

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	Group		Bank	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
ASSETS					
Cash and balances with banks		14,831,059	16,816,838	9,098,632	11,008,446
Reverse repurchase agreements		4,379,161	6,314,493	3,740,691	5,564,858
Financial assets held-for-trading	A8	3,102,761	18,364,018	1,442,617	14,478,780
Derivative financial assets	A27	688,086	703,072	677,630	691,014
Financial investments available-for-sale	A9	29,907,707	25,458,820	23,086,012	20,391,822
Financial investments held-to-maturity	A10	21,944,049	20,414,387	17,685,187	17,866,819
Loans, advances and financing	A11	271,814,471	243,221,839	219,872,074	201,928,027
Other assets	A12	3,035,964	2,472,233	3,071,000	2,450,489
Statutory deposits with Central Banks		9,514,419	8,063,746	7,455,845	6,375,578
Deferred tax assets		65,666	69,325	-	-
Investment in subsidiary companies		-	-	4,674,545	4,436,050
Investment in associated companies		190,920	157,415	121,295	121,325
Investment properties		485,175	107,028	-	-
Property and equipment		1,422,853	1,475,578	651,470	658,965
Intangible assets		2,375,915	2,083,142	695,393	695,393
TOTAL ASSETS		363,758,206	345,721,934	292,272,391	286,667,566
LIABILITIES					
Deposits from customers	A13	301,157,089	276,540,176	236,460,158	226,216,991
Deposits from banks	A14	9,969,521	20,669,732	10,563,090	17,696,650
Bills and acceptances payable		362,892	661,718	362,043	661,168
Recourse obligations on loans and financing sold to Cagamas		1,922,021	1,922,020	1,422,005	1,422,004
Derivative financial liabilities	A27	1,007,580	488,193	1,045,621	523,725
Debt securities issued and other borrowed funds	B9	11,666,880	11,427,765	10,565,149	10,440,383
Other liabilities	A15	4,520,303	4,496,646	3,388,373	3,363,265
Provision for tax expense and zakat		689,131	554,594	413,764	340,988
Deferred tax liabilities		155,050	86,309	107,001	59,231
TOTAL LIABILITIES		331,450,467	316,847,153	264,327,204	260,724,405

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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
EQUITY				
Share capital	3,882,138	3,882,138	3,882,138	3,882,138
Reserves	27,498,297	24,291,867	24,212,386	22,210,360
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Equity attributable to equity holders of the Bank	31,231,098	28,024,668	27,945,187	25,943,161
Non-controlling interests	1,076,641	850,113	-	-
TOTAL EQUITY	32,307,739	28,874,781	27,945,187	25,943,161
TOTAL LIABILITIES AND EQUITY	363,758,206	345,721,934	292,272,391	286,667,566
COMMITMENTS AND CONTINGENCIES	A26	95,812,661	100,614,706	91,048,625
CAPITAL ADEQUACY	A29			
<u>Before deducting interim dividends</u> *				
Common Equity Tier I Capital Ratio	11.401%	11.328%	12.184%	12.686%
Tier I Capital Ratio	12.565%	12.776%	13.588%	14.397%
Total Capital Ratio	15.987%	16.384%	15.919%	16.324%
<u>After deducting interim dividends</u> *				
Common Equity Tier I Capital Ratio	10.886%	10.781%	11.549%	12.029%
Tier I Capital Ratio	12.049%	12.228%	12.953%	13.740%
Total Capital Ratio	15.471%	15.836%	15.284%	15.668%
Net assets per share attributable to ordinary equity holders of the Bank (RM)	8.09	7.26	7.24	6.72

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

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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	Note	4th Quarter Ended		Financial Year Ended	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Operating revenue		4,929,046	4,528,585	19,181,550	16,860,071
Interest income	A16	3,609,263	3,420,193	14,218,486	12,636,087
Interest expense	A17	(1,954,806)	(1,865,426)	(7,841,463)	(6,705,614)
Net interest income		1,654,457	1,554,767	6,377,023	5,930,473
Net income from Islamic banking business	A31b	204,395	205,886	828,638	831,196
		1,858,852	1,760,653	7,205,661	6,761,669
Fee and commission income	A18 (a)	585,055	528,373	2,261,790	2,034,196
Fee and commission expense	A18 (b)	(182,339)	(172,041)	(708,947)	(652,521)
Net fee and commission income	A18	402,716	356,332	1,552,843	1,381,675
Net gains and losses on financial instruments	A19	61,872	46,314	236,165	196,761
Other operating income	A20	173,300	99,288	551,113	333,252
Net income		2,496,740	2,262,587	9,545,782	8,673,357
Other operating expenses	A21	(749,021)	(635,456)	(2,915,157)	(2,605,865)
Operating profit		1,747,719	1,627,131	6,630,625	6,067,492
Writeback of allowance / (Allowance) for impairment on loans, advances and financing	A22	104,309	(62,869)	(146,231)	(259,000)
Writeback of impairment / (Impairment) on other assets		1,342	343	(556)	782
		1,853,370	1,564,605	6,483,838	5,809,274
Share of profit after tax of equity accounted associated companies		4,406	2,673	7,557	4,981
Profit before tax expense and zakat		1,857,776	1,567,278	6,491,395	5,814,255
Tax expense and zakat	B5	(350,605)	(300,937)	(1,370,156)	(1,250,915)
Profit for the period / year		1,507,171	1,266,341	5,121,239	4,563,340
Profit for the period / year attributable to :					
- Equity holders of the Bank		1,492,428	1,253,981	5,062,152	4,518,830
- Non-controlling interests		14,743	12,360	59,087	44,510
		1,507,171	1,266,341	5,121,239	4,563,340
Earnings per RM1.00 share:					
- basic / diluted (sen)	B12	38.6	32.5	131.1	123.7

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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Profit for the period / year	<u>1,507,171</u>	<u>1,266,341</u>	<u>5,121,239</u>	<u>4,563,340</u>
Other comprehensive income / (loss):				
<u>Items that will not be reclassified to profit or loss:</u>				
Defined benefit reserves:				
- Gain on remeasurements of defined benefit plans	<u>52,635</u>	<u>8,091</u>	<u>52,635</u>	<u>8,091</u>
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of:				
- Foreign operations	(107,166)	309,761	1,119,926	302,165
- Net investment hedge	83,641	(211,511)	(765,259)	(206,460)
Revaluation reserves:				
- Net gain / (loss) on revaluation of financial investments available-for-sale	126,579	(34,395)	97,470	(48,839)
- Share of gain / (loss) of equity accounted associated companies	84	(89)	(50)	(76)
Hedging reserves:				
- Net change in cash flow hedges	<u>(55,382)</u>	<u>(9,641)</u>	<u>1,288</u>	<u>17,311</u>
	<u>47,756</u>	<u>54,125</u>	<u>453,375</u>	<u>64,101</u>
Income tax relating to components of other comprehensive income / (loss):				
- Defined benefit reserves	(13,469)	4,281	(13,469)	4,281
- Revaluation reserves	(28,803)	7,847	(27,370)	11,962
- Hedging reserves	13,292	2,375	(309)	(4,363)
	<u>(28,980)</u>	<u>14,503</u>	<u>(41,148)</u>	<u>11,880</u>
Other comprehensive income for the period / year, net of tax	<u>71,411</u>	<u>76,719</u>	<u>464,862</u>	<u>84,072</u>
Total comprehensive income for the period / year	<u>1,578,582</u>	<u>1,343,060</u>	<u>5,586,101</u>	<u>4,647,412</u>
Total comprehensive income for the period / year attributable to:				
- Equity holders of the Bank	1,590,857	1,275,866	5,330,252	4,549,693
- Non-controlling interests	(12,275)	67,194	255,849	97,719
	<u>1,578,582</u>	<u>1,343,060</u>	<u>5,586,101</u>	<u>4,647,412</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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

Bank	Note	4th Quarter Ended		Financial Year Ended	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Operating revenue		3,673,251	3,340,238	13,941,929	12,731,516
Interest income	A16	3,269,734	3,143,688	12,964,990	11,602,472
Interest expense	A17	(1,883,697)	(1,796,559)	(7,571,270)	(6,450,314)
Net interest income		1,386,037	1,347,129	5,393,720	5,152,158
Fee and commission income	A18 (a)	248,982	215,774	937,033	810,811
Fee and commission expense	A18 (b)	(77,472)	(73,477)	(295,692)	(271,011)
Net fee and commission income	A18	171,510	142,297	641,341	539,800
Net gains and losses on financial instruments	A19	60,137	44,659	232,404	193,631
Other operating income	A20	376,241	305,270	658,030	988,472
Net income		1,993,925	1,839,355	6,925,495	6,874,061
Other operating expenses	A21	(486,362)	(403,702)	(1,939,050)	(1,755,708)
Operating profit		1,507,563	1,435,653	4,986,445	5,118,353
Writeback of allowance / (Allowance) for impairment on loans, advances and financing	A22	118,106	(17,753)	14,163	(100,227)
Writeback of impairment / (Impairment) on other assets		1,358	389	(528)	875
Profit before tax expense and zakat		1,627,027	1,418,289	5,000,080	5,019,001
Tax expense and zakat	B5	(339,548)	(230,326)	(1,011,451)	(989,399)
Profit for the period / year		1,287,479	1,187,963	3,988,629	4,029,602

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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 4TH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Profit for the period / year	1,287,479	1,187,963	3,988,629	4,029,602
Other comprehensive income / (loss):				
<u>Items that will not be reclassified to profit or loss:</u>				
Defined benefit reserves:				
- Gain on remeasurements of defined benefit plans	60,586	7,907	60,586	7,907
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of foreign operations	25,338	-	25,338	-
Revaluation reserves:				
- Net gain / (loss) on revaluation of financial investments available-for-sale	84,444	(30,596)	85,143	(47,540)
Hedging reserves:				
- Net change in cash flow hedges	14,196	(5,129)	1,525	87,675
	123,978	(35,725)	112,006	40,135
Income tax relating to components of other comprehensive income / (loss):				
- Defined benefit reserves	(14,541)	3,038	(14,541)	3,038
- Revaluation reserves	(20,271)	7,365	(20,466)	11,601
- Hedging reserves	(3,407)	643	(366)	(22,558)
	(38,219)	11,046	(35,373)	(7,919)
Other comprehensive income / (loss) for the period / year, net of tax	146,345	(16,772)	137,219	40,123
Total comprehensive income for the period / year	1,433,824	1,171,191	4,125,848	4,069,725

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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

<u>Group</u>	Non-distributable			Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000	Reserves				
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 year	-	-	-	5,062,152	-	5,062,152	59,087	5,121,239	
Other comprehensive income for the year	-	-	268,100	-	-	268,100	196,762 *	464,862	
Total comprehensive income for the year	-	-	268,100	5,062,152	-	5,330,252	255,849	5,586,101	
Transactions with owners / other equity movements:									
Transfer to statutory reserves	-	-	32,214	(32,214)	-	-	-	-	
Transfer to regulatory reserves	-	-	430,618	(430,618)	-	-	-	-	
Transfer to general reserves	-	-	85,940	(85,940)	-	-	-	-	
Transfer to Profit Equalisation Reserve of the Islamic banking institution	-	-	33	(33)	-	-	-	-	
Dividends paid	-	-	-	(2,123,822)	-	(2,123,822)	(29,321)	(2,153,143)	
	-	-	548,805	(2,672,627)	-	(2,123,822)	(29,321)	(2,153,143)	
At 31 December 2015	3,882,138	5,535,515	7,700,465	14,262,317	(149,337)	31,231,098	1,076,641	32,307,739	

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

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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

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

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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

