

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

| | Note | Group | | Bank | |
|--|------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| ASSETS | | | | | |
| Cash and balances with banks | | 19,002,648 | 10,684,092 | 11,002,130 | 5,059,890 |
| Reverse repurchase agreements | | 950,370 | 2,793,563 | 199,702 | 2,268,564 |
| Financial assets held-for-trading | A8 | 4,147,083 | 1,178,884 | 1,724,252 | 576,329 |
| Derivative financial assets | A27 | 307,459 | 618,141 | 320,636 | 628,145 |
| Financial investments available-for-sale | A9 | 29,808,334 | 33,345,205 | 20,290,370 | 23,655,309 |
| Financial investments held-to-maturity | A10 | 24,261,108 | 22,173,926 | 19,074,557 | 17,044,541 |
| Loans, advances and financing | A11 | 295,073,039 | 292,429,184 | 234,766,768 | 232,794,693 |
| Other assets | A12 | 2,471,113 | 2,994,523 | 2,075,762 | 3,028,257 |
| Statutory deposits with Central Banks | | 8,818,375 | 8,900,566 | 6,421,122 | 6,586,569 |
| Deferred tax assets | | 76,011 | 65,189 | - | - |
| Collective investments | | - | - | 5,183,230 | 5,140,765 |
| Investment in subsidiary companies | | - | - | 5,655,494 | 5,655,494 |
| Investment in associated companies | | 37,927 | 38,137 | 30,000 | 30,000 |
| Investment properties | | 696,687 | 699,469 | - | - |
| Property and equipment | | 1,498,304 | 1,528,326 | 626,481 | 645,794 |
| Intangible assets | | 2,577,901 | 2,603,621 | 695,393 | 695,393 |
| TOTAL ASSETS | | 389,726,359 | 380,052,826 | 308,065,897 | 303,809,743 |
| LIABILITIES | | | | | |
| Deposits from customers | A13 | 316,241,872 | 309,973,568 | 242,423,599 | 241,957,458 |
| Deposits from banks | A14 | 12,717,509 | 11,810,823 | 14,285,991 | 12,289,026 |
| Obligations on securities sold under repurchase agreements | | 1,809,426 | 2,469,834 | 1,809,426 | 2,469,834 |
| Bills and acceptances payable | | 434,043 | 327,272 | 433,364 | 325,597 |
| Recourse obligations on loans and financing sold to Cagamas | | 3,922,023 | 1,922,023 | 3,422,007 | 1,422,007 |
| Derivative financial liabilities | A27 | 703,272 | 1,328,691 | 706,412 | 1,322,747 |
| Debt securities issued and other borrowed funds | B9 | 13,106,800 | 11,514,274 | 11,984,763 | 10,383,129 |
| Other liabilities | A15 | 4,715,496 | 4,624,169 | 2,920,716 | 3,371,725 |
| Provision for tax expense and zakat | | 579,323 | 563,114 | 430,853 | 376,065 |
| Deferred tax liabilities | | 147,218 | 155,287 | 110,863 | 118,653 |
| TOTAL LIABILITIES | | 354,376,982 | 344,689,055 | 278,527,994 | 274,036,241 |

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

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

| Note | Group | | Bank | |
|--|---|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| EQUITY | | | | |
| Share capital | 9,417,653 | 3,882,138 | 9,417,653 | 3,882,138 |
| Reserves | 24,928,279 | 30,480,514 | 20,269,587 | 26,040,701 |
| Treasury shares | (149,337) | (149,337) | (149,337) | (149,337) |
| Equity attributable to equity holders of the Bank | 34,196,595 | 34,213,315 | 29,537,903 | 29,773,502 |
| Non-controlling interests | 1,152,782 | 1,150,456 | - | - |
| TOTAL EQUITY | 35,349,377 | 35,363,771 | 29,537,903 | 29,773,502 |
| TOTAL LIABILITIES AND EQUITY | | | | |
| | 389,726,359 | 380,052,826 | 308,065,897 | 303,809,743 |
| COMMITMENTS AND CONTINGENCIES | | | | |
| A26 | 112,698,339 | 105,592,459 | 104,166,410 | 97,032,508 |
| CAPITAL ADEQUACY | | | | |
| A29 | Before deducting interim dividends * | | | |
| Common Equity Tier I Capital Ratio | 11.371% | 11.864% | 10.560% | 11.725% |
| Tier I Capital Ratio | 12.169% | 12.718% | 11.516% | 12.751% |
| Total Capital Ratio | 15.237% | 15.976% | 14.293% | 15.248% |
| | After deducting interim dividends * | | | |
| Common Equity Tier I Capital Ratio | 11.371% | 11.373% | 10.560% | 11.117% |
| Tier I Capital Ratio | 12.169% | 12.227% | 11.516% | 12.143% |
| Total Capital Ratio | 15.237% | 15.485% | 14.293% | 14.640% |
| Net assets per share attributable to ordinary equity holders of the Bank (RM) | | | | |
| | 8.86 | 8.86 | 7.65 | 7.71 |

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

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PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

| Group | Note | 1st Quarter Ended | | Three Months Ended | |
|---|-------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Operating revenue | | 5,028,185 | 5,007,301 | 5,028,185 | 5,007,301 |
| Interest income | A16 | 3,732,826 | 3,681,103 | 3,732,826 | 3,681,103 |
| Interest expense | A17 | (1,908,646) | (1,996,403) | (1,908,646) | (1,996,403) |
| Net interest income | | 1,824,180 | 1,684,700 | 1,824,180 | 1,684,700 |
| Net income from Islamic banking business | A30b | 247,718 | 227,487 | 247,718 | 227,487 |
| | | 2,071,898 | 1,912,187 | 2,071,898 | 1,912,187 |
| Fee and commission income | A18 (a) | 599,212 | 570,994 | 599,212 | 570,994 |
| Fee and commission expense | A18 (b) | (192,063) | (189,313) | (192,063) | (189,313) |
| Net fee and commission income | A18 | 407,149 | 381,681 | 407,149 | 381,681 |
| Net gains and losses on financial instruments | A19 | 3,957 | 40,887 | 3,957 | 40,887 |
| Other operating income | A20 | 103,357 | 169,422 | 103,357 | 169,422 |
| Net income | | 2,586,361 | 2,504,177 | 2,586,361 | 2,504,177 |
| Other operating expenses | A21 | (886,868) | (788,477) | (886,868) | (788,477) |
| Operating profit | | 1,699,493 | 1,715,700 | 1,699,493 | 1,715,700 |
| Allowance for impairment on loans, advances and financing (Allowance) / Writeback of allowance for impairment on other assets | A22 | (67,091) | (67,484) | (67,091) | (67,484) |
| | | (448) | 467 | (448) | 467 |
| | | 1,631,954 | 1,648,683 | 1,631,954 | 1,648,683 |
| Share of (loss) / profit after tax of equity accounted associated companies | | (482) | 2,875 | (482) | 2,875 |
| Profit before tax expense and zakat | | 1,631,472 | 1,651,558 | 1,631,472 | 1,651,558 |
| Tax expense and zakat | B5 | (366,129) | (406,498) | (366,129) | (406,498) |
| Profit for the period | | 1,265,343 | 1,245,060 | 1,265,343 | 1,245,060 |
| Profit for the period attributable to: | | | | | |
| - Equity holders of the Bank | | 1,247,981 | 1,229,790 | 1,247,981 | 1,229,790 |
| - Non-controlling interests | | 17,362 | 15,270 | 17,362 | 15,270 |
| | | 1,265,343 | 1,245,060 | 1,265,343 | 1,245,060 |
| Earnings per share: | | | | | |
| - basic / diluted (sen) | B12 | 32.3 | 31.8 | 32.3 | 31.8 |

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PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

| Group | 1st Quarter Ended | | Three Months Ended | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Profit for the period | 1,265,343 | 1,245,060 | 1,265,343 | 1,245,060 |
| Other comprehensive (loss) / income: | | | | |
| <u>Items that may be reclassified to profit or loss:</u> | | | | |
| Foreign currency translation reserves: | | | | |
| - Currency translation differences in respect of: | | | | |
| - Foreign operations | (101,772) | (584,885) | (101,772) | (584,885) |
| - Net investment hedge | 66,893 | 344,993 | 66,893 | 344,993 |
| Revaluation reserves: | | | | |
| - Net (loss) / gain on revaluation of financial investments available-for-sale | (13,181) | 64,970 | (13,181) | 64,970 |
| Hedging reserves: | | | | |
| - Net change in cash flow hedges | (3,364) | (30,240) | (3,364) | (30,240) |
| | (51,424) | (205,162) | (51,424) | (205,162) |
| Income tax relating to components of other comprehensive (loss) / income: | | | | |
| - Revaluation reserves | 6,284 | (14,109) | 6,284 | (14,109) |
| - Hedging reserves | 808 | 7,257 | 808 | 7,257 |
| | 7,092 | (6,852) | 7,092 | (6,852) |
| Share of profit of equity accounted associated companies | | | | |
| - Revaluation reserves | 273 | 213 | 273 | 213 |
| Other comprehensive loss for the period, net of tax | (44,059) | (211,801) | (44,059) | (211,801) |
| Total comprehensive income for the period | 1,221,284 | 1,033,259 | 1,221,284 | 1,033,259 |
| Total comprehensive income for the period attributable to: | | | | |
| - Equity holders of the Bank | 1,218,958 | 1,116,358 | 1,218,958 | 1,116,358 |
| - Non-controlling interests | 2,326 | (83,099) | 2,326 | (83,099) |
| | 1,221,284 | 1,033,259 | 1,221,284 | 1,033,259 |

