1,625,367
Other income	491	125,808	13,167	64,956	25,953	162,623	8,751	56,024	457,773	34,198	(17,752)	474,219
Net income	<u>224,593</u>	<u>1,175,071</u>	<u>87,495</u>	<u>105,607</u>	<u>31,440</u>	<u>166,146</u>	<u>6,851</u>	<u>102,406</u>	<u>1,899,609</u>	<u>217,729</u>	<u>(17,752)</u>	<u>2,099,586</u>
Other operating expenses	(58,550)	(361,993)	(2,994)	(6,110)	(8,858)	(42,093)	(3,674)	(100,797)	(585,069)	(98,647)	17,752	(665,964)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(53,537)	1,299	1,267	-	24	-	-	-	(50,947)	(13,747)	-	(64,694)
Allowance for impairment on other assets	-	(146)	-	-	-	-	-	-	(146)	-	-	(146)
Profit by segments	<u>112,506</u>	<u>814,231</u>	<u>85,768</u>	<u>99,497</u>	<u>22,606</u>	<u>124,053</u>	<u>3,177</u>	<u>1,609</u>	<u>1,263,447</u>	<u>105,335</u>	<u>-</u>	<u>1,368,782</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(3,252)	2,164		(1,088)
Profit before tax expense and zakat									<u>1,260,195</u>	<u>107,499</u>		<u>1,367,694</u>

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A23. **Segment Information** (continued)

	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
Half Year Ended 30 June 2015												
External revenue	1,267,270	4,446,723	709,480	965,980	106,751	579,871	3,153	581,314	8,660,542	677,439	-	9,337,981
Revenue from other segments	-	661,356	9,215	753,241	3,981	8,564	14,988	626,852	2,078,197	4,110	(2,082,307)	-
	<u>1,267,270</u>	<u>5,108,079</u>	<u>718,695</u>	<u>1,719,221</u>	<u>110,732</u>	<u>588,435</u>	<u>18,141</u>	<u>1,208,166</u>	<u>10,738,739</u>	<u>681,549</u>	<u>(2,082,307)</u>	<u>9,337,981</u>
Net interest income and												
Islamic banking income	401,009	2,144,586	179,474	117,372	13,906	9,062	(4,194)	192,768	3,053,983	453,054	-	3,507,037
Other income	1,474	285,966	29,356	139,126	35,088	350,081	17,988	144,865	1,003,944	102,990	(35,779)	1,071,155
Net income	<u>402,483</u>	<u>2,430,552</u>	<u>208,830</u>	<u>256,498</u>	<u>48,994</u>	<u>359,143</u>	<u>13,794</u>	<u>337,633</u>	<u>4,057,927</u>	<u>556,044</u>	<u>(35,779)</u>	<u>4,578,192</u>
Other operating expenses (Allowance) / Writeback of allowance for impairment on loans, advances and financing	(121,386)	(776,588)	(6,521)	(13,351)	(19,168)	(83,177)	(7,848)	(204,226)	(1,232,265)	(228,538)	35,779	(1,425,024)
Writeback of allowance for impairment on other assets	(94,831)	9,560	4,357	-	(189)	-	-	-	(81,103)	(55,560)	-	(136,663)
Profit by segments	<u>-</u>	<u>928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>928</u>	<u>-</u>	<u>-</u>	<u>928</u>
	<u>186,266</u>	<u>1,664,452</u>	<u>206,666</u>	<u>243,147</u>	<u>29,637</u>	<u>275,966</u>	<u>5,946</u>	<u>133,407</u>	<u>2,745,487</u>	<u>271,946</u>	<u>-</u>	<u>3,017,433</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(1,468)	3,860		2,392
Profit before tax expense and zakat									<u>2,744,019</u>	<u>275,806</u>		<u>3,019,825</u>
Cost income ratio	30.2%	32.0%	3.1%	5.2%	39.1%	23.2%	56.9%	60.5%	30.4%	41.1%		31.1%

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A23. **Segment Information** (continued)

Half Year Ended 30 June 2015	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
Gross loans, advances and financing	48,272,869	161,533,537	29,989,373	-	440,300	65,600	2,188	-	240,303,867	18,502,718	-	258,806,585
Loan growth	4.0%	5.4%	6.2%	-	4.9%	9.1%	-3.9%	-	5.2%	10.8%	-	5.6%
Impaired loans, advances and financing	364,025	852,988	52,081	-	-	-	-	-	1,269,094	124,288	-	1,393,382
Impaired loan ratio	0.8%	0.5%	0.2%	-	-	-	-	-	0.5%	0.7%	-	0.5%
Deposits from customers	-	204,239,969	271,620	67,352,723	2,029,336	-	-	-	273,893,648	21,405,664	-	295,299,312
Deposit growth	-	5.6%	9.6%	7.3%	1.8%	-	-	-	6.0%	18.5%	-	6.8%
Segment assets	<u>47,947,015</u>	<u>210,959,646</u>	<u>29,934,208</u>	<u>85,719,471</u>	<u>3,733,465</u>	<u>429,334</u>	<u>446,272</u>	<u>34,397,143</u>	<u>413,566,554</u>	<u>27,490,711</u>	<u>(80,960,212)</u>	<u>360,097,053</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									23,763	146,905		170,668
Unallocated assets									1,182,680	-		1,182,680
Intangible assets									769,251	1,412,269		2,181,520
Total assets									<u>415,542,248</u>	<u>29,049,885</u>		<u>363,631,921</u>

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A23. Segment Information (continued)