	Non-distributable		Distributable		Treasury Shares RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	<u>Reserves</u> Other Reserves RM'000	<u>Reserves</u> Retained Profits RM'000		
<u>Bank</u>						
At 1 January 2015	3,882,138	5,535,515	6,144,009	10,530,836	(149,337)	25,943,161
Profit for the year	-	-	-	3,988,629	-	3,988,629
Other comprehensive income for the year	-	-	137,219	-	-	137,219
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>137,219</u>	<u>3,988,629</u>	<u>-</u>	<u>4,125,848</u>
Transactions with owners / other equity movements:						
Transfer to regulatory reserves	-	-	355,314	(355,314)	-	-
Dividends paid	-	-	-	(2,123,822)	-	(2,123,822)
	<u>-</u>	<u>-</u>	<u>355,314</u>	<u>(2,479,136)</u>	<u>-</u>	<u>(2,123,822)</u>
At 31 December 2015	<u>3,882,138</u>	<u>5,535,515</u>	<u>6,636,542</u>	<u>12,040,329</u>	<u>(149,337)</u>	<u>27,945,187</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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Cash Flows from Operating Activities				
Profit before tax expense and zakat	6,491,395	5,814,255	5,000,080	5,019,001
Adjustments for non-cash items:				
Share of profit after tax of equity accounted associated companies	(7,557)	(4,981)	-	-
Allowance for impaired loans and financing	370,687	526,553	105,456	253,368
Depreciation of property and equipment	181,116	159,049	140,847	123,090
Net gain on financial instruments	(44,767)	(22,760)	(41,721)	(21,795)
Dividend income	(178,837)	(165,623)	(1,002,391)	(1,013,111)
Transfer to profit equalisation reserves	76	340	-	-
Impairment loss / (written back)	556	(782)	528	(875)
Other non-cash items	(107,450)	(4,687)	(654)	495
Operating profit before working capital changes	<u>6,705,219</u>	<u>6,301,364</u>	<u>4,202,145</u>	<u>4,360,173</u>
Changes in working capital:				
Increase in operating assets	(11,992,634)	(25,756,160)	(3,261,666)	(18,678,010)
Increase in operating liabilities	13,705,299	30,781,537	3,538,257	25,963,834
Cash generated from operations	<u>8,417,884</u>	<u>11,326,741</u>	<u>4,478,736</u>	<u>11,645,997</u>
Tax expense and zakat paid	(1,204,337)	(1,278,197)	(926,278)	(1,010,810)
Net cash generated from operating activities	<u>7,213,547</u>	<u>10,048,544</u>	<u>3,552,458</u>	<u>10,635,187</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	(278,790)	(304,192)	(131,977)	(214,685)
Proceeds from disposal of properties	18,506	25,917	17,766	25,786
Net purchase of financial investments	(5,843,307)	(20,541,611)	(2,404,003)	(17,417,522)
Additional investment in subsidiary companies	-	-	(238,465)	-
Acquisition of PB Trustee Services Berhad, net of cash acquired	(11,308)	-	-	-
Dividends received	178,837	171,724	980,646	981,086
Net cash used in investing activities	<u>(5,936,062)</u>	<u>(20,648,162)</u>	<u>(1,776,033)</u>	<u>(16,625,335)</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.

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
AUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Cash Flows from Financing Activities				
Dividends paid	(2,153,143)	(1,957,883)	(2,123,822)	(1,936,675)
Net proceeds from rights issue	-	4,812,417	-	4,812,417
Net proceeds from disposal of treasury shares	-	175,639	-	175,639
Net drawdown of borrowings	2,244	25,131	-	-
Net proceeds from issuance of debt securities	-	1,498,215	-	999,500
Redemption of debt securities	-	(473,000)	-	(473,000)
Net cash (used in) / generated from financing activities	<u>(2,150,899)</u>	4,080,519	<u>(2,123,822)</u>	3,577,881
Net change in cash and cash equivalents	(873,414)	(6,519,099)	(347,397)	(2,412,267)
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	639,631	213,251	-	-
Cash and cash equivalents at end of the year	<u>13,643,592</u>	<u>13,877,375</u>	<u>8,626,752</u>	<u>8,974,149</u>
Note:				
Cash and balances with banks	14,831,059	16,816,838	9,098,632	11,008,446
Less: Balances with banks with maturity more than one month	<u>(1,187,467)</u>	<u>(2,939,463)</u>	<u>(471,880)</u>	<u>(2,034,297)</u>
Cash and cash equivalents at end of the year	<u>13,643,592</u>	<u>13,877,375</u>	<u>8,626,752</u>	<u>8,974,149</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.

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

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

A1. Basis of Preparation

The audited interim financial statements for the 4th quarter and financial year ended 31 December 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 audited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The audited interim financial statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2014. The explanatory notes attached to the audited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2014.

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

The significant accounting policies and methods of computation applied in the audited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2014, except for the early adoption of the following Amendments to MFRSs during the current financial year:

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

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

- Equity Method in Separate Financial Statements (Amendments to MFRS 127)
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012–2014 Cycle"
- Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)

Effective date to be determined at a later date (Early adoption)

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

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

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

A1. Basis of Preparation (continued)

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

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 did not have any financial impact on the financial statements of the Group and of 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 did not have any impact on the financial statements of the Group and of the Bank as none of the entities in the Group qualify as an investment entity under MFRS 10.

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

A1. Basis of Preparation (continued)

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

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 did not have any impact on the financial statements of the Group and of the Bank.

- (ii) Bank Negara Malaysia's ("BNM") Policy Document on Transition policy under Islamic Financial Services Act 2013 ("IFSA") ("BNM Policy Document")

On 14 February 2014, BNM issued a policy document on Transition policy under IFSA which is applicable to licensed Islamic banks, licensed banks and licensed investment banks which are approved under the Financial Services Act 2013 to carry on Islamic banking business (collectively referred to as Islamic financial institutions ("IFI")) in Malaysia. IFIs are required to distinguish and classify existing Islamic deposits into either Islamic deposits (which is principal guaranteed) or into investment accounts (which is non-principal guaranteed) as defined under the IFSA. The BNM Policy Document clarifies on the implementation of Islamic deposits and investment accounts during the period of transition as described below.

An IFI is allowed to continue offering and/or accepting Islamic deposits under any Shariah contract which is non-principal guaranteed (hereinafter referred to as "investment deposit products") until 30 June 2015, provided that such investment deposit products have been approved by BNM prior to 30 June 2013. These accounts are reported as Islamic deposits under the IFSA.

With effect from 1 July 2015, an IFI will have to classify all of its investment deposit products either into Islamic deposits or investment accounts except for the following investment deposit products which can continue to be reported as Islamic deposits:

- a) any term deposit accepted which has a maturity period beyond 30 June 2015; or
- b) any term deposit held as security against another financing facility until the settlement of the facility.

After the maturity period or settlement of the financing facility, the above investment deposit products will be classified as either Islamic deposits or investment accounts.

The Bank's wholly-owned subsidiary company, Public Islamic Bank Berhad has adopted this BNM Policy Document during the current year. As at to date, all the Group's investment deposits products are classified as Islamic deposits and none is classified as investment accounts as defined under the IFSA as they either have maturity beyond 30 June 2015 or are held as security against financing facilities.

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

A1. Basis of Preparation (continued)

- (iii) 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:

- (a) 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
- (b) The requirement for a banking institution to maintain, in aggregate, collective impairment provisions and regulatory reserves of not less than 1.2% of total outstanding loans/financing, net of individual impairment provisions, which will be effective beginning 31 December 2015.

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

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

A1. Basis of Preparation (continued)

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

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

Effective for annual periods commencing on or after 1 January 2016

- Disclosure Initiative (Amendments to MFRS 101)

Effective for annual periods commencing on or after 1 January 2018

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

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.

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

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.

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

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.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 4th quarter and financial year ended 31 December 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 4th quarter and financial year ended 31 December 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 4th quarter and financial year ended 31 December 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 year ended 31 December 2015:-

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

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

A8. Financial Assets Held-for-trading

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 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	10,251	971,970	10,251	971,970
Malaysian Government Investment Issues	10,051	91,272	10,051	91,272
Bank Negara Malaysia Monetary Notes	-	1,053,737	-	1,053,737
	<u>20,302</u>	<u>2,194,271</u>	<u>20,302</u>	<u>2,194,271</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	1,739,611	15,705,105	151,231	12,242,739
Bankers' acceptances and Islamic accepted bills	-	367,994	-	-
	<u>1,739,611</u>	<u>16,073,099</u>	<u>151,231</u>	<u>12,242,739</u>
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	231,822	-	231,822	-
- Unquoted private debt securities	1,111,026	96,648	1,039,262	41,770
	<u>1,342,848</u>	<u>96,648</u>	<u>1,271,084</u>	<u>41,770</u>
Total financial assets held-for-trading	<u>3,102,761</u>	<u>18,364,018</u>	<u>1,442,617</u>	<u>14,478,780</u>

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

A9. Financial Investments Available-for-sale

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	58,468	389,603	-	78,452
Malaysian Government Securities	4,536,150	5,792,980	4,457,423	5,792,980
Malaysian Government Investment Issues	10,914,900	6,435,034	6,125,360	4,398,611
Bank Negara Malaysia Monetary Notes	-	4,935,145	-	3,152,223
	<u>15,509,518</u>	<u>17,552,762</u>	<u>10,582,783</u>	<u>13,422,266</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>9,105,939</u>	<u>1,091,364</u>	<u>7,820,028</u>	<u>1,002,749</u>
Non-money market instruments:				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	3,730	7,086	-	-
- Unquoted shares #	118,935	112,086	114,052	107,921
Debt securities:				
- Cagamas bonds	100,482	-	100,482	-
- Unquoted private debt securities	1,997,922	1,421,176	1,522,939	1,052,762
Unit trust funds	3,071,181	5,274,346	2,945,728	4,806,124
	<u>5,292,250</u>	<u>6,814,694</u>	<u>4,683,201</u>	<u>5,966,807</u>
Total financial investments available-for-sale	<u>29,907,707</u>	<u>25,458,820</u>	<u>23,086,012</u>	<u>20,391,822</u>

Stated at cost, net of impairment loss.

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

A10. Financial Investments Held-to-maturity

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
At amortised cost				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	-	174,363	-	9,752
Malaysian Government Securities	2,051,435	2,317,575	2,021,357	2,287,544
Malaysian Government Investment Issues	12,334,574	11,160,710	10,103,680	10,103,198
Bank Negara Malaysia Monetary Notes	-	439,542	-	439,542
Foreign Government Treasury Bills	909,721	708,132	65,029	20,149
Other foreign government securities	135,131	131,043	-	-
	<u>15,430,861</u>	<u>14,931,365</u>	<u>12,190,066</u>	<u>12,860,185</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,561,205</u>	<u>1,065,018</u>	<u>1,647,165</u>	<u>1,586,876</u>
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	1,403,795	1,247,447	1,363,718	1,207,484
- Unquoted private debt securities	3,548,234	3,170,638	2,484,284	2,212,355
	<u>4,952,029</u>	<u>4,418,085</u>	<u>3,848,002</u>	<u>3,419,839</u>
Accumulated impairment losses	(46)	(81)	(46)	(81)
Total financial investments held-to-maturity	<u>21,944,049</u>	<u>20,414,387</u>	<u>17,685,187</u>	<u>17,866,819</u>

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

A11. Loans, Advances and Financing

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
At amortised cost				
Overdrafts	11,362,905	10,195,284	8,722,898	8,394,145
Term loans				
- Housing loans / financing	87,035,603	77,610,372	73,102,157	67,116,548
- Syndicated term loans / financing	2,724,983	1,513,802	1,229,554	1,008,885
- Hire purchase receivables	52,156,547	48,288,687	37,937,879	35,306,545
- Other term loans / financing	106,600,011	92,882,403	86,838,382	77,281,485
Credit card receivables	1,781,170	1,664,137	1,759,828	1,651,400
Bills receivables	182,187	171,747	143,843	153,681
Trust receipts	292,013	334,435	239,365	253,595
Claims on customers under acceptance credits	3,840,427	4,206,587	3,668,244	4,053,227
Revolving credits	5,806,945	6,680,739	5,724,545	6,510,882
Staff loans *	1,664,264	1,495,860	1,542,055	1,403,626
Gross loans, advances and financing	<u>273,447,055</u>	<u>245,044,053</u>	<u>220,908,750</u>	<u>203,134,019</u>
Allowance for impaired loans and financing:				
- collective assessment allowance	(1,510,637)	(1,682,128)	(1,001,839)	(1,143,525)
- individual assessment allowance	(121,947)	(140,086)	(34,837)	(62,467)
Net loans, advances and financing	<u>271,814,471</u>	<u>243,221,839</u>	<u>219,872,074</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 RM3,323,000 (2014: RM3,402,000) and RM3,050,000 (2014 - RM3,069,000) respectively.