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PUBLIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

| <u>Bank</u> | Note | 1st Quarter Ended | | Three Months Ended | |
|---|-------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Operating revenue | | 3,737,018 | 4,038,759 | 3,737,018 | 4,038,759 |
| Interest income | A16 | 3,304,466 | 3,325,523 | 3,304,466 | 3,325,523 |
| Interest expense | A17 | (1,833,887) | (1,943,913) | (1,833,887) | (1,943,913) |
| Net interest income | | 1,470,579 | 1,381,610 | 1,470,579 | 1,381,610 |
| Fee and commission income | A18 (a) | 244,919 | 241,444 | 244,919 | 241,444 |
| Fee and commission expense | A18 (b) | (80,150) | (76,606) | (80,150) | (76,606) |
| Net fee and commission income | A18 | 164,769 | 164,838 | 164,769 | 164,838 |
| Net gains and losses on financial instruments | A19 | 4,852 | 25,677 | 4,852 | 25,677 |
| Other operating income | A20 | 270,283 | 466,213 | 270,283 | 466,213 |
| Net income | | 1,910,483 | 2,038,338 | 1,910,483 | 2,038,338 |
| Other operating expenses | A21 | (572,113) | (527,731) | (572,113) | (527,731) |
| Operating profit | | 1,338,370 | 1,510,607 | 1,338,370 | 1,510,607 |
| Allowance for impairment on loans, advances and financing | A22 | (38,282) | (23,868) | (38,282) | (23,868) |
| (Allowance) / Writeback of allowance for impairment on other assets | | (495) | 501 | (495) | 501 |
| Profit before tax expense and zakat | | 1,299,593 | 1,487,240 | 1,299,593 | 1,487,240 |
| Tax expense and zakat | B5 | (285,009) | (346,957) | (285,009) | (346,957) |
| Profit for the period | | 1,014,584 | 1,140,283 | 1,014,584 | 1,140,283 |

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UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

| <u>Bank</u> | 1st Quarter Ended | | Three Months Ended | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Profit for the period | <u>1,014,584</u> | <u>1,140,283</u> | <u>1,014,584</u> | <u>1,140,283</u> |
| Other comprehensive (loss) / income: | | | | |
| <u>Items that may be reclassified to profit or loss:</u> | | | | |
| Foreign currency translation reserves: | | | | |
| - Currency translation differences in respect of foreign operations | (3,791) | (23,954) | (3,791) | (23,954) |
| Revaluation reserves: | | | | |
| - Net (loss) / gain on revaluation of financial investments available-for-sale | (18,879) | 61,556 | (18,879) | 61,556 |
| Hedging reserves: | | | | |
| - Net change in cash flow hedges | 4,781 | 62,339 | 4,781 | 62,339 |
| | <u>(17,889)</u> | <u>99,941</u> | <u>(17,889)</u> | <u>99,941</u> |
| Income tax relating to components of other comprehensive (loss) / income: | | | | |
| - Revaluation reserves | 4,531 | (14,774) | 4,531 | (14,774) |
| - Hedging reserves | (1,147) | (14,962) | (1,147) | (14,962) |
| | <u>3,384</u> | <u>(29,736)</u> | <u>3,384</u> | <u>(29,736)</u> |
| Other comprehensive (loss) / income for the period, net of tax | <u>(14,505)</u> | <u>70,205</u> | <u>(14,505)</u> | <u>70,205</u> |
| Total comprehensive income for the period | <u>1,000,079</u> | <u>1,210,488</u> | <u>1,000,079</u> | <u>1,210,488</u> |

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PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

| <u>Group</u> | <----- Attributable to Equity Holders of the Bank -----> | | | | | | | | |
|---|--|----------------------------|---|---|-------------------------|--------------------------|----------------------------------|----------------------------------|-----------------|
| | Non-distributable | | | Distributable | | Treasury Shares | Total Shareholders' Equity | Non- controlling Interests | Total Equity |
| | Share Capital RM'000 | Share Premium RM'000 | Reserves Other Reserves RM'000 | Reserves Retained Profits RM'000 | RM'000 | | | | |
| At 1 January 2017 | 3,882,138 | 5,535,515 | 8,046,682 | 16,898,317 | (149,337) | 34,213,315 | 1,150,456 | 35,363,771 | |
| Profit for the period | - | - | - | 1,247,981 | - | 1,247,981 | 17,362 | 1,265,343 | |
| Other comprehensive loss for the period | - | - | (29,023) | - | - | (29,023) | (15,036) * | (44,059) | |
| Total comprehensive (loss) / income for the period | - | - | (29,023) | 1,247,981 | - | 1,218,958 | 2,326 | 1,221,284 | |
| Transactions with owners / other equity movements: | | | | | | | | | |
| Transfer pursuant to Companies Act 2016 | 5,535,515 | (5,535,515) | - | - | - | - | - | - | |
| Transfer to regulatory reserves | - | - | 25,349 | (25,349) | - | - | - | - | |
| Transfer to general reserves | - | - | 88,520 | (88,520) | - | - | - | - | |
| Transfer from Profit Equalisation Reserve of the Islamic banking institution | - | - | (1) | 1 | - | - | - | - | |
| Dividends paid | - | - | - | (1,235,678) | - | (1,235,678) | - | (1,235,678) | |
| | <u>5,535,515</u> | <u>(5,535,515)</u> | <u>113,868</u> | <u>(1,349,546)</u> | <u>-</u> | <u>(1,235,678)</u> | <u>-</u> | <u>(1,235,678)</u> | |
| At 31 March 2017 | <u>9,417,653</u> | <u>-</u> | <u>8,131,527</u> | <u>16,796,752</u> | <u>(149,337)</u> | <u>34,196,595</u> | <u>1,152,782</u> | <u>35,349,377</u> | |

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

| <u>Group</u> | <----- Attributable to Equity Holders of the Bank -----> | | | | | | | | |
|---|--|----------------------------|--|--|------------------|------------------------------|--|--|---------------------------|
| | Non-distributable | | | Distributable | | Treasury Shares RM'000 | Total Shareholders' Equity RM'000 | Non- controlling Interests RM'000 | Total Equity RM'000 |
| | Share Capital RM'000 | Share Premium RM'000 | <u>Reserves</u> Other Reserves RM'000 | <u>Reserves</u> Retained Profits RM'000 | | | | | |
| At 1 January 2016 | 3,882,138 | 5,535,515 | 7,700,465 | 14,262,317 | (149,337) | 31,231,098 | 1,076,641 | 32,307,739 | |
| Profit for the period | - | - | - | 1,229,790 | - | 1,229,790 | 15,270 | 1,245,060 | |
| Other comprehensive loss for the period | - | - | (113,432) | - | - | (113,432) | (98,369) * | (211,801) | |
| Total comprehensive (loss) / income for the period | - | - | (113,432) | 1,229,790 | - | 1,116,358 | (83,099) | 1,033,259 | |
| Transactions with owners / other equity movements: | | | | | | | | | |
| Transfer to regulatory reserves | - | - | 71,685 | (71,685) | - | - | - | - | |
| Transfer from general reserves | - | - | (2,777) | 2,777 | - | - | - | - | |
| Transfer to Profit Equalisation Reserve of the Islamic banking institution | - | - | 63 | (63) | - | - | - | - | |
| Dividends paid | - | - | - | (1,235,678) | - | (1,235,678) | - | (1,235,678) | |
| | - | - | 68,971 | (1,304,649) | - | (1,235,678) | - | (1,235,678) | |
| At 31 March 2016 | <u>3,882,138</u> | <u>5,535,515</u> | <u>7,656,004</u> | <u>14,187,458</u> | <u>(149,337)</u> | <u>31,111,778</u> | <u>993,542</u> | <u>32,105,320</u> | |

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

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

| | Non-distributable | | | Distributable | | Total Equity RM'000 |
|--|----------------------------|----------------------------|---|---|------------------------------|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Reserves Other Reserves RM'000 | Reserves Retained Profits RM'000 | Treasury Shares RM'000 | |
| Bank | | | | | | |
| At 1 January 2017 | 3,882,138 | 5,535,515 | 6,910,852 | 13,594,334 | (149,337) | 29,773,502 |
| Profit for the period | - | - | - | 1,014,584 | - | 1,014,584 |
| Other comprehensive loss for the period | - | - | (14,505) | - | - | (14,505) |
| Total comprehensive (loss) / income for the period | - | - | (14,505) | 1,014,584 | - | 1,000,079 |
| Transactions with owners / other equity movements: | | | | | | |
| Transfer pursuant to Companies Act 2016 | 5,535,515 | (5,535,515) | - | - | - | - |
| Transfer to regulatory reserves | - | - | 15,973 | (15,973) | - | - |
| Dividends paid | - | - | - | (1,235,678) | - | (1,235,678) |
| | <u>5,535,515</u> | <u>(5,535,515)</u> | <u>15,973</u> | <u>(1,251,651)</u> | <u>-</u> | <u>(1,235,678)</u> |
| At 31 March 2017 | <u>9,417,653</u> | <u>-</u> | <u>6,912,320</u> | <u>13,357,267</u> | <u>(149,337)</u> | <u>29,537,903</u> |