Half Year Ended 30 June 2014	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	1,195,136	3,888,534	564,394	908,361	110,508	529,235	2,781	257,667	7,456,616	550,862	-	8,007,478
Revenue from other segments	-	636,675	6,822	432,490	2,479	7,081	14,851	861,426	1,961,824	3,130	(1,964,954)	-
	<u>1,195,136</u>	<u>4,525,209</u>	<u>571,216</u>	<u>1,340,851</u>	<u>112,987</u>	<u>536,316</u>	<u>17,632</u>	<u>1,119,093</u>	<u>9,418,440</u>	<u>553,992</u>	<u>(1,964,954)</u>	<u>8,007,478</u>
Net interest income and												
Islamic banking income	456,598	2,079,922	145,523	81,672	9,977	7,530	(3,821)	88,551	2,865,952	367,981	-	3,233,933
Other income	986	251,434	26,208	129,185	41,739	317,201	17,487	110,459	894,699	68,900	(34,429)	929,170
Net income	<u>457,584</u>	<u>2,331,356</u>	<u>171,731</u>	<u>210,857</u>	<u>51,716</u>	<u>324,731</u>	<u>13,666</u>	<u>199,010</u>	<u>3,760,651</u>	<u>436,881</u>	<u>(34,429)</u>	<u>4,163,103</u>
Other operating expenses	(114,420)	(714,058)	(5,695)	(12,071)	(17,232)	(87,903)	(7,313)	(202,465)	(1,161,157)	(195,154)	34,429	(1,321,882)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(93,307)	(24,314)	15,351	-	292	-	-	-	(101,978)	(47,534)	-	(149,512)
Writeback of allowance for impairment on other assets	-	838	-	-	-	-	-	-	838	-	-	838
Profit / (loss) by segments	<u>249,857</u>	<u>1,593,822</u>	<u>181,387</u>	<u>198,786</u>	<u>34,776</u>	<u>236,828</u>	<u>6,353</u>	<u>(3,455)</u>	<u>2,498,354</u>	<u>194,193</u>	<u>-</u>	<u>2,692,547</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(2,317)	4,564		2,247
Profit before tax expense and zakat									<u>2,496,037</u>	<u>198,757</u>		<u>2,694,794</u>
Cost income ratio	25.0%	30.6%	3.3%	5.7%	33.3%	27.1%	53.5%	101.7%	30.9%	44.7%		31.8%

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A23. Segment Information (continued)

Half Year Ended 30 June 2014	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
Gross loans, advances and financing	45,004,627	145,934,226	26,224,317	-	347,598	56,562	2,238	-	217,569,568	14,589,122		232,158,690
Loan growth	4.2%	6.2%	2.6%	-	-4.8%	5.0%	1.2%	-	5.3%	0.3%		5.0%
Impaired loans, advances and financing	364,498	959,049	79,436	-	-	-	-	-	1,402,983	110,185		1,513,168
Impaired loan ratio	0.8%	0.7%	0.3%	-	-	-	-	-	0.6%	0.8%		0.7%
Deposits from customers	-	190,452,490	237,660	55,821,089	2,001,653	-	-	-	248,512,892	16,023,821		264,536,713
Deposit growth	-	8.0%	-22.2%	0.3%	-29.8%	-	-	-	5.7%	1.9%		5.4%
Segment assets	<u>44,686,681</u>	<u>196,828,101</u>	<u>26,156,860</u>	<u>73,982,859</u>	<u>4,588,849</u>	<u>345,158</u>	<u>341,512</u>	<u>25,718,936</u>	<u>372,648,956</u>	<u>21,225,517</u>	<u>(73,350,920)</u>	<u>320,523,553</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									26,443	117,577		144,020
Unallocated assets									1,007,799	-		1,007,799
Intangible assets									769,251	1,212,044		1,981,295
Total assets									<u>374,452,449</u>	<u>22,555,138</u>		<u>323,656,667</u>

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A23. Segment Information (continued)

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

A24. Subsequent Events

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

A25. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the 2nd quarter and financial half year ended 30 June 2015.

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A26. Commitments and Contingencies

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

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

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Contingent liabilities				
Direct credit substitutes	1,571,383	1,598,096	1,214,865	1,237,889
Transaction-related contingent items	1,404,734	1,285,971	1,234,555	1,121,989
Short term self-liquidating trade-related contingencies	443,160	405,965	208,912	296,586
	3,419,277	3,290,032	2,658,332	2,656,464
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	28,973,551	28,962,346	24,674,727	26,380,852
- not exceeding one year	23,734,582	23,074,157	20,857,426	20,356,377
Unutilised credit card lines	4,652,460	4,135,781	4,539,143	4,038,701
Forward asset purchases	1,471,311	1,059,113	1,358,420	875,083
	58,831,904	57,231,397	51,429,716	51,651,013
Derivative financial instruments				
Foreign exchange related contracts:				
- less than one year	29,503,302	21,082,468	28,227,534	20,782,159
- one year to less than five years	2,645,690	2,449,762	2,645,690	2,449,762
Interest / Profit rate related contracts:				
- less than one year	56,576	821,971	56,576	577,129
- one year to less than five years	13,009,903	10,716,883	13,726,750	11,211,950
- five years and above	423,674	220,000	2,220,000	1,720,000
Commodity related contracts:				
- less than one year	970	148	970	148
	45,640,115	35,291,232	46,877,520	36,741,148
	107,891,296	95,812,661	100,965,568	91,048,625

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A27. Derivative Financial Instruments