A11a. By class

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Retail loans / financing *				
- Housing loans / financing	87,035,603	77,610,372	73,102,157	67,116,548
- Hire purchase	52,156,547	48,288,687	37,937,879	35,306,545
- Credit cards	1,781,170	1,664,137	1,759,828	1,651,400
- Other loans / financing ^	93,544,319	83,615,227	77,651,094	71,399,103
	<u>234,517,639</u>	<u>211,178,423</u>	<u>190,450,958</u>	<u>175,473,596</u>
Corporate loans / financing	38,929,416	33,865,630	30,457,792	27,660,423
	<u>273,447,055</u>	<u>245,044,053</u>	<u>220,908,750</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.

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

A11. Loans, Advances and Financing (continued)

A11b. By type of customer

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Non-bank financial institutions				
- Stock-broking companies	7,123	8,803	7,123	8,803
- Others	6,541,865	6,672,659	6,310,900	6,553,083
Business enterprises				
- Small and medium enterprises	63,968,815	55,544,630	55,447,812	49,161,029
- Others	25,486,515	24,310,180	19,146,647	18,987,132
Government and statutory bodies	1,331,532	331,246	15,094	13,663
Individuals	173,258,223	155,717,324	137,114,817	126,060,649
Other entities	42,614	40,369	39,222	37,536
Foreign entities	2,810,368	2,418,842	2,827,135	2,312,124
	<u>273,447,055</u>	<u>245,044,053</u>	<u>220,908,750</u>	<u>203,134,019</u>

A11c. By interest / profit rate sensitivity

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Fixed rate				
- Housing loans / financing	633,185	682,813	55,899	79,311
- Hire purchase receivables	50,178,152	46,454,805	37,921,383	35,293,363
- Other fixed rate loans / financing	18,006,696	15,788,687	8,164,456	8,249,418
Variable rate				
- Base rate / base lending rate plus	164,560,568	147,647,383	149,341,274	136,427,954
- Cost plus	24,842,983	22,797,600	23,978,637	22,107,737
- Other variable rates	15,225,471	11,672,765	1,447,101	976,236
	<u>273,447,055</u>	<u>245,044,053</u>	<u>220,908,750</u>	<u>203,134,019</u>

A11d. By residual contractual maturity

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Maturity within one year	30,141,088	33,519,550	23,225,806	28,173,351
More than one year to three years	23,815,757	19,854,855	19,020,655	15,876,998
More than three years to five years	26,592,749	22,993,262	21,139,374	18,037,149
More than five years	192,897,461	168,676,386	157,522,915	141,046,521
	<u>273,447,055</u>	<u>245,044,053</u>	<u>220,908,750</u>	<u>203,134,019</u>

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

A11. Loans, Advances and Financing (continued)

A11e. By geographical distribution

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Malaysia	251,801,712	228,337,847	219,842,909	202,409,537
Hong Kong SAR and the People's Republic of China	16,466,441	12,991,337	-	-
Cambodia	4,113,061	2,990,387	-	-
Other countries	1,065,841	724,482	1,065,841	724,482
	<u>273,447,055</u>	<u>245,044,053</u>	<u>220,908,750</u>	<u>203,134,019</u>

A11f. Gross loans, advances and financing by economic purpose

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Purchase of securities	2,492,916	2,735,265	1,992,194	2,442,734
Purchase of transport vehicles	52,423,648	48,537,246	38,209,237	35,557,749
Purchase of landed properties	159,650,206	141,982,677	136,502,609	124,781,538
(of which: - residential	89,521,816	79,378,865	75,419,517	68,836,084
- non-residential)	70,128,390	62,603,812	61,083,092	55,945,454
Purchase of fixed assets (excluding landed properties)	209,714	245,063	170,570	214,981
Personal use	10,576,971	9,401,614	5,428,772	4,804,696
Credit card	1,781,170	1,664,137	1,759,828	1,651,400
Purchase of consumer durables	2,079	2,437	138	283
Construction	5,345,580	3,930,563	4,541,667	3,245,636
Mergers and acquisitions	154,871	181,552	154,871	181,552
Working capital	36,786,331	32,695,312	28,215,858	26,792,202
Other purpose	4,023,569	3,668,187	3,933,006	3,461,248
	<u>273,447,055</u>	<u>245,044,053</u>	<u>220,908,750</u>	<u>203,134,019</u>

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

A11. Loans, Advances and Financing (continued)

A11g. Gross loans, advances and financing by sectors

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Agriculture, hunting, forestry and fishing	3,343,665	2,936,114	2,742,319	2,357,855
Mining and quarrying	234,265	212,118	197,928	179,813
Manufacturing	9,823,981	9,112,010	8,452,012	8,118,522
Electricity, gas and water	65,785	46,009	14,579	10,832
Construction	7,957,050	7,257,376	6,604,430	6,148,560
Wholesale & retail trade and restaurants & hotels	24,289,039	22,105,505	21,135,248	19,774,038
Transport, storage and communication	3,683,227	3,534,084	2,784,138	2,661,683
Finance, insurance and business services	15,307,058	14,977,836	13,499,709	13,455,331
Real estate	30,372,942	25,230,068	25,164,142	21,400,509
Community, social and personal services	3,411,590	2,316,978	1,901,892	1,851,904
Households	173,217,520	155,917,337	138,324,271	127,091,475
Others	1,740,933	1,398,618	88,082	83,497
	273,447,055	245,044,053	220,908,750	203,134,019

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Bankers' acceptances rediscounted	26,412	204,124	26,412	204,124

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 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 year	2,811,865	2,745,274	1,968,543	1,965,840
Reclassified as non-impaired	(1,958,288)	(1,921,658)	(1,511,772)	(1,481,655)
Recoveries	(378,690)	(324,762)	(306,295)	(247,577)
Amount written off	(608,655)	(482,772)	(275,487)	(197,092)
Loans converted to foreclosed properties / investments	(28,356)	(21,724)	(28,085)	(21,542)
Exchange differences	25,241	9,562	1,787	118
Closing balance	1,351,816	1,488,699	1,002,520	1,153,829
Gross impaired loans as a percentage of gross loans, advances and financing	0.49%	0.61%	0.45%	0.57%

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

A11. Loans, Advances and Financing (continued)

A11j. Impaired loans, advances and financing by geographical distribution

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Malaysia	1,190,592	1,375,695	976,657	1,141,700
Hong Kong SAR and the People's Republic of China	104,900	62,326	-	-
Cambodia	30,461	38,549	-	-
Other countries	25,863	12,129	25,863	12,129
	<u>1,351,816</u>	<u>1,488,699</u>	<u>1,002,520</u>	<u>1,153,829</u>

A11k. Impaired loans, advances and financing by economic purpose

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Purchase of securities	4,029	3,434	3,802	3,434
Purchase of transport vehicles	358,329	412,764	252,158	299,684
Purchase of landed properties	599,821	668,989	495,514	593,786
(of which: - residential	445,406	504,808	361,760	441,735
- non-residential)	154,415	164,181	133,754	152,051
Purchase of fixed assets (excluding landed properties)	523	164	143	160
Personal use	138,792	146,527	44,645	51,070
Credit card	23,694	25,409	23,596	25,353
Purchase of consumer durables	57	75	-	-
Construction	13,418	12,841	10,145	10,449
Working capital	198,036	202,794	157,419	154,249
Other purpose	15,117	15,702	15,098	15,644
	<u>1,351,816</u>	<u>1,488,699</u>	<u>1,002,520</u>	<u>1,153,829</u>

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

A11. Loans, Advances and Financing (continued)

A11i. Impaired loans, advances and financing by sectors

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Agriculture, hunting, forestry and fishing	23,253	17,682	14,162	10,278
Mining and quarrying	2,373	2,220	868	1,056
Manufacturing	66,978	95,216	57,944	86,383
Electricity, gas and water	2,243	1,738	-	-
Construction	56,912	53,219	52,356	49,705
Wholesale & retail trade and restaurants & hotels	116,720	118,792	107,264	92,422
Transport, storage and communication	42,425	51,344	39,410	49,327
Finance, insurance and business services	23,000	26,795	16,252	19,137
Real estate	41,053	34,991	32,514	33,189
Community, social and personal services	4,542	16,669	3,976	15,976
Households	966,807	1,068,180	677,449	795,747
Others	5,510	1,853	325	609
	1,351,816	1,488,699	1,002,520	1,153,829

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 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 year	169,085	358,852	112,486	259,153
Amount written off	(351,911)	(271,729)	(256,499)	(187,246)
Exchange differences	11,335	2,920	2,327	529
Closing balance	1,510,637	1,682,128	1,001,839	1,143,525

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 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 year	228,695	190,432	14,528	9,525
Amount written back in respect of recoveries	(27,093)	(22,731)	(21,558)	(15,310)
Amount written off	(256,744)	(211,043)	(18,988)	(9,846)
Amount transferred to allowance for impairment loss on foreclosed properties	(1,612)	(1,667)	(1,612)	(1,667)
Exchange differences	38,615	17,170	-	-
Closing balance	121,947	140,086	34,837	62,467

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

A12. Other Assets

	Group		Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Deferred handling fees	268,842	254,694	197,446	191,097
Interest / Income receivable	30,415	89,802	18,955	75,681
Other receivables, deposits and prepayments	2,030,648	1,514,441	1,942,399	1,326,005
Employee benefits	286,646	269,797	282,375	263,673
Amount due from trust funds	151,408	107,730	-	-
Foreclosed properties	68,467	56,089	67,961	55,210
Outstanding contracts on clients' accounts	199,538	179,680	-	-
Amount due from subsidiary companies	-	-	38,632	37,336
Dividend receivable from subsidiary companies	-	-	523,232	501,487
	<u>3,035,964</u>	<u>2,472,233</u>	<u>3,071,000</u>	<u>2,450,489</u>