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PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

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

| | Non-distributable | | | Distributable | | Total Equity RM'000 |
|--|----------------------------|----------------------------|---|---|------------------------------|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Reserves Other Reserves RM'000 | Reserves Retained Profits RM'000 | Treasury Shares RM'000 | |
| Bank | | | | | | |
| At 1 January 2016 | 3,882,138 | 5,535,515 | 6,636,542 | 12,040,329 | (149,337) | 27,945,187 |
| Profit for the period | - | - | - | 1,140,283 | - | 1,140,283 |
| Other comprehensive income for the period | - | - | 70,205 | - | - | 70,205 |
| Total comprehensive income for the period | - | - | 70,205 | 1,140,283 | - | 1,210,488 |
| Transactions with owners / other equity movements: | | | | | | |
| Transfer to regulatory reserves | - | - | 49,157 | (49,157) | - | - |
| Transfer from general reserves | - | - | (2,777) | 2,777 | - | - |
| Dividends paid | - | - | - | (1,235,678) | - | (1,235,678) |
| | - | - | 46,380 | (1,282,058) | - | (1,235,678) |
| At 31 March 2016 | <u>3,882,138</u> | <u>5,535,515</u> | <u>6,753,127</u> | <u>11,898,554</u> | <u>(149,337)</u> | <u>27,919,997</u> |

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PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

| | Group | | Bank | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Cash Flows from Operating Activities | | | | |
| Profit before tax expense and zakat | 1,631,472 | 1,651,558 | 1,299,593 | 1,487,240 |
| Adjustments for non-cash items: | | | | |
| Share of loss / (profit) after tax of equity accounted associated companies | 482 | (2,875) | - | - |
| Allowance for impaired loans and financing | 120,905 | 117,296 | 66,221 | 48,281 |
| Depreciation of property and equipment | 53,442 | 47,693 | 41,919 | 38,182 |
| Net gain on financial instruments | (2,502) | (23,492) | (3,535) | (8,385) |
| Dividend income | (131) | (8,163) | (125,541) | (58,842) |
| Transfer to profit equalisation reserves | - | 38 | - | - |
| Impairment loss / (written back) | 448 | (467) | 495 | (501) |
| Other non-cash items | (618) | 170 | (568) | 101 |
| Operating profit before working capital changes | <u>1,803,498</u> | <u>1,781,758</u> | <u>1,278,584</u> | <u>1,506,076</u> |
| Changes in working capital: | | | | |
| Increase in operating assets | (3,617,698) | (2,233,820) | (516,342) | (3,811,416) |
| Increase in operating liabilities | 8,465,338 | 7,894,496 | 3,131,682 | 11,078,408 |
| Cash generated from operations | <u>6,651,138</u> | <u>7,442,434</u> | <u>3,893,924</u> | <u>8,773,068</u> |
| Tax expense and zakat paid | (353,128) | (278,524) | (234,627) | (180,607) |
| Net cash generated from operating activities | <u>6,298,010</u> | <u>7,163,910</u> | <u>3,659,297</u> | <u>8,592,461</u> |
| Cash Flows from Investing Activities | | | | |
| Purchase of property and equipment | (32,191) | (77,464) | (23,360) | (56,094) |
| Addition to investment properties | - | (23,342) | - | - |
| Proceeds from disposal of properties | 14,540 | 2,902 | 14,426 | 2,897 |
| Net sale / (purchase) of financial investments | 1,438,837 | 832,752 | 1,320,803 | (260,771) |
| Investment in collective investments | - | - | (42,465) | (2,318,541) |
| Additional investment in subsidiary companies | - | - | - | (300,000) |
| Dividends received | 131 | 8,163 | 426,906 | 302,360 |
| Net cash generated from / (used in) investing activities | <u>1,421,317</u> | <u>743,011</u> | <u>1,696,310</u> | <u>(2,630,149)</u> |

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

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2017

| | Group | | Bank | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Cash Flows from Financing Activities | | | | |
| Dividends paid | (1,235,678) | (1,235,678) | (1,235,678) | (1,235,678) |
| Net drawdown of borrowings | 1,620,805 | 726 | 1,620,311 | - |
| Net proceeds from issuance of debt securities | - | 999,500 | - | 999,500 |
| Net cash generated from / (used in) financing activities | <u>385,127</u> | <u>(235,452)</u> | <u>384,633</u> | <u>(236,178)</u> |
| Net change in cash and cash equivalents | 8,104,454 | 7,671,469 | 5,740,240 | 5,726,134 |
| Cash and cash equivalents at beginning of the year | 9,862,471 | 14,041,018 | 4,959,890 | 8,798,632 |
| Exchange differences on translation of opening balances | <u>(97,425)</u> | <u>(342,261)</u> | <u>-</u> | <u>-</u> |
| Cash and cash equivalents at end of the period | <u>17,869,500</u> | <u>21,370,226</u> | <u>10,700,130</u> | <u>14,524,766</u> |
| Note: | | | | |
| Cash and balances with banks | 19,002,648 | 21,882,069 | 11,002,130 | 14,599,650 |
| Less: Balances with banks with original maturity more than three months | <u>(1,133,148)</u> | <u>(511,843)</u> | <u>(302,000)</u> | <u>(74,884)</u> |
| Cash and cash equivalents at end of the period | <u>17,869,500</u> | <u>21,370,226</u> | <u>10,700,130</u> | <u>14,524,766</u> |

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

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

A1. Basis of Preparation

The unaudited condensed interim financial statements for the 1st quarter ended 31 March 2017 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets held-for-trading, financial investments available-for-sale, derivative financial instruments and investment properties.

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

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

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

- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2014 - 2016 Cycle"
Effective for annual periods commencing on or after 1 January 2017
 - Amendments to MFRS 12 Disclosure of Interests in Other Entities

- Effective for annual periods commencing on or after 1 January 2018 (Early adoption)
 - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
 - Amendments to MFRS 128 Investments in Associates and Joint Ventures

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

- (i) Amendments to MFRS 12 Disclosure of Interests in Other Entities
These amendments clarify that an entity is not required to disclose summarised financial information for subsidiary, joint venture or associate when it is classified as held for sale in accordance with MFRS 5.

- (ii) Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
The amendments remove certain provisions from the Standard that have served their intended purposes and are no longer required.

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A1. Basis of Preparation (continued)

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

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

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

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

Companies Act 2016

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

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

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

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

The adoption of the New Act did not have any financial impact on the Group and the Bank for the current financial year as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on disclosures to the annual report and financial statements for the financial year ending 31 December 2017.

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A1. Basis of Preparation (continued)

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

On 2 March 2017, Bank Negara Malaysia reissued the Capital Adequacy Framework (Basel II - Risk-Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) (collectively referred to as "Frameworks") with the date of application to be effective immediately. The Frameworks set out the requirements on the computation of the risk-weighted assets developed based on the Basel Committee on Banking Supervision (BCBS) and the Islamic Financial Services Board (IFSB) papers entitled "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" and "Capital Adequacy Standard (CAS)" issued in June 2006 and December 2005 respectively. As the updates to the Frameworks focused mainly on the Internal Rating Based Approach whilst the Group and the Bank adopt the Standardised Approach for credit and market risk, therefore, the application of these Frameworks did not have any impact on the capital adequacy ratios of the Group and of the Bank.

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

Effective for annual periods commencing on or after 1 January 2018

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

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16 Leases

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

- (a) **MFRS 15 Revenue from Contracts with Customers** - MFRS 15 establishes principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The core principle of MFRS 15 is that an entity recognises revenue in a manner which reflects the consideration an entity expects to be entitled in exchange for goods or services. The adoption of MFRS 15 is not expected to have any material impact on the financial statements of the Group and of the Bank.
- (b) **MFRS 9 Financial Instruments (2014)** - This final version of MFRS 9 replaces all previous versions of MFRS 9. Retrospective application is required, but comparative information is not compulsory. The standard introduces new requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The approach for classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held with two measurement categories – amortised cost and fair value. For impairment, MFRS 9 introduces an expected-loss impairment model which will require more timely recognition of expected credit losses to reflect changes of credit risk of financial instruments. For hedge accounting, the general hedge accounting requirements have been simplified for hedge effectiveness testing and permit hedge accounting to be applied to a greater variety of hedging instruments and risks.

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A1. Basis of Preparation (continued)

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

MFRS 9 introduces significant changes in the way the Group accounts for financial instruments. The preparation for MFRS 9 by the Group and the Bank had started in 2015 with the setting up of a MFRS 9 Project Team headed by the Chief Financial Officer of the Bank, and with assistance from consultants on the implementation of MFRS 9. Currently, the Group and the Bank had completed the gap assessment and started on the development of MFRS 9 compliant impairment models for all impacted credit exposures.