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

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

Group As at 30 June 2015	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,224,788	5,465	-	1,230,253	16,468	5	-	16,473	11,382	116	-	11,498
- Swaps	28,117,954	-	-	28,117,954	415,505	-	-	415,505	109,502	-	-	109,502
- Options	160,560	-	-	160,560	166	-	-	166	166	-	-	166
Precious metal contracts												
- Forwards	970	-	-	970	-	-	-	-	2	-	-	2
	<u>29,504,272</u>	<u>5,465</u>	<u>-</u>	<u>29,509,737</u>	<u>432,139</u>	<u>5</u>	<u>-</u>	<u>432,144</u>	<u>121,052</u>	<u>116</u>	<u>-</u>	<u>121,168</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	56,576	3,854,350	3,624,827	7,535,753	-	54,963	66,344	121,307	900	-	9,761	10,661
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	1,885,875	754,350	2,640,225	-	-	-	-	-	387,191	115,593	502,784
Interest / Profit rate related contracts												
- Swaps	-	3,674,400	2,280,000	5,954,400	-	12,639	8,142	20,781	-	3,637	2,130	5,767
	<u>56,576</u>	<u>9,414,625</u>	<u>6,659,177</u>	<u>16,130,378</u>	<u>-</u>	<u>67,602</u>	<u>74,486</u>	<u>142,088</u>	<u>900</u>	<u>390,828</u>	<u>127,484</u>	<u>519,212</u>
Total	<u>29,560,848</u>	<u>9,420,090</u>	<u>6,659,177</u>	<u>45,640,115</u>	<u>432,139</u>	<u>67,607</u>	<u>74,486</u>	<u>574,232</u>	<u>121,952</u>	<u>390,944</u>	<u>127,484</u>	<u>640,380</u>

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A27. Derivative Financial Instruments (continued)

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

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

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

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A27. Derivative Financial Instruments (continued)

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

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

Bank As at 30 June 2015	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	962,303	5,465	-	967,768	15,883	5	-	15,888	10,821	116	-	10,937
- Swaps	27,104,671	-	-	27,104,671	415,218	-	-	415,218	106,340	-	-	106,340
- Options	160,560	-	-	160,560	166	-	-	166	166	-	-	166
Precious metal contracts												
- Forwards	970	-	-	970	-	-	-	-	2	-	-	2
	28,228,504	5,465	-	28,233,969	431,267	5	-	431,272	117,329	116	-	117,445
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	56,576	3,854,350	3,308,000	7,218,926	-	54,963	59,547	114,510	900	-	-	900
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	1,885,875	754,350	2,640,225	-	-	-	-	-	387,191	115,593	502,784
Interest rate related contracts												
- Swaps	-	3,574,400	5,210,000	8,784,400	-	11,212	5,973	17,185	-	3,637	63,548	67,185
	56,576	9,314,625	9,272,350	18,643,551	-	66,175	65,520	131,695	900	390,828	179,141	570,869
Total	28,285,080	9,320,090	9,272,350	46,877,520	431,267	66,180	65,520	562,967	118,229	390,944	179,141	688,314

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A27. Derivative Financial Instruments (continued)

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

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

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

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A27. Derivative Financial Instruments (continued)

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

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 30 June 2015, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM574,232,000 (2014: RM703,072,000) and RM562,967,000 (2014: RM691,014,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

- iii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 June 2015, the Group and the Bank had posted cash collateral of RM311,802,000 (2014: RM88,616,000) on their derivative contracts.

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2014 and Pillar 3 Disclosures section of the 2014 Annual Report.

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A28. Fair Value Measurements

Determination of Fair Value and Fair Value Hierarchy

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

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

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

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

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

Group	Level 1	Level 2	Level 3	Total
30 June 2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	1,171,096	-	1,171,096
- Money market instruments	-	11,525,776	-	11,525,776
- Non-money market instruments	-	224,008	-	224,008
	-	12,920,880	-	12,920,880
Financial investments available-for-sale				
- Government securities and treasury bills	-	13,466,362	-	13,466,362
- Money market instruments	-	1,630,324	-	1,630,324
- Non-money market instruments #	3,486,189	2,703,489	-	6,189,678
	3,486,189	17,800,175	-	21,286,364
Derivative financial assets	-	574,232	-	574,232
Total financial assets measured at fair value	3,486,189	31,295,287	-	34,781,476
Non-financial assets				
Investment properties	-	-	122,947	122,947
Financial liabilities				
Derivative financial liabilities	-	640,380	-	640,380
Total financial liabilities measured at fair value	-	640,380	-	640,380

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

Group	Level 1	Level 2	Level 3	Total
31 December 2014	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	2,194,271	-	2,194,271
- Money market instruments	-	16,073,099	-	16,073,099
- Non-money market instruments	-	96,648	-	96,648
	-	<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>
Non-financial assets				
Investment properties	-	-	107,028	107,028
Financial liabilities				
Derivative financial liabilities	-	488,193	-	488,193
Total financial liabilities measured at fair value	-	<u>488,193</u>	-	<u>488,193</u>

Excluding the carrying amount of equity securities - unquoted shares held by the Group of RM114,494,000 (2014: RM112,086,000) which are not carried at fair value.

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

Bank	Level 1	Level 2	Level 3	Total
30 June 2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	1,171,096	-	1,171,096
- Money market instruments	-	10,097,291	-	10,097,291
- Non-money market instruments	-	169,131	-	169,131
	-	<u>11,437,518</u>	-	<u>11,437,518</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	7,738,392	-	7,738,392
- Money market instruments	-	953,172	-	953,172
- Non-money market instruments #	3,012,832	2,405,895	-	5,418,727
	<u>3,012,832</u>	<u>11,097,459</u>	-	<u>14,110,291</u>
Derivative financial assets	-	562,967	-	562,967
Total financial assets measured at fair value	<u>3,012,832</u>	<u>23,097,944</u>	-	<u>26,110,776</u>
Financial liabilities				
Derivative financial liabilities	-	688,314	-	688,314
Total financial liabilities measured at fair value	-	<u>688,314</u>	-	<u>688,314</u>

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

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

Excluding the carrying amount of equity securities - unquoted shares held by the Bank of RM110,081,000 (2014: RM107,921,000) which are not carried at fair value.