A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Core deposits:				
- Demand deposits	43,015,925	41,431,899	36,411,051	35,771,299
- Savings deposits	29,940,233	27,675,462	20,212,244	19,094,648
- Fixed deposits	172,215,278	147,600,034	130,256,890	121,430,943
	<u>245,171,436</u>	<u>216,707,395</u>	<u>186,880,185</u>	<u>176,296,890</u>
Wholesale deposits:				
- Negotiable instruments of deposit	974,136	7,222,073	-	3,674,808
- Money market deposits	54,936,458	52,524,700	49,510,402	46,163,811
	<u>55,910,594</u>	<u>59,746,773</u>	<u>49,510,402</u>	<u>49,838,619</u>
Other deposits	75,059	86,008	69,571	81,482
	<u>301,157,089</u>	<u>276,540,176</u>	<u>236,460,158</u>	<u>226,216,991</u>

b) By type of customer

	Group		Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Federal and state governments	5,357,331	3,229,842	970,422	549,568
Local government and statutory authorities	2,242,987	3,419,087	1,257,724	1,806,029
Business enterprises	90,188,769	83,961,654	72,367,534	70,180,944
Individuals	145,521,045	124,941,888	119,562,656	107,897,350
Foreign customers	4,736,774	5,884,641	3,863,101	5,262,723
Others	53,110,183	55,103,064	38,438,721	40,520,377
	<u>301,157,089</u>	<u>276,540,176</u>	<u>236,460,158</u>	<u>226,216,991</u>

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

A13. Deposits from Customers (continued)

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Due within six months	203,507,697	183,926,889	159,442,404	152,166,260
More than six months to one year	24,465,822	23,113,861	20,184,202	19,025,282
More than one year to three years	149,236	302,336	138,383	75,204
More than three years to five years	3,117	3,721	2,303	2,816
	<u>228,125,872</u>	<u>207,346,807</u>	<u>179,767,292</u>	<u>171,269,562</u>

A14. Deposits from Banks

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
At amortised cost				
Licensed banks	5,502,133	10,484,982	4,095,605	8,085,476
Licensed Islamic banks	-	940,000	-	-
Licensed investment banks	234,244	350,344	301,233	260,990
Bank Negara Malaysia	460,948	344,471	452,951	340,503
Other financial institutions	3,772,196	8,549,935	5,713,301	9,009,681
	<u>9,969,521</u>	<u>20,669,732</u>	<u>10,563,090</u>	<u>17,696,650</u>

A15. Other Liabilities

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Interest / Income payable	1,745,060	1,399,565	1,475,213	1,236,480
Other payables and accruals	2,333,802	2,534,807	1,820,562	1,986,008
Amount due to trust funds	43,652	47,243	-	-
Unprocessed sales and / or redemptions	102,538	190,902	-	-
Profit Equalisation Reserve of the investment account holder	53	55	-	-
Finance lease liabilities	88,643	136,627	88,643	136,627
Outstanding contracts on clients' accounts	184,442	171,746	-	-
Dividend payable to shareholders	22,113	15,701	937	1,121
Amount due to subsidiary companies	-	-	3,018	3,029
	<u>4,520,303</u>	<u>4,496,646</u>	<u>3,388,373</u>	<u>3,363,265</u>

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

A16. Interest Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>Group</u>				
Loans and advances	3,109,959	2,813,726	11,974,674	10,575,410
Balances with banks	75,098	159,955	476,110	732,427
Financial investments available-for-sale	177,527	117,531	498,757	319,891
Financial investments held-to-maturity	182,363	177,344	730,416	474,230
Others	35,990	36,888	140,294	144,981
	<u>3,580,937</u>	<u>3,305,444</u>	<u>13,820,251</u>	<u>12,246,939</u>
Financial assets held-for-trading	28,326	114,749	398,235	389,148
	<u>3,609,263</u>	<u>3,420,193</u>	<u>14,218,486</u>	<u>12,636,087</u>
Of which:				
Interest income earned on impaired loans and advances	<u>13,191</u>	<u>13,860</u>	<u>56,083</u>	<u>56,808</u>
	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>Bank</u>				
Loans and advances	2,809,011	2,582,677	10,890,328	9,709,835
Balances with banks	66,504	144,726	435,850	681,746
Financial investments available-for-sale	163,348	115,570	457,679	309,038
Financial investments held-to-maturity	172,378	167,100	688,569	412,649
Others	35,985	36,887	140,286	144,874
	<u>3,247,226</u>	<u>3,046,960</u>	<u>12,612,712</u>	<u>11,258,142</u>
Financial assets held-for-trading	22,508	96,728	352,278	344,330
	<u>3,269,734</u>	<u>3,143,688</u>	<u>12,964,990</u>	<u>11,602,472</u>
Of which:				
Interest income earned on impaired loans and advances	<u>12,512</u>	<u>13,411</u>	<u>53,470</u>	<u>54,496</u>

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

A17. Interest Expense

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits from banks	118,240	109,301	446,750	300,632
Deposits from customers	1,694,308	1,616,542	6,825,726	5,911,904
Loans sold to Cagamas	14,518	8,994	57,596	8,994
Debt securities issued and other borrowed funds	125,606	126,746	495,762	478,506
Others	2,134	3,843	15,629	5,578
	<u>1,954,806</u>	<u>1,865,426</u>	<u>7,841,463</u>	<u>6,705,614</u>

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits from banks	110,665	98,397	412,175	266,470
Deposits from customers	1,634,048	1,561,316	6,602,758	5,699,186
Loans sold to Cagamas	14,518	8,994	57,596	8,994
Debt securities issued and other borrowed funds	122,227	124,081	483,361	470,318
Others	2,239	3,771	15,380	5,346
	<u>1,883,697</u>	<u>1,796,559</u>	<u>7,571,270</u>	<u>6,450,314</u>

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

A18. Net Fee and Commission Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>Group</u>				
(a) Fee and commission income:				
Commissions	132,157	112,724	456,342	400,369
Service charges and fees	84,034	75,279	330,459	291,935
Guarantee fees	11,326	9,052	41,267	33,133
Processing fees	6,044	6,821	27,308	25,556
Commitment fees	22,568	14,663	88,730	67,604
Unit trust management fees	215,752	203,796	844,885	795,158
Fee on sale of trust units	71,663	73,178	311,358	286,676
Brokerage and commissions from stockbroking activities	24,769	21,991	94,463	88,598
Other fee and commission income	16,742	10,869	66,978	45,167
	<u>585,055</u>	<u>528,373</u>	<u>2,261,790</u>	<u>2,034,196</u>
(b) Fee and commission expense:				
Loan related fee *	(77,247)	(71,590)	(294,453)	(263,272)
Unit trust agency fee	(99,242)	(95,062)	(392,788)	(368,340)
Other fee and commission expense	(5,850)	(5,389)	(21,706)	(20,909)
	<u>(182,339)</u>	<u>(172,041)</u>	<u>(708,947)</u>	<u>(652,521)</u>
Net fee and commission income	<u>402,716</u>	356,332	<u>1,552,843</u>	<u>1,381,675</u>
	4th Quarter Ended	31 December	Financial Year Ended	31 December
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Bank</u>				
(a) Fee and commission income:				
Commissions	142,069	125,684	513,165	455,140
Service charges and fees	59,784	56,249	234,548	215,762
Guarantee fees	10,782	8,550	39,020	30,659
Processing fees	2,834	3,727	12,673	12,923
Commitment fees	21,186	13,698	83,422	63,737
Other fee and commission income	12,327	7,866	54,205	32,590
	<u>248,982</u>	<u>215,774</u>	<u>937,033</u>	<u>810,811</u>
(b) Fee and commission expense:				
Loan related fee *	(73,628)	(70,473)	(281,815)	(258,972)
Other fee and commission expense	(3,844)	(3,004)	(13,877)	(12,039)
	<u>(77,472)</u>	<u>(73,477)</u>	<u>(295,692)</u>	<u>(271,011)</u>
Net fee and commission income	<u>171,510</u>	<u>142,297</u>	<u>641,341</u>	<u>539,800</u>

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

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

A19. Net Gains and Losses on Financial Instruments

	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Group				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	2,397	839	12,561	8,378
- unrealised revaluation (loss) / gain	(182)	584	(1,071)	3,878
	<u>2,215</u>	<u>1,423</u>	<u>11,490</u>	<u>12,256</u>
Net gain / (loss) arising on trading derivatives				
- net gain on disposal	-	-	-	10,447
- unrealised revaluation gain / (loss)	1,735	1,439	1,649	(11,605)
	<u>1,735</u>	<u>1,439</u>	<u>1,649</u>	<u>(1,158)</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	7,881	1,173	31,990	12,509
- gross dividend income	43,071	40,346	178,837	165,623
	<u>50,952</u>	<u>41,519</u>	<u>210,827</u>	<u>178,132</u>
Net gain representing ineffective portions of hedging derivatives:				
- fair value hedge	581	1,477	4,589	5,942
- cash flow hedge	6,389	456	7,610	1,589
	<u>6,970</u>	<u>1,933</u>	<u>12,199</u>	<u>7,531</u>
Net gains and losses on financial instruments	<u>61,872</u>	<u>46,314</u>	<u>236,165</u>	<u>196,761</u>

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

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

	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>Bank</u>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	2,392	826	12,533	8,232
- unrealised revaluation (loss) / gain	<u>(167)</u>	<u>636</u>	<u>(1,129)</u>	<u>3,929</u>
	<u>2,225</u>	<u>1,462</u>	<u>11,404</u>	<u>12,161</u>
Net (loss) / gain arising on trading derivatives				
- net gain on disposal	-	-	-	10,447
- unrealised revaluation (loss) / gain	<u>(4)</u>	<u>(2)</u>	<u>1</u>	<u>(9,364)</u>
	<u>(4)</u>	<u>(2)</u>	<u>1</u>	<u>1,083</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	7,881	936	30,619	8,999
- gross dividend income	<u>42,955</u>	<u>40,305</u>	<u>178,150</u>	<u>163,604</u>
	<u>50,836</u>	<u>41,241</u>	<u>208,769</u>	<u>172,603</u>
Net gain representing ineffective portions of hedging derivatives:				
- fair value hedge	691	1,502	4,620	6,195
- cash flow hedge	<u>6,389</u>	<u>456</u>	<u>7,610</u>	<u>1,589</u>
	<u>7,080</u>	<u>1,958</u>	<u>12,230</u>	<u>7,784</u>
Net gains and losses on financial instruments	<u><u>60,137</u></u>	<u><u>44,659</u></u>	<u><u>232,404</u></u>	<u><u>193,631</u></u>

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

A20. Other Operating Income

	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>Group</u>				
Other income:				
Foreign exchange profit	37,660	81,230	355,656	268,940
Rental income from:				
- investment properties	6,010	1,755	12,159	6,698
- other properties	869	4,267	13,438	16,378
Net gain on disposal of property and equipment	552	55	1,506	996
Net (loss) / gain on disposal of foreclosed properties	(69)	300	1,393	777
Net gain on revaluation of investment properties	100,218	3,615	107,061	5,304
Others	28,060	8,066	59,900	34,159
Total other operating income	<u>173,300</u>	<u>99,288</u>	<u>551,113</u>	<u>333,252</u>
	4th Quarter Ended	31 December	Financial Year Ended	31 December
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Bank</u>				
Gross dividend income from:				
- associated companies	-	-	-	6,101
- subsidiary companies				
- quoted outside Malaysia	57,931	39,888	77,487	56,543
- unquoted in Malaysia	212,200	322,932	746,754	786,863
	<u>270,131</u>	<u>362,820</u>	<u>824,241</u>	<u>849,507</u>
Other income:				
Foreign exchange profit / (loss)	88,874	(67,627)	(216,736)	100,334
Rental income from other properties	3,459	3,223	13,055	12,507
Net gain on disposal of property and equipment	555	22	1,514	973
Net (loss) / gain on disposal of foreclosed properties	(69)	300	1,393	777
Others	13,291	6,532	34,563	24,374
	<u>106,110</u>	<u>(57,550)</u>	<u>(166,211)</u>	<u>138,965</u>
Total other operating income	<u>376,241</u>	<u>305,270</u>	<u>658,030</u>	<u>988,472</u>