- (c) **Transfers of Investment Property (Amendments to MFRS 140)** - The amendments clarify the existing provisions in the Standard on transfer to, or from the investment property category. The adoption of these amendments is not expected to have any material financial impact on the financial statements of the Group and of the Bank.
- (d) **IC Interpretation 22 Foreign Currency Transactions and Advance Consideration** - The IC Interpretation addresses the issue on which exchange rate is to be used in reporting foreign currency transactions that involve advance consideration paid or received. The adoption of the IC Interpretation is not expected to have any material financial impact on the financial statements of the Group and of the Bank.
- (e) **Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)** - The amendments address the issues arising from the transitional challenges of applying the temporary exemption from MFRS 9 for an insurer in view that the upcoming new insurance contracts standard MFRS 17 is expected to be issued soon. The expiration date of the temporary exemption from MFRS 9 coincide with the tentative effective date of MFRS 17, as decided by IASB in November 2016. In addition, to reduce the impact of temporary volatility in reported results of entity dealing with insurance contracts, the amendments introduce two additional voluntary options, namely an overlay approach and a deferral approach. The adoption of these amendments is not expected to have any material financial impact on the financial statements of the Group and of the Bank.
- (f) **MFRS 16 Leases** - MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the Group and the Bank are required to account for major part of their operating leases in the balance sheet by recognising the 'right-of-use' assets and the lease liability, thus increasing the assets and liabilities of the Group and of the Bank. The financial effects arising from the adoption of this standard are still being assessed by the Group.

A2. Auditors' Report on Preceding Annual Financial Statements

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

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A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the 1st quarter ended 31 March 2017.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the 1st quarter ended 31 March 2017.

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 1st quarter ended 31 March 2017.

A6. Debt and Equity Securities

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

USD370.0 Million 5-Year Unsecured Syndicated Term Loan

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

A7. Dividends Paid and Distributed

During the 1st quarter ended 31 March 2017, a second interim dividend of 32% in respect of the financial year ended 31 December 2016, amounting of RM1,235,678,094 was paid on 28 February 2017.

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A8. Financial Assets Held-for-trading

| | Group | | Bank | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| At fair value | | | | |
| Government securities and treasury bills: | | | | |
| Malaysian Government Treasury Bills | 1,492,521 | 158,134 | 1,492,521 | 158,134 |
| Malaysian Government Securities | 170,949 | 202,195 | 170,949 | 202,195 |
| Malaysian Government Investment Issues | 70,943 | 141,292 | 60,782 | 130,979 |
| | <u>1,734,413</u> | <u>501,621</u> | <u>1,724,252</u> | <u>491,308</u> |
| Money market instruments: | | | | |
| Negotiable instruments of deposit and negotiable Islamic debt certificates | <u>2,317,866</u> | 495,364 | - | - |
| Non-money market instruments: | | | | |
| Debt securities: | | | | |
| - Cagamas bonds | - | 70,037 | - | 60,031 |
| - Unquoted private debt securities | 94,804 | 111,862 | - | 24,990 |
| | <u>94,804</u> | <u>181,899</u> | <u>-</u> | <u>85,021</u> |
| Total financial assets held-for-trading | <u>4,147,083</u> | <u>1,178,884</u> | <u>1,724,252</u> | <u>576,329</u> |

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A9. Financial Investments Available-for-sale

| | Group | | Bank | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| At fair value | | | | |
| Government securities and treasury bills: | | | | |
| Malaysian Government Treasury Bills | 231,610 | 73,266 | 231,610 | 73,266 |
| Malaysian Government Securities | 7,192,411 | 5,899,049 | 6,585,103 | 5,305,888 |
| Malaysian Government Investment Issues | 13,598,466 | 14,133,503 | 7,522,552 | 7,710,185 |
| Other foreign government securities | 115,717 | 168,223 | - | - |
| | <u>21,138,204</u> | <u>20,274,041</u> | <u>14,339,265</u> | <u>13,089,339</u> |
| Money market instruments: | | | | |
| Negotiable instruments of deposit and negotiable Islamic debt certificates | 4,194,214 | 8,544,128 | 3,974,885 | 8,293,626 |
| Bankers' acceptances and Islamic accepted bills | 36,645 | 118,830 | 36,645 | 118,830 |
| | <u>4,230,859</u> | <u>8,662,958</u> | <u>4,011,530</u> | <u>8,412,456</u> |
| Non-money market instruments: | | | | |
| Equity securities: | | | | |
| - Quoted shares and convertible loan stocks outside Malaysia | 4,280 | 3,167 | - | - |
| - Unquoted shares # | 120,017 | 120,534 | 115,025 | 115,481 |
| Debt securities: | | | | |
| - Cagamas bonds | 339,530 | 340,406 | 339,530 | 340,406 |
| - Unquoted private debt securities | 3,962,771 | 3,931,522 | 1,485,020 | 1,697,627 |
| Unit trust funds | 12,673 | 12,577 | - | - |
| | <u>4,439,271</u> | <u>4,408,206</u> | <u>1,939,575</u> | <u>2,153,514</u> |
| Total financial investments available-for-sale | <u>29,808,334</u> | <u>33,345,205</u> | <u>20,290,370</u> | <u>23,655,309</u> |

Stated at cost, net of impairment loss.

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A10. Financial Investments Held-to-maturity

| | Group | | Bank | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| At amortised cost | | | | |
| Government securities and treasury bills: | | | | |
| Malaysian Government Securities | 1,696,031 | 1,934,046 | 1,665,644 | 1,903,918 |
| Malaysian Government Investment Issues | 12,194,785 | 12,157,420 | 9,710,833 | 9,683,010 |
| Foreign Government Treasury Bills | 928,500 | 866,566 | 29,731 | 24,969 |
| Other foreign government securities | 452,005 | 473,031 | - | - |
| | <u>15,271,321</u> | <u>15,431,063</u> | <u>11,406,208</u> | <u>11,611,897</u> |
| Money market instruments: | | | | |
| Negotiable instruments of deposit and negotiable Islamic debt certificates | <u>1,393,923</u> | 1,464,061 | <u>1,725,655</u> | <u>1,709,786</u> |
| Non-money market instruments: | | | | |
| Debt securities: | | | | |
| - Cagamas bonds | 3,367,001 | 1,348,574 | 3,367,001 | 1,348,574 |
| - Unquoted private debt securities | 4,228,902 | 3,930,267 | 2,575,732 | 2,374,323 |
| | <u>7,595,903</u> | <u>5,278,841</u> | <u>5,942,733</u> | <u>3,722,897</u> |
| Accumulated impairment losses | (39) | (39) | (39) | (39) |
| Total financial investments held-to-maturity | <u>24,261,108</u> | <u>22,173,926</u> | <u>19,074,557</u> | <u>17,044,541</u> |

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A11. Loans, Advances and Financing

| | Group | | Bank | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| At amortised cost | | | | |
| Overdrafts | 11,656,404 | 11,382,475 | 8,785,255 | 8,604,041 |
| Term loans | | | | |
| - Housing loans / financing | 97,243,393 | 95,617,442 | 79,261,009 | 78,193,789 |
| - Syndicated term loans / financing | 3,418,869 | 3,410,498 | 1,317,698 | 1,320,488 |
| - Hire purchase receivables | 51,519,168 | 51,984,710 | 37,549,280 | 37,757,231 |
| - Other term loans / financing | 116,200,572 | 114,416,510 | 93,590,810 | 92,104,366 |
| Credit card receivables | 1,812,212 | 1,894,574 | 1,785,355 | 1,864,748 |
| Bills receivables | 172,781 | 193,599 | 136,612 | 155,721 |
| Trust receipts | 253,136 | 330,262 | 189,261 | 209,009 |
| Claims on customers under acceptance credits | 3,953,193 | 3,848,443 | 3,720,502 | 3,613,254 |
| Revolving credits | 8,501,658 | 9,056,513 | 7,722,089 | 8,267,793 |
| Staff loans * | 1,853,313 | 1,824,156 | 1,657,217 | 1,642,793 |
| Gross loans, advances and financing | 296,584,699 | 293,959,182 | 235,715,088 | 233,733,233 |
| Allowance for impaired loans and financing: | | | | |
| - collective assessment allowance | (1,391,886) | (1,408,104) | (930,740) | (922,954) |
| - individual assessment allowance | (119,774) | (121,894) | (17,580) | (15,586) |
| Net loans, advances and financing | 295,073,039 | 292,429,184 | 234,766,768 | 232,794,693 |

* Included in staff loans of the Group and of the Bank are loans to Directors of subsidiary companies amounting to RM5,864,000 (2016: RM5,959,000) and RM5,460,000 (2016 - RM5,540,000) respectively.