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

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

Reconciliation of movements in Level 3 financial instruments:

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

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

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

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

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

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A29. Capital Adequacy

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

	Group		Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<u>Before deducting interim dividends *</u>				
Common equity Tier I ("CET I") capital ratio	11.102%	11.328%	12.160%	12.686%
Tier I capital ratio	12.310%	12.776%	13.602%	14.397%
Total capital ratio	<u>15.820%</u>	<u>16.384%</u>	<u>15.977%</u>	<u>16.324%</u>
<u>After deducting interim dividends *</u>				
CET I capital ratio	10.699%	10.781%	11.670%	12.029%
Tier I capital ratio	11.908%	12.228%	13.112%	13.740%
Total capital ratio	<u>15.417%</u>	<u>15.836%</u>	<u>15.487%</u>	<u>15.668%</u>

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

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Components of CET I, Tier I and Tier II capital:				
<u>CET I / Tier I capital:</u>				
Paid-up share capital	3,882,138	3,882,138	3,882,138	3,882,138
Share premium	5,535,515	5,535,515	5,535,515	5,535,515
Other reserves	5,631,067	5,453,501	5,017,987	4,945,825
Retained profits	12,528,818	11,872,792	11,323,145	10,668,300
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Qualifying non-controlling interests	623,872	566,877	-	-
Less: Goodwill and other intangible assets	(2,181,520)	(2,083,142)	(695,393)	(695,393)
Less: Deferred tax assets, net	(69,087)	(69,325)	-	-
Less: Defined benefit pension fund assets	(191,586)	(205,195)	(187,655)	(200,986)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	<u>(56,902)</u>	<u>(28,451)</u>	<u>(1,705,915)</u>	<u>(852,957)</u>
Total CET I capital	25,552,978	24,775,373	23,020,485	23,133,105
Innovative Tier I capital securities	1,268,120	1,449,280	1,268,120	1,449,280
Non-innovative Tier I stapled securities	1,461,600	1,670,400	1,461,600	1,670,400
Qualifying CET I and additional Tier I capital instruments held by third parties	52,714	46,764	-	-
Total Tier I capital	<u>28,335,412</u>	<u>27,941,817</u>	<u>25,750,205</u>	<u>26,252,785</u>

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A29. Capital Adequacy (continued)

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

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
<u>Tier II capital</u>				
Collective assessment allowance and regulatory reserves #	2,645,627	2,495,677	2,106,752	1,978,560
Subordinated notes / sukuk murabahah				
- meeting all relevant criteria	2,448,382	2,448,162	1,949,395	1,949,302
- subject to gradual phase-out treatment	2,998,954	2,998,707	2,998,954	2,998,707
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	70,285	62,352	-	-
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from Tier II capital	<u>(85,353)</u>	<u>(113,804)</u>	<u>(2,558,872)</u>	<u>(3,411,830)</u>
Total Tier II capital	<u>8,077,895</u>	<u>7,891,094</u>	<u>4,496,229</u>	<u>3,514,739</u>
Total capital	<u>36,413,307</u>	<u>35,832,911</u>	<u>30,246,434</u>	<u>29,767,524</u>

Excludes collective assessment allowance on impaired loans/financing restricted from Tier II capital of the Group and the Bank of RM605,764,000 (2014: RM632,242,000) and RM447,074,000 (2014: RM458,747,000) respectively.

Includes the qualifying regulatory reserves for non-impaired loans of the Group and the Bank of RM1,571,127,000 (2014: RM1,445,791,000) and RM1,412,567,000 (2014: RM1,293,334,000) respectively.

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

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A29. Capital Adequacy (continued)

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

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

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

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

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

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

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A29. Capital Adequacy (continued)

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

	Public Islamic Bank Berhad¹	Public Investment Bank Berhad²	Public Bank (L) Ltd.³	Public Bank (Hong Kong) Limited⁴	Public Finance Limited⁴	Cambodian Public Bank Plc⁵
30 June 2015						
<u>Before deducting interim dividends: *</u>						
CET I capital ratio	10.828%	28.128%	N/A	13.638%	25.733%	N/A
Tier I capital ratio	10.828%	28.128%	28.028%	13.638%	25.733%	N/A
Total capital ratio	13.603%	28.619%	28.065%	14.822%	26.725%	19.563%
<u>After deducting interim dividends: *</u>						
CET I capital ratio	10.578%	28.128%	N/A	13.638%	23.441%	N/A
Tier I capital ratio	10.578%	28.128%	28.028%	13.638%	23.441%	N/A
Total capital ratio	13.353%	28.619%	28.065%	14.822%	24.432%	19.563%
31 December 2014						
<u>Before deducting interim dividends: *</u>						
CET I capital ratio	11.730%	44.638%	N/A	13.921%	26.449%	N/A
Tier I capital ratio	11.730%	44.638%	33.941%	13.921%	26.449%	N/A
Total capital ratio	14.580%	45.270%	33.980%	15.104%	27.425%	17.418%
<u>After deducting interim dividends: *</u>						
CET I capital ratio	11.007%	37.487%	N/A	13.921%	24.029%	N/A
Tier I capital ratio	11.007%	37.487%	33.941%	13.921%	24.029%	N/A
Total capital ratio	13.857%	38.119%	33.980%	15.104%	25.004%	17.418%