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

A21. Other Operating Expenses

<u>Group</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Personnel costs				
- Salaries, allowances and bonuses	437,246	396,599	1,708,683	1,544,848
- Pension costs	54,118	41,693	223,385	203,116
- Others	40,555	30,454	145,888	130,650
	<u>531,919</u>	<u>468,746</u>	<u>2,077,956</u>	<u>1,878,614</u>
Establishment costs				
- Depreciation	48,563	43,930	181,116	159,049
- Rental	27,410	25,429	107,014	97,774
- Insurance	5,329	3,865	20,384	19,817
- Water and electricity	13,654	13,517	52,328	52,267
- General repairs and maintenance	19,693	4,106	77,588	67,261
- Information technology expenses	6,621	5,934	36,363	26,852
- Others	13,651	13,256	53,303	49,801
	<u>134,921</u>	<u>110,037</u>	<u>528,096</u>	<u>472,821</u>
Marketing expenses				
- Advertisement and publicity	12,806	8,534	53,663	41,338
- Others	17,261	16,341	62,358	72,857
	<u>30,067</u>	<u>24,875</u>	<u>116,021</u>	<u>114,195</u>
Administration and general expenses				
- Communication expenses	5,735	3,484	29,468	26,957
- Legal and professional fees	13,314	6,923	48,781	38,203
- Others	33,065	21,391	114,835	75,075
	<u>52,114</u>	<u>31,798</u>	<u>193,084</u>	<u>140,235</u>
Total other operating expenses	<u>749,021</u>	<u>635,456</u>	<u>2,915,157</u>	<u>2,605,865</u>

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

A21. Other Operating Expenses (continued)

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Personnel costs				
- Salaries, allowances and bonuses	326,281	295,352	1,292,469	1,188,616
- Pension costs	53,401	35,695	202,078	179,281
- Others	31,788	24,996	121,045	109,628
	<u>411,470</u>	<u>356,043</u>	<u>1,615,592</u>	<u>1,477,525</u>
Establishment costs				
- Depreciation	36,245	33,617	140,847	123,090
- Rental	22,640	22,965	91,432	89,210
- Insurance	4,656	3,625	17,858	16,997
- Water and electricity	9,516	9,905	38,372	39,294
- General repairs and maintenance	18,433	1,322	69,539	57,184
- Information technology expenses	1,123	1,943	17,781	12,859
- Others	9,579	9,336	38,802	37,045
	<u>102,192</u>	<u>82,713</u>	<u>414,631</u>	<u>375,679</u>
Marketing expenses				
- Advertisement and publicity	1,077	340	16,533	14,067
- Others	12,788	8,501	44,318	38,893
	<u>13,865</u>	<u>8,841</u>	<u>60,851</u>	<u>52,960</u>
Administration and general expenses				
- Communication expenses	2,972	1,409	23,729	19,821
- Legal and professional fees	10,764	5,293	37,022	29,501
- Others	18,394	12,227	67,253	48,869
	<u>32,130</u>	<u>18,929</u>	<u>128,004</u>	<u>98,191</u>
Shared service cost charged to Public Islamic Bank Berhad	(73,295)	(62,824)	(280,028)	(248,647)
Total other operating expenses	<u>486,362</u>	<u>403,702</u>	<u>1,939,050</u>	<u>1,755,708</u>

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

A22. (Writeback of Allowance) / Allowance for Impairment on Loans, Advances and Financing

	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>Group</u>				
(Writeback of allowance) / Allowance for impaired loans:				
Collective assessment allowance	(109,941)	90,436	169,085	358,852
Individual assessment allowance	60,567	47,640	201,602	167,701
Allowance / (Writeback of allowance) for bad debts from stockbroking activities	5	(95)	(5)	(152)
Impaired loans and financing written off	16	31	157	107
Impaired loans and financing recovered	(54,956)	(75,143)	(224,608)	(267,508)
	<u>(104,309)</u>	<u>62,869</u>	<u>146,231</u>	<u>259,000</u>
	4th Quarter Ended	31 December	Financial Year Ended	31 December
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Bank</u>				
(Writeback of allowance) / Allowance for impaired loans:				
Collective assessment allowance	(85,848)	70,816	112,486	259,153
Individual assessment allowance	(2,378)	(13)	(7,030)	(5,785)
Impaired loans written off	16	32	157	103
Impaired loans recovered	(29,896)	(53,082)	(119,776)	(153,244)
	<u>(118,106)</u>	<u>17,753</u>	<u>(14,163)</u>	<u>100,227</u>

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

A23. Segment Information

	<----- Operating Segments ----->											Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000	Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	
4th Quarter Ended 31 December 2015												
External revenue	663,063	2,403,004	386,182	483,851	49,413	287,685	2,045	289,100	4,564,343	364,703	-	4,929,046
Revenue from other segments	-	344,507	3,064	496,703	1,276	(2,081)	7,518	531,731	1,382,718	1,575	(1,384,293)	-
	663,063	2,747,511	389,246	980,554	50,689	285,604	9,563	820,831	5,947,061	366,278	(1,384,293)	4,929,046
Net interest income and												
Islamic banking income	183,894	1,138,819	99,617	65,623	6,489	(1,846)	(2,110)	86,395	1,576,881	281,971	-	1,858,852
Other income	1,126	166,475	14,099	69,325	19,842	175,875	99,779	95,001	641,522	13,370	(17,004)	637,888
Net income	185,020	1,305,294	113,716	134,948	26,331	174,029	97,669	181,396	2,218,403	295,341	(17,004)	2,496,740
Other operating expenses	(62,636)	(394,629)	(2,613)	(7,955)	(9,769)	(43,089)	(3,692)	(98,711)	(623,094)	(142,931)	17,004	(749,021)
(Allowance) / Writeback of												
allowance for impairment on												
loans, advances and financing	(35,084)	182,748	1,077	-	67	-	-	-	148,808	(44,499)	-	104,309
Writeback of allowance / (Allowance)												
for impairment on other assets	-	1,365	-	-	-	-	-	(23)	1,342	-	-	1,342
Profit by segments	87,300	1,094,778	112,180	126,993	16,629	130,940	93,977	82,662	1,745,459	107,911	-	1,853,370
Reconciliation of segment profits												
to consolidated profits:												
Share of profit after tax												
of equity accounted associated									2,637	1,769		4,406
companies												
Profit before tax expense and zakat									1,748,096	109,680	-	1,857,776

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

A23. Segment Information (continued)

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

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

A23. **Segment Information** (continued)

Financial Year Ended 31 December 2015	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	2,582,697	9,193,066	1,472,984	1,890,442	201,711	1,157,275	6,777	1,227,081	17,732,033	1,449,517	-	19,181,550
Revenue from other segments	-	1,344,590	12,197	1,680,280	8,818	10,883	30,028	1,890,732	4,977,528	7,173	(4,984,701)	-
	<u>2,582,697</u>	<u>10,537,656</u>	<u>1,485,181</u>	<u>3,570,722</u>	<u>210,529</u>	<u>1,168,158</u>	<u>36,805</u>	<u>3,117,813</u>	<u>22,709,561</u>	<u>1,456,690</u>	<u>(4,984,701)</u>	<u>19,181,550</u>
Net interest income and Islamic banking income	774,019	4,404,853	377,881	233,914	26,844	11,880	(8,398)	382,362	6,203,355	1,002,306	-	7,205,661
Other income	3,867	618,256	55,766	286,665	71,009	696,641	126,774	361,410	2,220,388	190,380	(70,647)	2,340,121
Net income	<u>777,886</u>	<u>5,023,109</u>	<u>433,647</u>	<u>520,579</u>	<u>97,853</u>	<u>708,521</u>	<u>118,376</u>	<u>743,772</u>	<u>8,423,743</u>	<u>1,192,686</u>	<u>(70,647)</u>	<u>9,545,782</u>
Other operating expenses (Allowance) / Writeback of allowance for impairment on loans, advances and financing	(244,218)	(1,565,952)	(12,047)	(28,776)	(38,540)	(167,322)	(15,297)	(415,693)	(2,487,845)	(497,959)	70,647	(2,915,157)
Allowance for impairment on other assets	-	(533)	-	-	-	-	-	(23)	(556)	-	-	(556)
Profit by segments	<u>348,740</u>	<u>3,621,679</u>	<u>425,663</u>	<u>491,803</u>	<u>59,518</u>	<u>541,199</u>	<u>103,079</u>	<u>328,056</u>	<u>5,919,737</u>	<u>564,101</u>	<u>-</u>	<u>6,483,838</u>
Reconciliation of segment profits to consolidated profits: Share of (loss) / profit after tax of equity accounted associated companies									(590)	8,147		7,557
Profit before tax expense and zakat									<u>5,919,147</u>	<u>572,248</u>		<u>6,491,395</u>
Cost income ratio	31.4%	31.2%	2.8%	5.5%	39.4%	23.6%	12.9%	55.9%	29.5%	41.8%		30.5%

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

A23. **Segment Information** (continued)

Financial Year Ended	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
31 December 2015												
Gross loans, advances and financing	50,094,625	168,921,733	32,323,409	-	391,721	68,008	2,216	-	251,801,712	21,645,343	-	273,447,055
Loan growth	8.0%	10.2%	14.5%	-	-6.6%	13.1%	-2.6%	-	10.3%	29.6%	-	11.6%
Impaired loans, advances and financing	342,274	797,011	51,307	-	-	-	-	-	1,190,592	161,224	-	1,351,816
Impaired loan ratio	0.7%	0.5%	0.2%	-	-	-	-	-	0.5%	0.7%	-	0.5%
Deposits from customers	-	203,219,247	245,596	73,018,186	1,459,377	-	-	-	277,942,406	23,214,683	-	301,157,089
Deposit growth	-	5.1%	-0.9%	16.3%	-26.8%	-	-	-	7.5%	28.5%	-	8.9%
Segment assets	49,778,601	210,317,412	32,267,060	85,509,325	3,026,429	324,810	582,487	32,202,881	414,009,005	30,312,431	(84,163,262)	360,158,174
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									24,398	166,522		190,920
Unallocated assets									1,033,197	-		1,033,197
Intangible assets									775,493	1,600,422		2,375,915
Total assets									415,842,093	32,079,375		363,758,206

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

A23. Segment Information (continued)

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

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

A23. Segment Information (continued)

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

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

A23. Segment Information (continued)

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

A24. Subsequent Events

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

A25. Changes in the Composition of the Group

Save as disclosed below, there were no changes in the composition of the Group during the 4th quarter and financial year ended 31 December 2015.

Acquisition of the Remaining 60% Equity Interests in PB Trustee Services Berhad ("PBTSB")

On 2 November 2015, the Bank had through its three (3) wholly-owned subsidiary companies, namely Public Consolidated Holdings Sdn Bhd, Public Holdings Sdn Bhd and PB International Factors Sdn Bhd, acquired the remaining 63,000 ordinary shares of RM10.00 each in PBTSB, representing 60% equity interests in PBTSB not already held by the Group for a cash consideration of RM13.86 million. Prior to the acquisition, the Bank and Public Investment Bank Berhad (a wholly-owned subsidiary company of the Bank) each held 20% equity interests in PBTSB.

The principal activities of PBTSB are provision of trustee services which is complementary to the existing business carried out by the Group. Prior to the Acquisition, Kayakita Corporation Sdn Bhd, Selected Securities Sdn Bhd, Selected Holdings Sdn Berhad and Kepunyaan Perindustrian Sdn Berhad, being the related companies of one of the directors of the Bank, collectively held 47.35% equity interests in PBTSB and Public Nominees (Tempatan) Sdn Bhd for Public Bank Group Officers' Retirement Benefits Fund held 12.65% equity interests in PBTSB.