A11a. By class

| | Group | | Bank | |
|-----------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Retail loans / financing * | | | | |
| - Housing loans / financing | 97,243,393 | 95,617,442 | 79,261,009 | 78,193,789 |
| - Hire purchase | 51,519,168 | 51,984,710 | 37,549,280 | 37,757,231 |
| - Credit cards | 1,812,212 | 1,894,574 | 1,785,355 | 1,864,748 |
| - Other loans / financing ^ | 101,512,692 | 100,416,869 | 81,328,860 | 80,608,549 |
| | 252,087,465 | 249,913,595 | 199,924,504 | 198,424,317 |
| Corporate loans / financing | 44,497,234 | 44,045,587 | 35,790,584 | 35,308,916 |
| | 296,584,699 | 293,959,182 | 235,715,088 | 233,733,233 |

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

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

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A11. Loans, Advances and Financing (continued)

A11b. By type of customer

| | Group | | Bank | |
|---------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Non-bank financial institutions | | | | |
| - Stock-broking companies | 6,062 | 6,498 | 6,062 | 6,498 |
| - Others | 8,035,035 | 7,973,937 | 7,806,852 | 7,745,345 |
| Business enterprises | | | | |
| - Small and medium enterprises | 72,453,863 | 71,293,237 | 61,286,612 | 60,332,253 |
| - Others | 25,462,331 | 25,727,268 | 18,848,868 | 18,957,941 |
| Government and statutory bodies | 1,331,213 | 1,317,470 | 3,511 | 3,511 |
| Individuals | 186,286,012 | 184,602,651 | 144,956,941 | 143,843,020 |
| Other entities | 40,924 | 40,766 | 35,172 | 35,892 |
| Foreign entities | 2,969,259 | 2,997,355 | 2,771,070 | 2,808,773 |
| | <u>296,584,699</u> | <u>293,959,182</u> | <u>235,715,088</u> | <u>233,733,233</u> |

A11c. By interest / profit rate sensitivity

| | Group | | Bank | |
|--------------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Fixed rate | | | | |
| - Housing loans / financing | 549,991 | 561,483 | 26,043 | 25,198 |
| - Hire purchase receivables | 48,963,609 | 49,383,643 | 37,271,521 | 37,465,523 |
| - Other fixed rate loans / financing | 18,688,553 | 18,923,138 | 8,282,089 | 8,313,755 |
| Variable rate | | | | |
| - Base rate / base lending rate plus | 181,830,850 | 178,704,491 | 159,595,977 | 157,900,595 |
| - Cost plus | 30,467,243 | 29,921,800 | 29,028,469 | 28,465,197 |
| - Other variable rates | 16,084,453 | 16,464,627 | 1,510,989 | 1,562,965 |
| | <u>296,584,699</u> | <u>293,959,182</u> | <u>235,715,088</u> | <u>233,733,233</u> |

A11d. By residual contractual maturity

| | Group | | Bank | |
|-------------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Maturity within one year | 33,528,008 | 32,140,003 | 25,398,824 | 24,150,809 |
| More than one year to three years | 25,341,866 | 26,761,672 | 20,157,587 | 21,397,613 |
| More than three years to five years | 27,448,573 | 27,763,714 | 22,056,237 | 22,283,094 |
| More than five years | 210,266,252 | 207,293,793 | 168,102,440 | 165,901,717 |
| | <u>296,584,699</u> | <u>293,959,182</u> | <u>235,715,088</u> | <u>233,733,233</u> |

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A11. Loans, Advances and Financing (continued)

A11e. By geographical distribution

| | Group | | Bank | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Malaysia | 273,114,249 | 269,915,021 | 234,597,753 | 232,568,210 |
| Hong Kong SAR and the People's Republic of China | 16,517,760 | 16,884,678 | - | - |
| Cambodia | 4,321,605 | 4,500,886 | - | - |
| Other countries | 2,631,085 | 2,658,597 | 1,117,335 | 1,165,023 |
| | 296,584,699 | 293,959,182 | 235,715,088 | 233,733,233 |

A11f. Gross loans, advances and financing by economic purpose

| | Group | | Bank | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Purchase of securities | 2,074,594 | 2,023,713 | 1,686,677 | 1,686,519 |
| Purchase of transport vehicles | 51,783,621 | 52,252,411 | 37,819,211 | 38,029,309 |
| Purchase of landed properties | 177,380,025 | 174,914,751 | 147,844,246 | 146,261,128 |
| (of which: - residential | 100,540,488 | 98,752,335 | 82,175,269 | 80,983,504 |
| - non-residential) | 76,839,537 | 76,162,416 | 65,668,977 | 65,277,624 |
| Purchase of fixed assets (excluding landed properties) | 627,726 | 620,058 | 223,292 | 221,244 |
| Personal use | 11,934,258 | 11,757,996 | 6,359,411 | 6,194,844 |
| Credit card | 1,812,212 | 1,894,574 | 1,785,355 | 1,864,748 |
| Purchase of consumer durables | 1,873 | 1,869 | 146 | 113 |
| Construction | 6,214,246 | 6,162,820 | 5,144,354 | 5,069,312 |
| Mergers and acquisitions | 130,457 | 130,526 | 130,457 | 130,526 |
| Working capital | 39,795,286 | 39,354,135 | 29,987,161 | 29,526,976 |
| Other purpose | 4,830,401 | 4,846,329 | 4,734,778 | 4,748,514 |
| | 296,584,699 | 293,959,182 | 235,715,088 | 233,733,233 |

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A11. Loans, Advances and Financing (continued)

A11g. Gross loans, advances and financing by sectors

| | Group | | Bank | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Agriculture, hunting, forestry and fishing | 4,019,511 | 3,852,323 | 2,948,545 | 2,844,114 |
| Mining and quarrying | 226,818 | 233,419 | 187,062 | 197,969 |
| Manufacturing | 10,558,380 | 10,432,034 | 8,657,703 | 8,520,922 |
| Electricity, gas and water | 71,886 | 78,912 | 20,809 | 19,657 |
| Construction | 9,138,648 | 8,907,302 | 7,242,122 | 7,044,402 |
| Wholesale & retail trade and restaurants & hotels | 25,785,938 | 25,679,947 | 21,686,763 | 21,579,904 |
| Transport, storage and communication | 3,942,559 | 3,957,937 | 2,844,839 | 2,851,662 |
| Finance, insurance and business services | 16,727,141 | 16,826,372 | 14,610,435 | 14,700,442 |
| Real estate | 34,927,301 | 34,520,861 | 29,282,649 | 28,863,937 |
| Community, social and personal services | 3,466,641 | 3,445,030 | 1,904,828 | 1,906,585 |
| Households | 186,079,804 | 184,485,685 | 146,245,962 | 145,125,969 |
| Others | 1,640,072 | 1,539,360 | 83,371 | 77,670 |
| | <u>296,584,699</u> | <u>293,959,182</u> | <u>235,715,088</u> | <u>233,733,233</u> |

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

| | Group | | Bank | |
|-----------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Bankers' acceptances rediscounted | <u>79,870</u> | <u>32,405</u> | <u>79,870</u> | <u>32,405</u> |

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

| | Group | | Bank | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| At 1 January | 1,489,381 | 1,351,816 | 1,041,579 | 1,002,520 |
| Impaired during the period / year | 718,911 | 2,984,569 | 499,392 | 2,026,986 |
| Reclassified as non-impaired | (530,379) | (1,913,691) | (403,287) | (1,440,167) |
| Recoveries | (81,143) | (392,027) | (62,863) | (287,984) |
| Amount written off | (136,304) | (548,106) | (56,176) | (231,663) |
| Amount arising from acquisition of Public Bank Vietnam Limited | - | 26,855 | - | - |
| Loans converted to foreclosed properties / investments | (2,221) | (30,598) | (2,220) | (29,032) |
| Exchange differences | (4,351) | 10,563 | (920) | 919 |
| Closing balance | <u>1,453,894</u> | <u>1,489,381</u> | <u>1,015,505</u> | <u>1,041,579</u> |
| Gross impaired loans as a percentage of gross loans, advances and financing | <u>0.49%</u> | <u>0.51%</u> | <u>0.43%</u> | <u>0.45%</u> |

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A11. Loans, Advances and Financing (continued)

A11j. Impaired loans, advances and financing by geographical distribution

| | Group | | Bank | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Malaysia | 1,160,294 | 1,208,752 | 947,384 | 980,743 |
| Hong Kong SAR and the People's Republic of China | 153,335 | 150,052 | - | - |
| Cambodia | 39,183 | 37,604 | - | - |
| Other countries | 101,082 | 92,973 | 68,121 | 60,836 |
| | <u>1,453,894</u> | <u>1,489,381</u> | <u>1,015,505</u> | <u>1,041,579</u> |

A11k. Impaired loans, advances and financing by economic purpose

| | Group | | Bank | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Purchase of securities | 3,455 | 3,435 | 3,455 | 3,435 |
| Purchase of transport vehicles | 304,843 | 317,926 | 215,120 | 221,725 |
| Purchase of landed properties | 712,577 | 735,199 | 549,711 | 570,775 |
| (of which: - residential | 541,143 | 570,019 | 406,043 | 427,743 |
| - non-residential) | 171,434 | 165,180 | 143,668 | 143,032 |
| Purchase of fixed assets (excluding landed properties) | 10,750 | 7,043 | 42 | 43 |
| Personal use | 157,830 | 152,479 | 48,981 | 46,161 |
| Credit card | 23,102 | 22,087 | 22,822 | 21,925 |
| Construction | 34,075 | 28,611 | 22,979 | 17,359 |
| Working capital | 197,630 | 211,541 | 142,788 | 149,110 |
| Other purpose | 9,632 | 11,060 | 9,607 | 11,046 |
| | <u>1,453,894</u> | <u>1,489,381</u> | <u>1,015,505</u> | <u>1,041,579</u> |

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A11. Loans, Advances and Financing (continued)