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

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A29. Capital Adequacy (continued)

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

- ¹ The risk-weighted assets of Public Islamic Bank Berhad are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components and Risk-weighted Assets) issued on 28 November 2012. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively for year 2015.
- ² The risk-weighted assets of Public Investment Bank Berhad are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) issued on 28 November 2012. The minimum regulatory capital adequacy requirement for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively for year 2015.
- ³ The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and total capital ratio respectively.
- ⁴ These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The capital adequacy ratios of these two subsidiary companies are computed in accordance with the provisions of the Banking (Amendment) Ordinance 2012 relating to Basel III capital standards and the amended Banking Capital Rules.
- ⁵ The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-010-182, B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Plc's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.

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A29. Capital Adequacy (continued)

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

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
Credit risk	211,650,176	200,875,562	175,080,107	168,570,558
Market risk	2,767,034	2,554,845	3,297,765	3,027,889
Operational risk	15,757,514	15,281,141	10,937,926	10,753,781
	230,174,724	218,711,548	189,315,798	182,352,228

A30. Credit Exposures Arising From Credit Transactions With Connected Parties

	Group		Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Outstanding credit exposures with connected parties (RM'000)	1,697,878	2,067,450	2,574,765	2,879,663
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.64%	0.81%	1.09%	1.27%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.01%	0.01%	0.00%	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 30 June 2015

	Note	Group	
		30 June 2015 RM'000	31 December 2014 RM'000
ASSETS			
Cash and balances with banks		3,402,599	2,652,849
Financial assets held-for-trading		1,689,154	2,571,794
Derivative financial assets		68,742	60,835
Financial investments available-for-sale		5,908,924	4,546,283
Financial investments held-to-maturity		3,551,128	1,651,516
Financing and advances	A30d	27,900,938	25,434,279
Other assets		90,046	73,106
Statutory deposits with Bank Negara Malaysia		1,364,200	1,140,200
Investment in an associated company		20,000	20,000
Property and equipment		1,166	1,303
Total Assets		43,996,897	38,152,165
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	A30e	36,219,313	30,727,614
Deposits from banks		3,803,353	3,620,104
Bills and acceptances payable		428	550
Recourse obligations on financing sold to Cagamas		500,016	500,016
Derivative financial liabilities		3,728	89
Subordinated Sukuk Murabahah		498,987	498,860
Other liabilities		215,814	98,041
Provision for zakat and taxation		55,378	39,847
Deferred tax liabilities		21,337	15,445
Total Liabilities		41,318,354	35,500,566
Islamic Banking Funds		2,678,543	2,651,599
Total Liabilities and Islamic Banking Funds		43,996,897	38,152,165
COMMITMENTS AND CONTINGENCIES		9,318,839	6,822,999

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A31b. Statement of Profit or Loss for the 2nd Quarter and Financial Half Year Ended 30 June 2015

	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Group				
Income derived from investment of depositors' funds and others	457,479	374,950	875,337	740,341
Income derived from investment of Islamic Banking Funds	32,136	31,741	63,863	62,951
Allowance for impairment on financing and advances	(21,420)	(32,340)	(43,680)	(45,501)
Impairment on other assets	(6)	(25)	(12)	(25)
Profit Equalisation Reserve	(5)	-	(23)	(185)
Total distributable income	468,184	374,326	895,485	757,581
Income attributable to depositors and others	(280,715)	(203,073)	(525,915)	(393,905)
Total net income	187,469	171,253	369,570	363,676
Other overheads and expenditures	(77,110)	(68,431)	(146,065)	(132,957)
Profit before zakat and taxation	110,359	102,822	223,505	230,719
Zakat	(55)	(58)	(110)	(115)
Taxation	(25,542)	(25,370)	(53,671)	(57,030)
Profit for the period	84,762	77,394	169,724	173,574

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

	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Income derived from investment of depositors' funds and others	457,479	374,950	875,337	740,341
Income derived from investment of Islamic Banking Funds	32,136	31,741	63,863	62,951
Income attributable to depositors and others	(280,715)	(203,073)	(525,915)	(393,905)
Profit Equalisation Reserve	(5)	-	(23)	(185)
Net income from Islamic banking business	208,895	203,618	413,262	409,202

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A31c. Statement of Profit or Loss and Other Comprehensive Income for the 2nd Quarter and Financial Half Year Ended 30 June 2015

	2nd Quarter Ended		Half Year Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<u>Group</u>				
Profit for the period	84,762	77,394	169,724	173,574
Other comprehensive (loss) / income:				
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net (loss) / gain on revaluation of financial investments available-for-sale	(2,804)	1,024	18,451	2,275
Hedging reserves:				
- Net change in cash flow hedges	38,853	(16,726)	4,458	(39,398)
	36,049	(15,702)	22,909	(37,123)
Income tax relating to components of other comprehensive (loss) / income:				
- Revaluation reserves	687	(256)	(4,445)	(569)
- Hedging reserves	(9,325)	4,182	(1,070)	9,850
	(8,638)	3,926	(5,515)	9,281
Other comprehensive income / (loss) for the period, net of tax	27,411	(11,776)	17,394	(27,842)
Total comprehensive income for the period	112,173	65,618	187,118	145,732

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A31d. Financing and Advances