Bank Negara Malaysia had on 30 October 2015 given its approval for the said acquisition.

Subsequent to the said acquisition, PBTSB has become a wholly-owned subsidiary company of the Bank.

The acquisition does not have any material effect on the earnings and net assets of the Group in the current financial year.

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

A26. Commitments and Contingencies

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

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Contingent liabilities				
Direct credit substitutes	1,421,426	1,598,096	1,215,305	1,237,889
Transaction-related contingent items	1,550,912	1,285,971	1,350,813	1,121,989
Short term self-liquidating trade-related contingencies	398,504	405,965	153,589	296,586
	3,370,842	3,290,032	2,719,707	2,656,464
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	29,423,236	28,962,346	24,777,773	26,380,852
- not exceeding one year	24,131,630	23,074,157	20,985,806	20,356,377
Unutilised credit card lines	5,182,818	4,135,781	5,054,881	4,038,701
Forward asset purchases	875,923	1,059,113	875,084	875,083
	59,613,607	57,231,397	51,693,544	51,651,013
Derivative financial instruments				
Foreign exchange related contracts:				
- less than one year	27,931,563	21,082,468	26,632,334	20,782,159
- one year to less than five years	3,017,152	2,449,762	3,017,152	2,449,762
Interest / Profit rate related contracts:				
- less than one year	1,559,400	821,971	1,559,400	577,129
- one year to less than five years	11,571,310	10,716,883	12,272,400	11,211,950
- five years and above	469,226	220,000	2,720,000	1,720,000
Commodity related contracts:				
- less than one year	169	148	169	148
	44,548,820	35,291,232	46,201,455	36,741,148
	107,533,269	95,812,661	100,614,706	91,048,625

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

A27. Derivative Financial Instruments

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

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

Group	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
As at 31 December 2015												
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,079,546	9,252	-	1,088,798	27,845	68	-	27,913	4,090	-	-	4,090
- Swaps	26,787,898	-	-	26,787,898	559,117	-	-	559,117	122,581	-	-	122,581
- Options	64,119	-	-	64,119	133	-	-	133	133	-	-	133
Precious metal contracts												
- Forwards	169	-	-	169	1	-	-	1	-	-	-	-
	<u>27,931,732</u>	<u>9,252</u>	<u>-</u>	<u>27,940,984</u>	<u>587,096</u>	<u>68</u>	<u>-</u>	<u>587,164</u>	<u>126,804</u>	<u>-</u>	<u>-</u>	<u>126,804</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,559,400	2,400,000	3,686,136	7,645,536	27,369	666	46,527	74,562	-	-	10,461	10,461
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	2,793,050	214,850	3,007,900	-	-	-	-	-	816,786	52,998	869,784
Interest / Profit rate related contracts												
- Swaps	-	3,924,400	2,030,000	5,954,400	-	17,210	9,150	26,360	-	129	402	531
	<u>1,559,400</u>	<u>9,117,450</u>	<u>5,930,986</u>	<u>16,607,836</u>	<u>27,369</u>	<u>17,876</u>	<u>55,677</u>	<u>100,922</u>	<u>-</u>	<u>816,915</u>	<u>63,861</u>	<u>880,776</u>
Total	<u>29,491,132</u>	<u>9,126,702</u>	<u>5,930,986</u>	<u>44,548,820</u>	<u>614,465</u>	<u>17,944</u>	<u>55,677</u>	<u>688,086</u>	<u>126,804</u>	<u>816,915</u>	<u>63,861</u>	<u>1,007,580</u>

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

A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 31 December 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	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
As at 31 December 2014												
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>

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

A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 31 December 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 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	1,002,917	9,252	-	1,012,169	27,723	68	-	27,791	3,973	-	-	3,973
- Swaps	25,565,298	-	-	25,565,298	557,098	-	-	557,098	122,372	-	-	122,372
- Options	64,119	-	-	64,119	133	-	-	133	133	-	-	133
Precious metal contracts												
- Forwards	169	-	-	169	1	-	-	1	-	-	-	-
	<u>26,632,503</u>	<u>9,252</u>	<u>-</u>	<u>26,641,755</u>	<u>584,955</u>	<u>68</u>	<u>-</u>	<u>585,023</u>	<u>126,478</u>	<u>-</u>	<u>-</u>	<u>126,478</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,559,400	2,400,000	3,308,000	7,267,400	27,369	666	44,061	72,096	-	-	294	294
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	2,793,050	214,850	3,007,900	-	-	-	-	-	816,786	52,998	869,784
Interest rate related contracts												
- Swaps	-	4,324,400	4,960,000	9,284,400	-	15,721	4,790	20,511	-	368	48,697	49,065
	<u>1,559,400</u>	<u>9,517,450</u>	<u>8,482,850</u>	<u>19,559,700</u>	<u>27,369</u>	<u>16,387</u>	<u>48,851</u>	<u>92,607</u>	<u>-</u>	<u>817,154</u>	<u>101,989</u>	<u>919,143</u>
Total	<u>28,191,903</u>	<u>9,526,702</u>	<u>8,482,850</u>	<u>46,201,455</u>	<u>612,324</u>	<u>16,455</u>	<u>48,851</u>	<u>677,630</u>	<u>126,478</u>	<u>817,154</u>	<u>101,989</u>	<u>1,045,621</u>

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

A27. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 31 December 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>

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

A27. Derivative Financial Instruments (continued)

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

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 December 2015, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM688,086,000 (2014: RM703,072,000) and RM677,630,000 (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 31 December 2015, the Group and the Bank had posted cash collateral of RM699,761,000 (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.

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

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
31 December 2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	20,302	-	20,302
- Money market instruments	-	1,739,611	-	1,739,611
- Non-money market instruments	-	1,342,848	-	1,342,848
	-	<u>3,102,761</u>	-	<u>3,102,761</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	15,509,518	-	15,509,518
- Money market instruments	-	9,105,939	-	9,105,939
- Non-money market instruments #	1,165,813	4,007,502	-	5,173,315
	<u>1,165,813</u>	<u>28,622,959</u>	-	<u>29,788,772</u>
Derivative financial assets	-	688,086	-	688,086
Total financial assets measured at fair value	<u>1,165,813</u>	<u>32,413,806</u>	-	<u>33,579,619</u>
Non-financial assets				
Investment properties	-	-	485,175	485,175
Financial liabilities				
Derivative financial liabilities	-	1,007,580	-	1,007,580
Total financial liabilities measured at fair value	-	<u>1,007,580</u>	-	<u>1,007,580</u>

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

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 RM118,935,000 (2014: RM112,086,000) which are not carried at fair value.

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

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 2015	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	20,302	-	20,302
- Money market instruments	-	151,231	-	151,231
- Non-money market instruments	-	1,271,084	-	1,271,084
	-	<u>1,442,617</u>	-	<u>1,442,617</u>
Financial investments available-for-sale				
- Government securities and treasury bills	-	10,582,783	-	10,582,783
- Money market instruments	-	7,820,028	-	7,820,028
- Non-money market instruments #	1,036,630	3,532,519	-	4,569,149
	<u>1,036,630</u>	<u>21,935,330</u>	-	<u>22,971,960</u>
Derivative financial assets	-	677,630	-	677,630
Total financial assets measured at fair value	<u>1,036,630</u>	<u>24,055,577</u>	-	<u>25,092,207</u>
Financial liabilities				
Derivative financial liabilities	-	1,045,621	-	1,045,621
Total financial liabilities measured at fair value	-	<u>1,045,621</u>	-	<u>1,045,621</u>

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

A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

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

Excluding the carrying amount of equity securities - unquoted shares held by the Bank of RM114,052,000 (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 year (2014: Nil).

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

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	
	31 December 2015	31 December 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.

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

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	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<u>Before deducting interim dividends *</u>				
Common equity Tier I ("CET I") capital ratio	11.401%	11.328%	12.184%	12.686%
Tier I capital ratio	12.565%	12.776%	13.588%	14.397%
Total capital ratio	<u>15.987%</u>	<u>16.384%</u>	<u>15.919%</u>	<u>16.324%</u>
<u>After deducting interim dividends *</u>				
CET I capital ratio	10.886%	10.781%	11.549%	12.029%
Tier I capital ratio	12.049%	12.228%	12.953%	13.740%
Total capital ratio	<u>15.471%</u>	<u>15.836%</u>	<u>15.284%</u>	<u>15.668%</u>

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 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	5,808,689	5,453,501	5,121,669	4,945,825
Retained profits	14,262,317	11,872,792	11,984,176	10,668,300
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Qualifying non-controlling interests	706,192	566,877	-	-
Less: Goodwill and other intangible assets	(2,375,915)	(2,083,142)	(695,393)	(695,393)
Less: Deferred tax assets, net	(65,666)	(69,325)	-	-
Less: Defined benefit pension fund assets	(217,995)	(205,195)	(215,151)	(200,986)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	(56,902)	(28,451)	(1,775,915)	(852,957)
Total CET I capital	<u>27,329,036</u>	<u>24,775,373</u>	<u>23,687,702</u>	<u>23,133,105</u>
Innovative Tier I capital securities	1,268,120	1,449,280	1,268,120	1,449,280
Non-innovative Tier I stapled securities	1,461,600	1,670,400	1,461,600	1,670,400
Qualifying CET I and additional Tier I capital instruments held by third parties	59,175	46,764	-	-
Total Tier I capital	<u>30,117,931</u>	<u>27,941,817</u>	<u>26,417,422</u>	<u>26,252,785</u>

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

A29. Capital Adequacy (continued)

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>Tier II capital</u>				
Collective assessment allowance and regulatory reserves #	2,761,020	2,495,677	2,247,354	1,978,560
Subordinated notes / sukuk murabahah				
- meeting all relevant criteria	2,448,606	2,448,162	1,949,489	1,949,302
- subject to gradual phase-out treatment	2,999,206	2,998,707	2,999,206	2,998,707
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	78,900	62,352	-	-
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from Tier II capital	(85,353)	(113,804)	(2,663,872)	(3,411,830)
Total Tier II capital	8,202,379	7,891,094	4,532,177	3,514,739
Total capital	38,320,310	35,832,911	30,949,599	29,767,524

Excludes collective assessment allowance on impaired loans/financing restricted from Tier II capital of the Group and of the Bank of RM560,411,000 (2014: RM632,242,000) and RM399,886,000 (2014: RM458,747,000) respectively.

Includes the qualifying regulatory reserves for non-impaired loans of the Group and of the Bank of RM1,810,794,000 (2014: RM1,445,791,000) and RM1,645,027,000 (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.

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

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 of the Bank are computed based on the following approaches:

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

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) (the "Framework") 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% and countercyclical capital buffer.

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

Calendar Year	<u>Capital Conservation Buffer</u>
2016	0.625%
2017	1.250%
2018	1.875%
2019 onwards	2.500%

On 13 October 2015, BNM issued the revised Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) (the "Revised Framework") which is effective from 1 January 2016. Under the Revised Framework, a countercyclical capital buffer is required to be maintained if this buffer is applied by regulators in countries which the Group has exposures to, determined based on the weighted average of prevailing countercyclical capital buffer rates applied in those jurisdictions. The countercyclical capital buffer which is in a range of between 0% and 2.5% is not a requirement for exposures in Malaysia but may be applied by regulators in the future.