A11l. Impaired loans, advances and financing by sectors

| | Group | | Bank | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Agriculture, hunting, forestry and fishing | 23,309 | 29,097 | 10,498 | 16,088 |
| Mining and quarrying | 1,596 | 768 | 945 | 725 |
| Manufacturing | 33,852 | 42,218 | 26,932 | 28,690 |
| Electricity, gas and water | 2,655 | 2,454 | - | - |
| Construction | 85,453 | 77,267 | 70,189 | 59,814 |
| Wholesale & retail trade and restaurants & hotels | 130,684 | 132,155 | 96,939 | 99,144 |
| Transport, storage and communication | 23,318 | 22,801 | 22,216 | 20,605 |
| Finance, insurance and business services | 32,797 | 36,411 | 23,735 | 29,345 |
| Real estate | 40,228 | 38,677 | 28,265 | 27,825 |
| Community, social and personal services | 8,490 | 8,510 | 8,047 | 8,165 |
| Households | 1,071,026 | 1,098,423 | 727,704 | 751,053 |
| Others | 486 | 600 | 35 | 125 |
| | 1,453,894 | 1,489,381 | 1,015,505 | 1,041,579 |

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

| | Group | | Bank | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| <u>Collective Assessment Allowance</u> | | | | |
| At 1 January | 1,408,104 | 1,510,637 | 922,954 | 1,001,839 |
| Allowance made during the period / year | 65,861 | 203,158 | 63,793 | 145,239 |
| Amount written off | (80,925) | (317,365) | (55,742) | (224,758) |
| Amount arising from acquisition of Public Bank Vietnam Limited | - | 7,742 | - | - |
| Exchange differences | (1,154) | 3,932 | (265) | 634 |
| Closing balance | 1,391,886 | 1,408,104 | 930,740 | 922,954 |

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A11. Loans, Advances and Financing (continued)

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

| | Group | | Bank | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| <u>Individual Assessment Allowance</u> | | | | |
| At 1 January | 121,894 | 121,947 | 15,586 | 34,837 |
| Allowance made during the period / year | 55,810 | 240,200 | 3,194 | 17,511 |
| Amount written back in respect of recoveries | (766) | (32,481) | (766) | (28,167) |
| Amount written off | (55,379) | (230,741) | (434) | (6,905) |
| Amount transferred to allowance for impairment loss on foreclosed properties | - | (1,690) | - | (1,690) |
| Amount arising from acquisition of Public Bank Vietnam Limited | - | 3,372 | - | - |
| Exchange differences | (1,785) | 21,287 | - | - |
| Closing balance | <u>119,774</u> | <u>121,894</u> | <u>17,580</u> | <u>15,586</u> |

A12. Other Assets

| | Group | | Bank | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Deferred handling fees | 247,510 | 252,828 | 182,325 | 185,575 |
| Interest / Income receivable | 41,937 | 61,899 | 10,935 | 24,076 |
| Other receivables, deposits and prepayments | 1,343,873 | 1,942,992 | 1,205,888 | 1,821,453 |
| Employee benefits | 293,164 | 302,904 | 288,798 | 298,391 |
| Amount due from trust funds | 206,038 | 146,871 | - | - |
| Foreclosed properties | 77,297 | 88,265 | 75,503 | 86,472 |
| Outstanding contracts on clients' accounts | 261,294 | 198,764 | - | - |
| Amount due from subsidiary companies | - | - | 40,548 | 39,160 |
| Dividend receivable from collective investments | - | - | - | 27,154 |
| Dividend receivable from subsidiary companies | - | - | 271,765 | 545,976 |
| | <u>2,471,113</u> | <u>2,994,523</u> | <u>2,075,762</u> | <u>3,028,257</u> |

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A13. Deposits from Customers

a) By type of deposit

| | Group | | Bank | |
|-------------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| At amortised cost | | | | |
| Core deposits: | | | | |
| - Demand deposits | 46,210,797 | 45,470,463 | 37,905,700 | 37,646,794 |
| - Savings deposits | 34,300,544 | 32,502,203 | 22,859,158 | 21,869,236 |
| - Fixed deposits | 184,312,146 | 180,182,676 | 135,247,427 | 134,533,805 |
| | <u>264,823,487</u> | <u>258,155,342</u> | <u>196,012,285</u> | <u>194,049,835</u> |
| Wholesale deposits: | | | | |
| - Negotiable instruments of deposit | 20,128 | - | 18,204 | - |
| - Money market deposits | 51,323,386 | 51,735,008 | 46,327,956 | 47,838,063 |
| | <u>51,343,514</u> | <u>51,735,008</u> | <u>46,346,160</u> | <u>47,838,063</u> |
| Other deposits | 74,871 | 83,218 | 65,154 | 69,560 |
| | <u>316,241,872</u> | <u>309,973,568</u> | <u>242,423,599</u> | <u>241,957,458</u> |

b) By type of customer

| | Group | | Bank | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Federal and state governments | 6,388,083 | 5,928,559 | 697,439 | 637,431 |
| Local government and statutory authorities | 3,090,212 | 3,181,497 | 2,411,727 | 2,297,882 |
| Business enterprises | 87,050,442 | 85,908,497 | 69,346,304 | 69,374,203 |
| Individuals | 162,928,119 | 159,080,957 | 128,466,859 | 128,109,932 |
| Foreign customers | 5,840,516 | 5,895,401 | 3,703,059 | 3,727,463 |
| Others | 50,944,500 | 49,978,657 | 37,798,211 | 37,810,547 |
| | <u>316,241,872</u> | <u>309,973,568</u> | <u>242,423,599</u> | <u>241,957,458</u> |

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A13. Deposits from Customers (continued)

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

| | Group | | Bank | |
|-------------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Due within six months | 211,648,564 | 209,013,661 | 163,385,391 | 163,604,944 |
| More than six months to one year | 23,093,673 | 22,235,344 | 18,037,246 | 18,566,767 |
| More than one year to three years | 907,911 | 663,602 | 165,953 | 195,888 |
| More than three years to five years | 5,512 | 5,077 | 4,997 | 4,269 |
| | <u>235,655,660</u> | <u>231,917,684</u> | <u>181,593,587</u> | <u>182,371,868</u> |

A14. Deposits from Banks

| | Group | | Bank | |
|------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| At amortised cost | | | | |
| Licensed banks | 7,332,405 | 8,027,292 | 5,745,847 | 6,188,719 |
| Licensed investment banks | 36,826 | 23,340 | 71,805 | 78,755 |
| Bank Negara Malaysia | 522,575 | 544,280 | 504,448 | 525,829 |
| Other financial institutions | 4,825,703 | 3,215,911 | 7,963,891 | 5,495,723 |
| | <u>12,717,509</u> | <u>11,810,823</u> | <u>14,285,991</u> | <u>12,289,026</u> |

A15. Other Liabilities

| | Group | | Bank | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Interest / Income payable | 1,714,348 | 1,613,157 | 1,313,425 | 1,349,479 |
| Other payables and accruals | 2,561,123 | 2,580,373 | 1,545,725 | 1,949,877 |
| Amount due to trust funds | 110,389 | 37,184 | - | - |
| Unprocessed sales and / or redemptions | 57,619 | 142,784 | - | - |
| Profit Equalisation Reserve of the investment account holder | 108 | 111 | - | - |
| Finance lease liabilities | 25,956 | 38,740 | 25,956 | 38,740 |
| Outstanding contracts on clients' accounts | 241,388 | 188,551 | - | - |
| Dividend payable to shareholders | 4,565 | 23,269 | 4,565 | 1,166 |
| Amount due to subsidiary companies | - | - | 31,045 | 32,463 |
| | <u>4,715,496</u> | <u>4,624,169</u> | <u>2,920,716</u> | <u>3,371,725</u> |

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A16. Interest Income

| | 1st Quarter Ended | | Three Months Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| <u>Group</u> | | | | |
| Loans and advances | 3,213,560 | 3,133,910 | 3,213,560 | 3,133,910 |
| Balances with banks | 63,121 | 81,404 | 63,121 | 81,404 |
| Financial investments available-for-sale | 222,497 | 229,291 | 222,497 | 229,291 |
| Financial investments held-to-maturity | 185,309 | 179,652 | 185,309 | 179,652 |
| Others | 30,434 | 34,746 | 30,434 | 34,746 |
| | <u>3,714,921</u> | <u>3,659,003</u> | <u>3,714,921</u> | <u>3,659,003</u> |
| Financial assets held-for-trading | 17,905 | 22,100 | 17,905 | 22,100 |
| | <u><u>3,732,826</u></u> | <u><u>3,681,103</u></u> | <u><u>3,732,826</u></u> | <u><u>3,681,103</u></u> |
| Of which: | | | | |
| Interest income earned on impaired loans and advances | <u>14,953</u> | <u>13,193</u> | <u>14,953</u> | <u>13,193</u> |
| | | | | |
| | 1st Quarter Ended | | Three Months Ended | |
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| <u>Bank</u> | | | | |
| Loans and advances | 2,877,581 | 2,840,407 | 2,877,581 | 2,840,407 |
| Balances with banks | 26,143 | 68,670 | 26,143 | 68,670 |
| Financial investments available-for-sale | 187,970 | 195,081 | 187,970 | 195,081 |
| Financial investments held-to-maturity | 169,911 | 170,303 | 169,911 | 170,303 |
| Others | 30,433 | 34,744 | 30,433 | 34,744 |
| | <u>3,292,038</u> | <u>3,309,205</u> | <u>3,292,038</u> | <u>3,309,205</u> |
| Financial assets held-for-trading | 12,428 | 16,318 | 12,428 | 16,318 |
| | <u><u>3,304,466</u></u> | <u><u>3,325,523</u></u> | <u><u>3,304,466</u></u> | <u><u>3,325,523</u></u> |
| Of which: | | | | |
| Interest income earned on impaired loans and advances | <u>12,563</u> | <u>12,435</u> | <u>12,563</u> | <u>12,435</u> |