	Group	
	30 June	31 December
	2015	2014
	RM'000	RM'000
At amortised cost		
Bai' Bithaman Ajil	8,734,154	8,228,567
Ijarah Thumma Al-Bai'	11,423,499	10,987,471
Bai' Inah	2,131,560	2,242,559
Musharakah Mutanaqisah	5,880,602	4,254,732
Murabahah	61,921	42,801
Ujrah	1,851	-
Gross financing and advances	<u>28,233,587</u>	<u>25,756,130</u>
Allowance for impairment on financing and advances:		
- collective assessment allowance	(332,649)	(321,851)
Net financing and advances	<u><u>27,900,938</u></u>	<u><u>25,434,279</u></u>

Movements in impaired financing and advances are as follows:

	Group	
	30 June	31 December
	2015	2014
	RM'000	RM'000
At 1 January	232,348	208,074
Impaired during the period / year	268,798	574,124
Reclassified as non-impaired	(213,093)	(428,963)
Recoveries	(22,582)	(36,222)
Amount written off	(43,850)	(84,483)
Financing converted to foreclosed properties	(82)	(182)
Closing balance	<u><u>221,539</u></u>	<u><u>232,348</u></u>
Impaired financing and advances as a percentage of gross financing and advances	<u><u>0.78%</u></u>	<u><u>0.90%</u></u>

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A31e. Deposits from Customers

	Group	
	30 June 2015 RM'000	31 December 2014 RM'000
By type of deposit and contract		
At amortised cost		
Savings deposit		
- Wadiah	5,374,590	5,136,085
Demand deposit		
- Wadiah	3,348,484	3,259,675
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Inah	2,063,508	3,516,265
- Commodity Murabahah	20,294,834	12,788,111
- General investment account		
- Mudharabah	131,582	321,692
- Wakalah	196,888	705,502
	<u>328,470</u>	<u>1,027,194</u>
- Special term deposit account		
- Wadiah	4,808,427	-
- Wakalah	1,000	5,000,284
	<u>4,809,427</u>	<u>5,000,284</u>
	<u><u>36,219,313</u></u>	<u><u>30,727,614</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 financial half year ended 30 June 2015 of RM3,019.8 million was RM325.0 million or 12.1% higher than the previous corresponding half year of RM2,694.8 million. Net profit attributable to equity holders improved by RM295.0 million or 14.2% to RM2,368.3 million. The improved earnings was mainly due to higher net interest income of RM269.0 million (9.5%), higher net fee and commission income of RM88.9 million (13.3%), higher investment income of RM22.4 million (22.3%) and higher income from foreign exchange business of RM25.8 million (20.7%). These were partially offset by higher other operating expenses of RM103.1 million (7.8%) mainly due to higher personnel costs which were in tandem with the increased headcount to support business expansion.

The growth in the Group's profit was driven by continued healthy loans and customer deposits growth coupled with sustained strong asset quality, as well as gains arising from foreign exchange fluctuation in respect of the Group's foreign operations. Gross loans grew by RM26.6 billion or 11.5% to RM258.8 billion as at 30 June 2015 as compared to RM232.2 billion as at 30 June 2014, driven by growth in property financing, financing of passenger vehicles and lending to small and medium enterprises ("SMEs"). Total deposits from customers increased by 11.6% or RM30.8 billion to RM295.3 billion as at 30 June 2015 which partly contributed to the higher net interest income for the current period. The Group's impaired loan ratio further improved to 0.54% as at 30 June 2015.

The performance of the respective operating business segments for the financial half year ended 30 June 2015 as compared to the previous corresponding half year is analysed as follows:-

- 1) Retail Operations – The increase in pre-tax profit of RM70.6 million (4.4%) to RM1,664.5 million was mainly due to higher net interest income on higher average loan and deposit balances, higher fee income and lower loan impairment allowances, partially offset by higher other operating expenses.
- 2) Hire purchase – Pre-tax profit decreased by RM63.6 million (-25.5%) to RM186.3 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 RM25.3 million (13.9%) to RM206.7 million mainly due to higher net interest income partially offset by lower net writeback of loan impairment allowances.
- 4) Treasury and capital market operations – The increase in pre-tax profit of RM44.4 million (22.3%) to RM243.1 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 decreased by RM5.1 million (-14.8%) to RM29.6 million mainly due to lower investment income and higher other operating expenses partially offset by higher net interest income.
- 6) Fund management – Pre-tax profit increased by RM39.1 million (16.5%) to RM276.0 million mainly due to higher management fee earned on higher average net asset value of funds under management, higher fee income on sale of trust units and lower other operating expenses.
- 7) Overseas operations – Pre-tax profit increased by RM77.0 million (38.8%) to RM275.8 million mainly due to higher net interest income on higher average loan and deposit balances, higher other operating income and favourable foreign exchange differences, partially offset by higher other operating expenses and higher loan impairment allowances.

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B1. Performance Review (continued)

b) Current Quarter vs. Previous Year Corresponding Quarter

For the 2nd quarter ended 30 June 2015, the Group registered a pre-tax profit of RM1,531.1 million, an improvement of RM163.5 million or 12.0% as compared to the previous corresponding quarter. Net profit attributable to equity holders grew by 13.3% or RM140.4 million over the same period. The improved earnings was mainly due to higher net interest income, higher net fee and commission income and higher investment income partially offset by higher other operating expenses.