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

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
31 December 2015						
<u>Before deducting interim dividends: *</u>						
CET I capital ratio	10.771%	32.496%	N/A	14.283%	25.476%	N/A
Tier I capital ratio	10.771%	32.496%	25.121%	14.283%	25.476%	N/A
Total capital ratio	13.481%	32.941%	25.148%	15.460%	26.473%	20.214%
<u>After deducting interim dividends: *</u>						
CET I capital ratio	10.771%	30.416%	N/A	14.283%	23.143%	N/A
Tier I capital ratio	10.771%	30.416%	25.121%	14.283%	23.143%	N/A
Total capital ratio	13.481%	30.861%	25.148%	15.460%	24.140%	20.214%
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 year end.

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

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.
- 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.
- 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%.

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

A29. Capital Adequacy (continued)

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Credit risk	220,881,570	200,875,562	179,788,298	168,570,558
Market risk	2,500,503	2,554,845	3,714,333	3,027,889
Operational risk	16,321,153	15,281,141	10,911,444	10,753,781
	239,703,226	218,711,548	194,414,075	182,352,228

A30. Credit Exposures Arising From Credit Transactions With Connected Parties

	Group		Bank	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Outstanding credit exposures with connected parties (RM'000)	1,723,740	2,067,450	2,652,325	2,879,663
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	0.62%	0.81%	1.08%	1.27%
Percentage of outstanding credit exposures with connected parties which is impaired or in default	0.01%	0.01%	0.01%	0.00%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

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

A31. Operations of Islamic Banking

A31a. Statement of Financial Position As At 31 December 2015

		Group	
	Note	31 December 2015 RM'000	31 December 2014 RM'000
ASSETS			
Cash and balances with banks		3,225,149	2,652,849
Financial assets held-for-trading		1,588,380	2,571,794
Derivative financial assets		56,019	60,835
Financial investments available-for-sale		4,780,808	4,546,283
Financial investments held-to-maturity		2,741,792	1,651,516
Financing and advances	A31d	31,736,855	25,434,279
Other assets		82,895	73,106
Statutory deposits with Bank Negara Malaysia		1,423,800	1,140,200
Investment in an associated company		20,000	20,000
Property and equipment		1,267	1,303
Total Assets		<u>45,656,965</u>	<u>38,152,165</u>
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	A31e	39,097,445	30,727,614
Deposits from banks		2,318,814	3,620,104
Bills and acceptances payable		849	550
Recourse obligations on financing sold to Cagamas		500,016	500,016
Derivative financial liabilities		1,636	89
Subordinated Sukuk Murabahah		499,117	498,860
Other liabilities		212,673	98,041
Provision for zakat and taxation		40,680	39,847
Deferred tax liabilities		22,029	15,445
Total Liabilities		<u>42,693,259</u>	<u>35,500,566</u>
Islamic Banking Funds		2,963,706	2,651,599
Total Liabilities and Islamic Banking Funds		<u>45,656,965</u>	<u>38,152,165</u>
COMMITMENTS AND CONTINGENCIES		<u>10,194,763</u>	<u>6,822,999</u>

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

A31b. Statement of Profit or Loss for the 4th Quarter and Financial Year Ended 31 December 2015

	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Group				
Income derived from investment of depositors' funds and others	475,888	412,432	1,816,324	1,554,471
Income derived from investment of Islamic Banking Funds	35,543	32,562	134,344	127,824
Writeback of allowance / (allowance) for impairment on financing and advances	8,977	(16,812)	(68,806)	(90,045)
Impairment on other assets	(16)	(46)	(28)	(93)
Profit Equalisation Reserve	(53)	(54)	(76)	(340)
Total distributable income	<u>520,339</u>	<u>428,082</u>	<u>1,881,758</u>	<u>1,591,817</u>
Income attributable to depositors and others	<u>(306,983)</u>	<u>(239,054)</u>	<u>(1,121,954)</u>	<u>(850,759)</u>
Total net income	<u>213,356</u>	<u>189,028</u>	<u>759,804</u>	<u>741,058</u>
Other overheads and expenditures	<u>(79,056)</u>	<u>(69,042)</u>	<u>(309,682)</u>	<u>(272,870)</u>
Profit before zakat and taxation	<u>134,300</u>	<u>119,986</u>	<u>450,122</u>	<u>468,188</u>
Zakat	(55)	(58)	(220)	(230)
Taxation	<u>(33,166)</u>	<u>(29,772)</u>	<u>(109,455)</u>	<u>(114,178)</u>
Profit for the period / year	<u><u>101,079</u></u>	<u><u>90,156</u></u>	<u><u>340,447</u></u>	<u><u>353,780</u></u>

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

	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Income derived from investment of depositors' funds and others	475,888	412,432	1,816,324	1,554,471
Income derived from investment of Islamic Banking Funds	35,543	32,562	134,344	127,824
Income attributable to depositors and others	(306,983)	(239,054)	(1,121,954)	(850,759)
Profit Equalisation Reserve	(53)	(54)	(76)	(340)
Net income from Islamic banking business	<u><u>204,395</u></u>	<u><u>205,886</u></u>	<u><u>828,638</u></u>	<u><u>831,196</u></u>

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

A31c. Statement of Profit or Loss and Other Comprehensive Income for the 4th Quarter and Financial Year Ended 31 December 2015

	4th Quarter Ended		Financial Year Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Profit for the period / year	101,079	90,156	340,447	353,780
Other comprehensive (loss) / income:				
<u>Items that will not be reclassified to profit or loss:</u>				
Defined benefit reserves:				
- (Loss) / Gain on remeasurements of defined benefit plans	(4,364)	133	(4,364)	133
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net gain / (loss) on revaluation of financial investments available-for-sale	33,364	(1,782)	26,856	(1,909)
Hedging reserves:				
- Net change in cash flow hedges	(69,578)	(4,512)	(237)	(70,364)
	(36,214)	(6,294)	26,619	(72,273)
Income tax relating to components of other comprehensive (loss) / income:				
- Defined benefit reserves	1,047	67	1,047	67
- Revaluation reserves	(8,007)	479	(6,460)	511
- Hedging reserves	16,699	1,732	57	18,195
	9,739	2,278	(5,356)	18,773
Other comprehensive (loss) / income for the period / year, net of tax	(30,839)	(3,883)	16,899	(53,367)
Total comprehensive income for the period / year	70,240	86,273	357,346	300,413

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

A31d. Financing and Advances

	Group	
	31 December 2015 RM'000	31 December 2014 RM'000
At amortised cost		
Bai' Bithaman Ajil	9,650,943	8,228,567
Ijarah Thumma Al-Bai'	12,050,347	10,987,471
Bai' Inah	2,037,228	2,242,559
Musharakah Mutanaqisah	8,231,267	4,254,732
Murabahah	77,355	42,801
Ujrah	5,610	-
Gross financing and advances	<u>32,052,750</u>	<u>25,756,130</u>
Allowance for impairment on financing and advances:		
- collective assessment allowance	(315,895)	(321,851)
Net financing and advances	<u><u>31,736,855</u></u>	<u><u>25,434,279</u></u>

Movements in impaired financing and advances are as follows:

	Group	
	31 December 2015 RM'000	31 December 2014 RM'000
At 1 January	232,348	208,074
Impaired during the year	558,945	574,124
Reclassified as non-impaired	(437,925)	(428,963)
Recoveries	(45,881)	(36,222)
Amount written off	(95,412)	(84,483)
Financing converted to foreclosed properties	(271)	(182)
Closing balance	<u><u>211,804</u></u>	<u><u>232,348</u></u>
Impaired financing and advances as a percentage of gross financing and advances	<u><u>0.66%</u></u>	<u><u>0.90%</u></u>

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

A31e. Deposits from Customers

	Group	
	31 December 2015 RM'000	31 December 2014 RM'000
By type of deposit and contract		
At amortised cost		
Savings deposit		
- Wadiah	5,494,154	5,136,085
Demand deposit		
- Wadiah	3,521,768	3,259,675
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Inah	974,136	3,516,265
- Commodity Murabahah	24,388,180	12,788,111
- General investment account		
- Mudharabah	113,594	321,692
- Wakalah	149,849	705,502
	<u>263,443</u>	<u>1,027,194</u>
- Special term deposit account		
- Wadiah	4,455,764	-
- Wakalah	-	5,000,284
	<u>4,455,764</u>	<u>5,000,284</u>
	<u><u>39,097,445</u></u>	<u><u>30,727,614</u></u>

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

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

B1. Performance Review

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

The Group's pre-tax profit for the financial year ended 31 December 2015 of RM6,491.4 million was RM677.1 million or 11.6% higher than the previous year of RM5,814.3 million. Net profit attributable to equity holders improved by RM543.3 million or 12.0% to RM5,062.2 million. The improved earnings was mainly due to higher net interest income of RM446.6 million (7.5%), higher non-interest income of RM428.4 million (22.4%) and lower loan impairment allowances of RM112.8 million (43.5%). These were partially offset by higher other operating expenses of RM309.3 million (11.9%) 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. Gross loans grew by RM28.4 billion or 11.6% to RM273.4 billion as at 31 December 2015 as compared to RM245.0 billion as at 31 December 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 RM24.6 billion or 8.9% to RM301.2 billion as at 31 December 2015 which partly contributed to the higher net interest income for the current year. The Group's impaired loan ratio further improved to 0.5% as at 31 December 2015.

The performance of the respective operating business segments for the financial year ended 31 December 2015 as compared to the previous corresponding year is analysed as follows:-

- 1) Retail Operations – Pre-tax profit increased by RM127.9 million (3.7%) to RM3,621.7 million mainly due to higher fee income and net writeback of loan impairment allowances partially offset by higher other operating expenses.
- 2) Hire purchase – Pre-tax profit decreased by RM100.1 million (-22.3%) to RM348.7 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 RM54.7 million (14.7%) to RM425.7 million mainly due to higher net interest income and higher fee income partially offset by lower net writeback of loan impairment allowances.
- 4) Treasury and capital market operations – The increase in pre-tax profit of RM73.2 million (17.5%) to RM491.8 million was mainly due to higher net interest income on treasury gapping, funding and liquidity management activities, higher foreign exchange income and higher investment income.
- 5) Investment banking – Pre-tax profit decreased by RM8.3 million (-12.2%) to RM59.5 million mainly due to lower brokerage income from stockbroking activities, lower investment income and higher other operating expenses partially offset by higher net interest income.
- 6) Fund management – Pre-tax profit increased by RM51.3 million (10.5%) to RM541.2 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) Other operating segments – Pre-tax profit increased by RM90.4 million (>100.0%) to RM103.1 million mainly due to the gain on revaluation of investment properties.
- 8) Overseas operations – Pre-tax profit increased by RM140.3 million (32.5%) to RM572.2 million mainly due to favourable foreign exchange differences, higher net interest income on higher average loan and deposit balances and higher other operating income, partially offset by higher other operating expenses and higher loan impairment allowances.

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

B1. Performance Review (continued)

b) Current Quarter vs. Previous Year Corresponding Quarter

For the 4th quarter ended 31 December 2015, the Group registered a pre-tax profit of RM1,857.8 million, an improvement of RM290.5 million or 18.5% as compared to the previous corresponding quarter. Net profit attributable to equity holders grew by 19.0% or RM238.4 million over the same period. The improved earnings was mainly due to the net writeback of loan impairment allowances, higher net interest income and higher other operating income partially offset by higher other operating expenses.