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A17. Interest Expense

| | 1st Quarter Ended | | Three Months Ended | |
|--|--------------------------|------------------|---------------------------|------------------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Deposits from banks | 121,751 | 116,726 | 121,751 | 116,726 |
| Deposits from customers | 1,649,254 | 1,734,347 | 1,649,254 | 1,734,347 |
| Loans sold to Cagamas | 19,608 | 14,320 | 19,608 | 14,320 |
| Debt securities issued and other borrowed funds | 117,056 | 128,980 | 117,056 | 128,980 |
| Others | 977 | 2,030 | 977 | 2,030 |
| | 1,908,646 | 1,996,403 | 1,908,646 | 1,996,403 |

| | 1st Quarter Ended | | Three Months Ended | |
|--|--------------------------|------------------|---------------------------|------------------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bank | | | | |
| Deposits from banks | 119,927 | 109,761 | 119,927 | 109,761 |
| Deposits from customers | 1,580,279 | 1,692,278 | 1,580,279 | 1,692,278 |
| Loans sold to Cagamas | 19,608 | 14,320 | 19,608 | 14,320 |
| Debt securities issued and other borrowed funds | 113,123 | 125,610 | 113,123 | 125,610 |
| Others | 950 | 1,944 | 950 | 1,944 |
| | 1,833,887 | 1,943,913 | 1,833,887 | 1,943,913 |

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A18. Net Fee and Commission Income

| | 1st Quarter Ended | | Three Months Ended | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| <u>Group</u> | | | | |
| (a) Fee and commission income: | | | | |
| Commissions | 121,960 | 119,099 | 121,960 | 119,099 |
| Service charges and fees | 85,405 | 80,927 | 85,405 | 80,927 |
| Guarantee fees | 8,279 | 9,291 | 8,279 | 9,291 |
| Processing fees | 6,009 | 4,710 | 6,009 | 4,710 |
| Commitment fees | 20,607 | 22,180 | 20,607 | 22,180 |
| Unit trust management fees | 229,207 | 209,802 | 229,207 | 209,802 |
| Fee on sale of trust units | 89,022 | 87,439 | 89,022 | 87,439 |
| Brokerage and commissions from stockbroking activities | 24,553 | 20,468 | 24,553 | 20,468 |
| Other fee and commission income | 14,170 | 17,078 | 14,170 | 17,078 |
| | <u>599,212</u> | <u>570,994</u> | <u>599,212</u> | <u>570,994</u> |
| (b) Fee and commission expense: | | | | |
| Unit trust agency fee | (106,774) | (107,784) | (106,774) | (107,784) |
| Debit / credit card related fee | (76,055) | (72,628) | (76,055) | (72,628) |
| Loan related fee | (2,756) | (3,621) | (2,756) | (3,621) |
| Other fee and commission expense | (6,478) | (5,280) | (6,478) | (5,280) |
| | <u>(192,063)</u> | <u>(189,313)</u> | <u>(192,063)</u> | <u>(189,313)</u> |
| Net fee and commission income | <u>407,149</u> | <u>381,681</u> | <u>407,149</u> | <u>381,681</u> |
| | | | | |
| | 1st Quarter Ended | 31 March | Three Months Ended | 31 March |
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Bank</u> | | | | |
| (a) Fee and commission income: | | | | |
| Commissions | 144,086 | 135,762 | 144,086 | 135,762 |
| Service charges and fees | 61,000 | 60,463 | 61,000 | 60,463 |
| Guarantee fees | 7,586 | 8,770 | 7,586 | 8,770 |
| Processing fees | 2,193 | 1,521 | 2,193 | 1,521 |
| Commitment fees | 19,114 | 20,819 | 19,114 | 20,819 |
| Other fee and commission income | 10,940 | 14,109 | 10,940 | 14,109 |
| | <u>244,919</u> | <u>241,444</u> | <u>244,919</u> | <u>241,444</u> |
| (b) Fee and commission expense: | | | | |
| Debit / credit card related fee | (74,127) | (70,031) | (74,127) | (70,031) |
| Loan related fee | (2,135) | (2,495) | (2,135) | (2,495) |
| Other fee and commission expense | (3,888) | (4,080) | (3,888) | (4,080) |
| | <u>(80,150)</u> | <u>(76,606)</u> | <u>(80,150)</u> | <u>(76,606)</u> |
| Net fee and commission income | <u>164,769</u> | <u>164,838</u> | <u>164,769</u> | <u>164,838</u> |

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A19. Net Gains and Losses on Financial Instruments

| | 1st Quarter Ended | | Three Months Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Group | | | | |
| Net gain / (loss) arising on financial assets held-for-trading: | | | | |
| - net gain on disposal | 1,324 | 9,232 | 1,324 | 9,232 |
| - unrealised revaluation (loss) / gain | <u>(407)</u> | <u>541</u> | <u>(407)</u> | <u>541</u> |
| | <u>917</u> | <u>9,773</u> | <u>917</u> | <u>9,773</u> |
| Net (loss) / gain arising on trading derivatives | | | | |
| - unrealised revaluation (loss) / gain | <u>(388)</u> | <u>13,613</u> | <u>(388)</u> | <u>13,613</u> |
| Net gain arising on financial investments available-for-sale: | | | | |
| - net gain on disposal | 4,200 | 14,775 | 4,200 | 14,775 |
| - gross dividend income | 131 | 8,163 | 131 | 8,163 |
| | <u>4,331</u> | <u>22,938</u> | <u>4,331</u> | <u>22,938</u> |
| Net gain / (loss) representing ineffective portions of hedging derivatives: | | | | |
| - fair value hedge | 607 | 1,783 | 607 | 1,783 |
| - cash flow hedge | <u>(1,510)</u> | <u>(7,220)</u> | <u>(1,510)</u> | <u>(7,220)</u> |
| | <u>(903)</u> | <u>(5,437)</u> | <u>(903)</u> | <u>(5,437)</u> |
| Net gains and losses on financial instruments | <u>3,957</u> | <u>40,887</u> | <u>3,957</u> | <u>40,887</u> |

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

| | 1st Quarter Ended | | Three Months Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| <u>Bank</u> | | | | |
| Net gain / (loss) arising on financial assets held-for-trading: | | | | |
| - net gain on disposal | 1,317 | 9,225 | 1,317 | 9,225 |
| - unrealised revaluation (loss) / gain | (374) | 546 | (374) | 546 |
| | <u>943</u> | <u>9,771</u> | <u>943</u> | <u>9,771</u> |
| Net gain arising on trading derivatives | | | | |
| - unrealised revaluation gain | 7 | - | 7 | - |
| | <u>7</u> | <u>-</u> | <u>7</u> | <u>-</u> |
| Net gain arising on financial investments available-for-sale: | | | | |
| - net gain on disposal | 4,712 | 12,978 | 4,712 | 12,978 |
| - gross dividend income | - | 8,067 | - | 8,067 |
| | <u>4,712</u> | <u>21,045</u> | <u>4,712</u> | <u>21,045</u> |
| Net gain / (loss) representing ineffective portions of hedging derivatives: | | | | |
| - fair value hedge | 700 | 2,081 | 700 | 2,081 |
| - cash flow hedge | (1,510) | (7,220) | (1,510) | (7,220) |
| | <u>(810)</u> | <u>(5,139)</u> | <u>(810)</u> | <u>(5,139)</u> |
| Net gains and losses on financial instruments | <u><u>4,852</u></u> | <u><u>25,677</u></u> | <u><u>4,852</u></u> | <u><u>25,677</u></u> |

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A20. Other Operating Income

| | 1st Quarter Ended | | Three Months Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| <u>Group</u> | | | | |
| Other income: | | | | |
| Foreign exchange profit | 79,046 | 146,396 | 79,046 | 146,396 |
| Rental income from: | | | | |
| - investment properties | 3,386 | 3,167 | 3,386 | 3,167 |
| - other properties | 3,302 | 3,343 | 3,302 | 3,343 |
| Net gain on disposal of property and equipment | 269 | 26 | 269 | 26 |
| Net gain on disposal of foreclosed properties | 1,565 | 421 | 1,565 | 421 |
| Others | 15,789 | 16,069 | 15,789 | 16,069 |
| Total other operating income | <u>103,357</u> | <u>169,422</u> | <u>103,357</u> | <u>169,422</u> |
| | | | | |
| | 1st Quarter Ended | 31 March | Three Months Ended | 31 March |
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| <u>Bank</u> | | | | |
| Gross dividend income from: | | | | |
| - collective investments | 41,776 | 28,775 | 41,776 | 28,775 |
| - subsidiary companies - unquoted in Malaysia | 83,765 | 22,000 | 83,765 | 22,000 |
| | <u>125,541</u> | <u>50,775</u> | <u>125,541</u> | <u>50,775</u> |
| | | | | |
| Other income: | | | | |
| Foreign exchange profit | 127,342 | 399,818 | 127,342 | 399,818 |
| Rental income from other properties | 3,209 | 3,198 | 3,209 | 3,198 |
| Net gain on disposal of property and equipment | 156 | 31 | 156 | 31 |
| Net gain on disposal of foreclosed properties | 1,565 | 421 | 1,565 | 421 |
| Others | 12,470 | 11,970 | 12,470 | 11,970 |
| | <u>144,742</u> | <u>415,438</u> | <u>144,742</u> | <u>415,438</u> |
| | | | | |
| Total other operating income | <u>270,283</u> | <u>466,213</u> | <u>270,283</u> | <u>466,213</u> |