Performance of the respective operating business segments for the 2nd quarter ended 30 June 2015 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Retail operations – Pre-tax profit increased by RM32.4 million (4.0%) to RM846.7 million, mainly due to higher net interest income and higher fee income, partially offset by higher other operating expenses.
- 2) Hire purchase – Pre-tax profit decreased by RM21.1 million (-18.8%) to RM91.4 million, mainly due to lower net interest income resulting from declining net interest margin, partially offset by lower loan impairment allowances.
- 3) Corporate lending – Pre-tax profit increased by RM19.2 million (22.3%) to RM104.9 million, mainly due to higher net interest income and higher fee income.
- 4) Treasury and capital market operations – Pre-tax profit increased by RM13.7 million (13.7%) to RM113.2 million, mainly due to higher interest margin earned on treasury gapping activities.
- 5) Investment banking – Pre-tax profit decreased by RM6.4 million (-28.4%) to RM16.2 million, mainly due to lower investment income, lower corporate advisory fee income as well as lower brokerage income from stockbroking activities.
- 6) Fund management business – Pre-tax profit increased by RM16.3 million (13.1%) to RM140.3 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 by RM36.8 million (34.3%) was mainly due to higher net interest income, higher other operating income partially offset by higher loan impairment allowances and higher other operating expenses.

B2. Variation of Results Against Preceding Quarter

For the 2nd quarter ended 30 June 2015, the Group registered a pre-tax profit of RM1,531.1 million, an increase of RM42.5 million or 2.9% as compared to the pre-tax profit of RM1,488.7 million for the preceding quarter ended 31 March 2015. Net profit attributable to equity holders increased by RM25.3 million or 2.2% over the same period. The increase in profit is mainly due to higher net interest income, lower loan impairment allowances and higher other operating income. This was partially offset by higher other operating expenses.

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B3. Prospects for 2015

The global economy recorded a soft patch in the earlier part of 2015, but with divergent growth momentum across economies. While the US economy gained broader improvements, economic recovery in the euro area and Japan continued at a measured pace, and growth in Asia was sustained by continued expansion in domestic demand. Going forward, the recovery in the high-income economies is expected to gather momentum, while the developing economies are likely to register a broad-based slowdown. Global activity, however, should be supported by continued low commodity prices and still-benign financing conditions, notwithstanding the expected modest tightening in the US monetary policy.

Despite the challenging external environment, the Malaysian economy grew by 5.6% y-o-y in the first quarter of 2015 (4Q14: +5.7%), underpinned by private sector demand. For 2015, the economy is expected to grow at a steady pace of 4.5% - 5.5% supported by sustained expansion in domestic demand and sustained external sector. Private consumption is expected to grow at a more moderate pace, while continued capital spending by both the private and public sectors will provide support to overall investment activity amid lower oil prices. Meanwhile, the moderate global economic recovery will provide support to manufactured exports as growth in overall exports will continue to be weighed down by lower commodity prices.

The banking sector will continue to operate as an effective financial intermediary and remain supportive of economic activities in 2015. Backed by strong capitalisation, stable funding and liquidity positions, and sustained profitability, the sector is expected to remain strong and well positioned to withstand the uncertain environment amid cautious business and consumer sentiment, volatile ringgit and uneven global growth. The risks from high household indebtedness will remain well-contained, supported by healthy balance sheet of households and high degree of vigilance by Bank Negara Malaysia in managing financial stability.

The Public Bank Group is expected to maintain its leading market position in the domestic retail segment, supported by sustained demand in home mortgages, vehicle financing and small and medium enterprises ("SME") lending. Demand for residential properties is expected to be well supported by growing household income, stable employment prospects, rising rate of urbanisation and various Government's measures and incentives to support home ownership. The Group will continue to take a considered approach in its lending practices to support prudent and responsible financing practices.

The Public Bank Group will continue to provide strong support to the SME segment and sustain its market position in SME financing by improving its product and service delivery. In 2015, 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 expand its vehicle hire purchase business by leveraging on its large network of hire purchase centres and branches, comprehensive product packages and efficient loan delivery.

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

For the Public Bank Group's capital market operations, the Group will continue to focus on maintaining a healthy level of liquidity and intensifying efforts to further grow its core customer deposits to ensure a stable funding base as well as efficient funding cost.

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

The Group will continue to work closely with its exclusive bancassurance partner, AIA Bhd, to develop innovative products to meet customer's protection and savings needs. The Group will also continue to increase fee income through foreign-exchange related transactions and transactional banking services.

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

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B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense and Zakat

The analysis of the tax expense for the 2nd quarter and financial half year ended 30 June 2015 are as follows:

	2nd Quarter Ended		Half Year Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
<u>Group</u>	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	297,181	274,162	575,394	560,299
Overseas income tax	23,436	19,780	47,185	37,461
	<u>320,617</u>	<u>293,942</u>	<u>622,579</u>	<u>597,760</u>
(Over) / under provision in prior years				
- Malaysian income tax	(107)	2	(386)	(24)
- Overseas income tax	-	490	53	406
	<u>320,510</u>	<u>294,434</u>	<u>622,246</u>	<u>598,142</u>
Deferred tax expense				
- Relating to changes in tax rate	813	-	1,229	-
- Relating to origination and reversal of temporary differences	(3,132)	5,298	(861)	1,600
- Under / (over) provision	-	72	(2)	72
Tax expense	<u>318,191</u>	<u>299,804</u>	<u>622,612</u>	<u>599,814</u>
Zakat	55	58	110	115
	<u><u>318,246</u></u>	<u><u>299,862</u></u>	<u><u>622,722</u></u>	<u><u>599,929</u></u>

The Group's effective tax rates for the 2nd quarter and financial half year ended 30 June 2015 and 30 June 2014 were lower than the statutory tax rate mainly due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