Performance of the respective operating business segments for the 4th quarter ended 31 December 2015 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Retail operations – Pre-tax profit increased by RM157.3 million (16.8%) to RM1,094.8 million, mainly due to higher net writeback of loan impairment allowances and higher fee income partially offset by higher other operating expenses.
- 2) Hire purchase – Pre-tax profit decreased by RM13.4 million (-13.3%) to RM87.3 million, mainly due to lower net interest income resulting from declining net interest margin and higher other operating expenses, partially offset by lower loan impairment allowances.
- 3) Corporate lending – Pre-tax profit increased by RM10.7 million (10.5%) to RM112.2 million, mainly due to higher net interest income and higher fee income partially offset by lower writeback of loan impairment allowances.
- 4) Treasury and capital market operations – Pre-tax profit increased by RM7.3 million (6.1%) to RM127.0 million, mainly due to higher interest margin earned on treasury gapping activities.
- 5) Investment banking – Pre-tax profit decreased marginally by RM0.5 million (-2.8%) to RM16.6 million.
- 6) Fund management business – Pre-tax profit increased by RM5.3 million (4.2%) to RM130.9 million, due to higher management fee earned on higher average net asset value of funds under management.
- 7) Other operating segments – Pre-tax profit increased by RM90.7 million (>100.0%) to RM94.0 million, mainly due to the gain on revaluation of investment properties.
- 8) Overseas Operations – The decrease in pre-tax profit by RM4.7 million (-4.1%) was mainly due to lower other operating income, higher other operating expenses and higher loan impairment allowances, partially offset by favourable foreign exchange differences and higher net interest income.

B2. Variation of Results Against Preceding Quarter

For the 4th quarter ended 31 December 2015, the Group registered a pre-tax profit of RM1,857.8 million, an increase of RM244.0 million or 15.1% as compared to the pre-tax profit of RM1,613.8 million for the preceding quarter ended 30 September 2015. Net profit attributable to equity holders increased by RM291.0 million or 24.2% over the same period. The increase in profit is mainly due to the net writeback of loan impairment allowances during the current period and higher net interest income.

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

B3. Prospects for 2016

The global economy is expected to pick up and register modest pace in 2016, with growth across regions and main economies to remain uneven. In the advanced economies, the higher growth reflects a continuation of recovery in the US, Japan and the euro area amid narrowing output gaps. In the emerging markets and developing economies, economic growth is projected to continue to be moderate, underpinned by sustained domestic demand in the region.

The economic environment remains increasingly challenging for Malaysia as weak external demand and weak commodity prices are likely to persist into 2016. Malaysia's real GDP is expected to record growth of between 4.0% and 4.5% in 2016, with domestic demand to remain the main growth driver, albeit at a more moderate pace, and supported by sustained private sector activities. The accommodative monetary policy, strong economic fundamentals such as high savings and stable employment and people-friendly 2016 Budget measures should provide some support for private consumption. Growth in investment activity will be sustained by continued implementation of projects under the national transformation programmes and the Eleventh Malaysia Plan 2016-2020. The export sector is likely to benefit from modest improvement in the global economy while inflationary pressure is expected to be on the upside but remain manageable.

Malaysia's banking sector will remain challenging as well in 2016 as moderate economic prospects and pressure to maintain high levels of capital will continue to weigh on growth of the sector. Loans growth will continue to be weighed down by low consumer and business sentiments as well as stringent lending rules, while competition in deposit-taking business will further intensify. However, the sector will benefit from the opportunities arising from the country's economic transformation to boost growth in 2016. Backed by high capitalisation, ample liquidity and high asset quality, the banking sector is expected to be well positioned to withstand the global financial markets' vulnerability.

In view of the increasingly competitive banking landscape, the Public Bank Group will leverage on its strong internal strength as well as capitalise on its excellent customer service and efficient service delivery to maintain its leading market share in the domestic retail segment, supported by steady demand in home mortgages, vehicle financing and small and medium enterprises ("SME") lending. The Group will continue to adopt prudent and responsible financing practices, while upholding its strong corporate governance and risk management practices.

In the SME market segment, the Public Bank Group will further penetrate the mid-market SMEs and micro enterprises in encouraged sectors to sustain its market position in SME financing. In 2016, SMEs are expected to benefit from continued implementation of key Government initiatives under the national transformation programmes, Eleventh Malaysia Plan as well as existing projects under the Tenth Malaysia Plan.

The Public Bank Group remains committed to sustain its leading market position in the vehicle hire purchase business. The Group will also continue to leverage on its large network of hire purchase centres, branches, comprehensive product packages, efficient loan delivery and extensive marketing staff force.

The Public Bank Group will continue to grow its corporate lending business by tapping on its existing clientele with good track record and clients in sectors which are less vulnerable to economic slowdown.

Against the backdrop of heightened market uncertainties, the Public Bank Group's treasury and capital market operations will continue to strengthen its liquidity risk management capabilities to weather any potential market stress. The Group will also step up its marketing efforts and increase customer interactions through multiple channels to achieve greater market penetration and secure long term customer loyalty.

Given the challenging and volatile market conditions, growth in the retail private unit trust industry is expected to remain moderate in 2016 as retail investors become more cautious. Nevertheless, the Public Bank Group will continue to maintain its strong brand and leading market position in the private unit trust industry in Malaysia through the delivery of superior customer service to its clients as well as expand and diversify its product range to meet investors' demand.

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

B3. Prospects for 2016 (continued)

To remain competitive in the bancassurance industry, the Public Bank Group will continue to work closely with AIA Bhd to further develop the Group's bancassurance products as well as improve its customer service experience. The Group will also continue to accelerate its fee income generating activities through foreign-exchange related transactions and transactional banking services.

The Public Bank Group remains committed to expand its existing presence in the region through organic growth and accelerate its business growth by leveraging on its strong PB brand and prudent management practices

B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense and Zakat

The analysis of the tax expense for the 4th quarter and financial year ended 31 December 2015 are as follows:

<u>Group</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Malaysian income tax	287,625	296,049	1,238,077	1,191,703
Overseas income tax	28,916	18,604	104,242	77,373
	316,541	314,653	1,342,319	1,269,076
Under / (Over) provision in prior years				
- Malaysian income tax	318	(20,619)	(1,514)	(22,169)
- Overseas income tax	(2,507)	22	(2,151)	425
	314,352	294,056	1,338,654	1,247,332
Deferred tax expense				
- Relating to changes in tax rate	(2,408)	653	(372)	653
- Relating to origination and reversal of temporary differences	36,305	6,198	26,353	20
- Under / (Over) provision	2,301	(28)	5,301	2,680
Tax expense	350,550	300,879	1,369,936	1,250,685
Zakat	55	58	220	230
	350,605	300,937	1,370,156	1,250,915

The Group's effective tax rates for the 4th quarter and financial year ended 31 December 2015 and 31 December 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.

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

B5. Tax Expense and Zakat (continued)

<u>Bank</u>	4th Quarter Ended		Financial Year Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Malaysian income tax	314,500	246,289	986,467	1,000,729
Overseas income tax	4,125	2,878	14,092	10,008
	318,625	249,167	1,000,559	1,010,737
(Over) / Under provision in prior years				
- Malaysian income tax	-	(20,442)	(1,558)	(21,826)
- Overseas income tax	-	-	53	(84)
	318,625	228,725	999,054	988,827
Deferred tax expense				
- Relating to changes in tax rate	(649)	591	(188)	591
- Relating to origination and reversal of temporary differences	21,566	1,086	9,955	(2,651)
- Under / (Over) provision	6	(76)	2,630	2,632
	339,548	230,326	1,011,451	989,399

The Bank's effective tax rate for the 4th quarter and financial year ended 31 December 2015 and 31 December 2014 were lower than the statutory tax rate mainly due to certain income not subject to tax.

B6. Status of Corporate Proposals Announced but Not Completed

Save as disclosed below, there were no corporate proposals announced but not completed as at 31 December 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 does not have a material effect on the earnings and net assets of the Group and the Bank for the financial year ended 31 December 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.

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

B8. Realised and Unrealised Profits

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

	Group	
	31 December 2015 RM'000	31 December 2014 RM'000
Total retained profits of Public Bank Berhad and its subsidiaries:		
- Realised	13,918,389	12,449,824
- Unrealised	242,624	168,164
	14,161,013	12,617,988
Total share of retained profits from associated companies:		
- Realised	8,061	1,726
- Unrealised	-	-
	14,169,074	12,619,714
Less: Consolidation adjustments	93,243	(746,922)
Total Group retained profits as per consolidated accounts	14,262,317	11,872,792
	Bank	
	31 December 2015 RM'000	31 December 2014 RM'000
Total retained profits of Public Bank Berhad:		
- Realised	12,009,415	10,491,574
- Unrealised	30,914	39,262
Total Bank retained profits as per accounts	12,040,329	10,530,836

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

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

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

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

	Group		Bank	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
(a) <u>Deposits from customers</u>				
- Fixed deposits				
One year or less	172,062,925	147,293,977	130,116,204	121,352,923
More than one year	152,353	306,057	140,686	78,020
- Negotiable instruments of deposits				
One year or less	974,136	7,222,073	-	3,674,808
- Money market deposits				
One year or less	54,936,458	52,524,700	49,510,402	46,163,811
- Savings deposits	29,940,233	27,675,462	20,212,244	19,094,648
- Demand deposits	43,015,925	41,431,899	36,411,051	35,771,299
- Others	75,059	86,008	69,571	81,482
	<u>301,157,089</u>	<u>276,540,176</u>	<u>236,460,158</u>	<u>226,216,991</u>
(b) <u>Deposits from banks</u>				
- One year or less	<u>9,969,521</u>	<u>20,669,732</u>	<u>10,563,090</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>602,614</u>	<u>488,522</u>	<u>-</u>	<u>-</u>
Senior Medium Term notes denominated in RM (unsecured)				
- More than one year	<u>1,399,432</u>	<u>1,397,168</u>	<u>1,399,432</u>	<u>1,397,168</u>
Subordinated notes / sukuk murabahah denominated in RM (unsecured)				
- More than one year	<u>5,451,922</u>	<u>5,453,023</u>	<u>4,952,805</u>	<u>4,954,163</u>
Innovative Tier I capital securities denominated in USD (unsecured)				
- More than one year	<u>884,379</u>	<u>753,186</u>	<u>884,379</u>	<u>753,186</u>
Innovative Tier I capital securities denominated in RM (unsecured)				
- More than one year	<u>1,205,586</u>	<u>1,211,258</u>	<u>1,205,586</u>	<u>1,211,258</u>
	<u>2,089,965</u>	<u>1,964,444</u>	<u>2,089,965</u>	<u>1,964,444</u>
Non-innovative Tier I stapled securities denominated in RM (unsecured)				
- More than one year	<u>2,122,947</u>	<u>2,124,608</u>	<u>2,122,947</u>	<u>2,124,608</u>
	<u>11,666,880</u>	<u>11,427,765</u>	<u>10,565,149</u>	<u>10,440,383</u>

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

B10. Changes in Material Litigation

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

B11. Dividends

- (a) (i) The Directors had declared a first interim dividend of 24% in respect of financial year ended 31 December 2015, which was paid on 24 August 2015.
- (ii) A second interim dividend of 32% for the financial year ended 31 December 2015, amounting to RM1,235,678,094 computed based on the outstanding issued and paid-up share capital excluding treasury shares as at 31 December 2015, has been declared by the directors;
- (ii) Amount per share : 32.0 sen;
- (iii) Entitlement date: 22 February 2016; and
- (iv) Payment date: 1 March 2016.
- (b) Total dividend paid for the previous financial year ended 31 December 2014:
- First interim dividend of 23.0 sen.
- Second interim dividend of 31.0 sen.

B12. Earnings Per Share

	4th Quarter Ended		Financial Year Ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Net profit attributable to equity holders (RM'000)	1,492,428	1,253,981	5,062,152	4,518,830
Weighted average number of PBB Shares ('000)	3,861,494	3,861,494	3,861,494	3,651,972
Basic earnings per share (sen)	38.6	32.5	131.1	123.7

Diluted

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