	2nd Quarter Ended		Half Year Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	258,360	241,245	485,191	478,973
Overseas income tax	1,838	2,538	6,338	5,032
	<u>260,198</u>	<u>243,783</u>	<u>491,529</u>	<u>484,005</u>
(Over) / under provision in prior years				
- Malaysian income tax	(107)	-	(107)	-
- Overseas income tax	-	-	53	(84)
	<u>260,091</u>	<u>243,783</u>	<u>491,475</u>	<u>483,921</u>
Deferred tax expense				
- Relating to changes in tax rate	139	-	329	-
- Relating to origination and reversal of temporary differences	(3,211)	6,192	(900)	2,403
- Under / (over) provision	-	72	(2)	72
	<u>257,019</u>	<u>250,047</u>	<u>490,902</u>	<u>486,396</u>

The Bank's effective tax rate for the 2nd quarter and financial half year ended 30 June 2015 and 30 June 2014 were lower than the statutory tax rate mainly due to certain income not subject to tax.

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B6. Status of Corporate Proposals Announced but Not Completed

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

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

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

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

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

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

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

B7. Status of Utilisation of Proceeds Raised from Corporate Proposals

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

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B8. Realised and Unrealised Profits

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

	Group	
	30 June 2015 RM'000	31 December 2014 RM'000
Total retained profits of Public Bank Berhad and its subsidiaries:		
- Realised	13,138,874	12,449,824
- Unrealised	174,149	168,164
	13,313,023	12,617,988
Total share of retained profits from associated companies:		
- Realised	4,118	1,726
- Unrealised	-	-
	13,317,141	12,619,714
Less: Consolidation adjustments	(485,045)	(746,922)
Total Group retained profits as per consolidated accounts	12,832,096	11,872,792
	Bank	
	30 June 2015 RM'000	31 December 2014 RM'000
Total retained profits of Public Bank Berhad:		
- Realised	11,218,263	10,491,574
- Unrealised	40,168	39,262
Total Bank retained profits as per accounts	11,258,431	10,530,836

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

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

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

	Group		Bank	
	30 June 2015 RM'000	31 December 2014 RM'000	30 June 2015 RM'000	31 December 2014 RM'000
(a) <u>Deposits from customers</u>				
- Fixed deposits				
One year or less	161,531,081	147,293,977	124,988,165	121,352,923
More than one year	256,539	306,057	247,926	78,020
- Negotiable instruments of deposits				
One year or less	3,214,209	7,222,073	1,141,301	3,674,808
- Money market deposits				
One year or less	59,017,755	52,524,700	52,708,335	46,163,811
- Savings deposits	29,079,276	27,675,462	19,744,528	19,094,648
- Demand deposits	42,090,868	41,431,899	35,988,610	35,771,299
- Others	109,584	86,008	105,471	81,482
	<u>295,299,312</u>	<u>276,540,176</u>	<u>234,924,336</u>	<u>226,216,991</u>
(b) <u>Deposits from banks</u>				
- One year or less	<u>17,530,558</u>	<u>20,669,732</u>	<u>16,545,696</u>	<u>17,696,650</u>
(c) <u>Debt securities issued and other borrowed funds</u>				
Borrowings denominated in HKD (unsecured) Term loan				
- More than one year	<u>527,900</u>	<u>488,522</u>	<u>-</u>	<u>-</u>
Senior Medium Term notes denominated in RM (unsecured)				
- More than one year	<u>1,403,363</u>	<u>1,397,168</u>	<u>1,403,363</u>	<u>1,397,168</u>
Subordinated notes / sukuk murabahah denominated in RM (unsecured)				
- More than one year	<u>5,461,260</u>	<u>5,453,023</u>	<u>4,962,273</u>	<u>4,954,163</u>
Innovative Tier I capital securities denominated in USD (unsecured)				
- More than one year	<u>794,609</u>	<u>753,186</u>	<u>794,609</u>	<u>753,186</u>
Innovative Tier I capital securities denominated in RM (unsecured)				
- More than one year	<u>1,210,158</u>	<u>1,211,258</u>	<u>1,210,158</u>	<u>1,211,258</u>
	<u>2,004,767</u>	<u>1,964,444</u>	<u>2,004,767</u>	<u>1,964,444</u>
Non-innovative Tier I stapled securities denominated in RM (unsecured)				
- More than one year	<u>2,132,940</u>	<u>2,124,608</u>	<u>2,132,940</u>	<u>2,124,608</u>
	<u>11,530,230</u>	<u>11,427,765</u>	<u>10,503,343</u>	<u>10,440,383</u>

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B10. Changes in Material Litigation

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

B11. Dividends

- (a) (i) A first interim single tier dividend of 24% for the financial year ending 31 December 2015, amounting to RM926,758,570 computed based on the outstanding issued and paid-up share capital excluding treasury shares as at 30 June 2015, has been declared by the directors;
- (ii) Amount per share : Single tier dividend of 24.0 sen;
- (iii) Entitlement date: 14 August 2015;
- (iv) Payment date: 24 August 2015.
- (b) Total dividend paid for the previous financial half year ended 30 June 2014:
- First interim single tier dividend of 23.0 sen.

B12. Earnings Per Share

	2nd Quarter Ended		Half Year Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
Net profit attributable to equity holders (RM'000)	<u>1,196,810</u>	<u>1,056,396</u>	<u>2,368,329</u>	<u>2,073,328</u>
Weighted average number of PBB Shares ('000)	<u>3,861,494</u>	<u>3,502,125</u>	<u>3,861,494</u>	<u>3,502,125</u>
Basic earnings per share (sen)	<u>31.0</u>	<u>30.2</u>	<u>61.3</u>	<u>59.2</u>

Diluted

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