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A21. Other Operating Expenses

| Group | 1st Quarter Ended | | Three Months Ended | |
|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 511,662 | 460,386 | 511,662 | 460,386 |
| - Pension costs | 66,002 | 61,292 | 66,002 | 61,292 |
| - Others | 39,931 | 38,635 | 39,931 | 38,635 |
| | 617,595 | 560,313 | 617,595 | 560,313 |
| Establishment costs | | | | |
| - Depreciation | 53,442 | 47,693 | 53,442 | 47,693 |
| - Rental | 30,596 | 28,062 | 30,596 | 28,062 |
| - Insurance | 5,857 | 5,126 | 5,857 | 5,126 |
| - Water and electricity | 12,118 | 12,349 | 12,118 | 12,349 |
| - General repairs and maintenance | 27,484 | 22,306 | 27,484 | 22,306 |
| - Information technology expenses | 13,385 | 10,816 | 13,385 | 10,816 |
| - Others | 17,986 | 13,436 | 17,986 | 13,436 |
| | 160,868 | 139,788 | 160,868 | 139,788 |
| Marketing expenses | | | | |
| - Advertisement and publicity | 15,192 | 13,777 | 15,192 | 13,777 |
| - Others | 16,574 | 15,364 | 16,574 | 15,364 |
| | 31,766 | 29,141 | 31,766 | 29,141 |
| Administration and general expenses | | | | |
| - Communication expenses | 19,304 | 10,623 | 19,304 | 10,623 |
| - Legal and professional fees | 11,184 | 12,502 | 11,184 | 12,502 |
| - Others | 46,151 | 36,110 | 46,151 | 36,110 |
| | 76,639 | 59,235 | 76,639 | 59,235 |
| Total other operating expenses | 886,868 | 788,477 | 886,868 | 788,477 |

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A21. Other Operating Expenses (continued)

| <u>Bank</u> | 1st Quarter Ended | | Three Months Ended | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Personnel costs | | | | |
| - Salaries, allowances and bonuses | 381,695 | 350,309 | 381,695 | 350,309 |
| - Pension costs | 56,994 | 53,612 | 56,994 | 53,612 |
| - Others | 32,217 | 32,371 | 32,217 | 32,371 |
| | 470,906 | 436,292 | 470,906 | 436,292 |
| Establishment costs | | | | |
| - Depreciation | 41,919 | 38,182 | 41,919 | 38,182 |
| - Rental | 23,859 | 23,341 | 23,859 | 23,341 |
| - Insurance | 4,860 | 4,395 | 4,860 | 4,395 |
| - Water and electricity | 8,624 | 9,435 | 8,624 | 9,435 |
| - General repairs and maintenance | 24,059 | 20,758 | 24,059 | 20,758 |
| - Information technology expenses | 6,356 | 5,550 | 6,356 | 5,550 |
| - Others | 11,575 | 9,244 | 11,575 | 9,244 |
| | 121,252 | 110,905 | 121,252 | 110,905 |
| Marketing expenses | | | | |
| - Advertisement and publicity | 5,573 | 6,550 | 5,573 | 6,550 |
| - Others | 10,936 | 11,294 | 10,936 | 11,294 |
| | 16,509 | 17,844 | 16,509 | 17,844 |
| Administration and general expenses | | | | |
| - Communication expenses | 15,623 | 9,325 | 15,623 | 9,325 |
| - Legal and professional fees | 8,178 | 9,503 | 8,178 | 9,503 |
| - Others | 27,143 | 21,803 | 27,143 | 21,803 |
| | 50,944 | 40,631 | 50,944 | 40,631 |
| Shared service cost charged to Public Islamic Bank Berhad | (87,498) | (77,941) | (87,498) | (77,941) |
| Total other operating expenses | 572,113 | 527,731 | 572,113 | 527,731 |

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A22. Allowance for Impairment on Loans, Advances and Financing

| | 1st Quarter Ended | | Three Months Ended | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| <u>Group</u> | | | | |
| Allowance for impaired loans and financing: | | | | |
| Collective assessment allowance | 65,861 | 68,465 | 65,861 | 68,465 |
| Individual assessment allowance | 55,044 | 48,831 | 55,044 | 48,831 |
| Impaired loans and financing written off | 28 | 50 | 28 | 50 |
| Impaired loans and financing recovered | (53,842) | (49,862) | (53,842) | (49,862) |
| | 67,091 | 67,484 | 67,091 | 67,484 |
| | | | | |
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| <u>Bank</u> | | | | |
| Allowance for impaired loans: | | | | |
| Collective assessment allowance | 63,793 | 52,708 | 63,793 | 52,708 |
| Individual assessment allowance | 2,428 | (4,427) | 2,428 | (4,427) |
| Impaired loans written off | 28 | 50 | 28 | 50 |
| Impaired loans recovered | (27,967) | (24,463) | (27,967) | (24,463) |
| | 38,282 | 23,868 | 38,282 | 23,868 |

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A23. Segment Information

| | <----- Operating Segments -----> | | | | | | | Head Office RM'000 | Total Domestic Operations RM'000 | Total Overseas Operations RM'000 | Inter- segment Elimination RM'000 | Group Total RM'000 |
|--|----------------------------------|--------------------------------|--------------------------------|--|---------------------------------|------------------------------|------------------|-----------------------|--|--|--|--------------------------|
| | Hire Purchase RM'000 | Retail Operations RM'000 | Corporate Lending RM'000 | Treasury and Capital Market Operations RM'000 | Investment Banking RM'000 | Fund Management RM'000 | Others RM'000 | | | | | |
| 1st Quarter Ended 31 March 2017 | | | | | | | | | | | | |
| External revenue | 665,253 | 2,472,405 | 435,000 | 358,914 | 42,644 | 318,586 | 1,530 | 278,037 | 4,572,369 | 455,816 | - | 5,028,185 |
| Revenue from other segments | - | 383,134 | 6,442 | 491,112 | 899 | 11,140 | 7,539 | 617,484 | 1,517,750 | 6,834 | (1,524,584) | - |
| | 665,253 | 2,855,539 | 441,442 | 850,026 | 43,543 | 329,726 | 9,069 | 895,521 | 6,090,119 | 462,650 | (1,524,584) | 5,028,185 |
| Net interest income and | | | | | | | | | | | | |
| Islamic banking income | 208,985 | 1,133,516 | 126,020 | 73,546 | 5,760 | 4,433 | (5,356) | 217,465 | 1,764,369 | 307,529 | - | 2,071,898 |
| Other income | 942 | 167,894 | 10,896 | 77,368 | 15,612 | 194,692 | 9,027 | 6,086 | 482,517 | 50,850 | (18,904) | 514,463 |
| Net income | 209,927 | 1,301,410 | 136,916 | 150,914 | 21,372 | 199,125 | 3,671 | 223,551 | 2,246,886 | 358,379 | (18,904) | 2,586,361 |
| Other operating expenses (Allowance) / Writeback of | (64,874) | (453,012) | (3,318) | (10,051) | (10,382) | (48,047) | (4,699) | (148,766) | (743,149) | (162,623) | 18,904 | (886,868) |
| allowance for impairment on loans, advances and financing | (40,186) | 7,980 | (911) | - | (18) | - | - | - | (33,135) | (33,956) | - | (67,091) |
| Allowance for impairment on other assets | - | (448) | - | - | - | - | - | - | (448) | - | - | (448) |
| Profit / (loss) by segments | 104,867 | 855,930 | 132,687 | 140,863 | 10,972 | 151,078 | (1,028) | 74,785 | 1,470,154 | 161,800 | - | 1,631,954 |
| Reconciliation of segment profits to consolidated profits: | | | | | | | | | | | | |
| Share of loss after tax of equity accounted associated companies | | | | | | | | | (482) | - | | (482) |
| Profit before tax expense and zakat | | | | | | | | | 1,469,672 | 161,800 | | 1,631,472 |
| Cost income ratio | 30.9% | 34.8% | 2.4% | 6.7% | 48.6% | 24.1% | 128.0% | 66.5% | 33.1% | 45.4% | | 34.3% |

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A23. **Segment Information** (continued)

| | <----- Operating Segments -----> | | | | | | | | Head Office RM'000 | Total Domestic Operations RM'000 | Total Overseas Operations RM'000 | Inter- segment Elimination RM'000 | Group Total RM'000 |
|--|----------------------------------|--------------------------------|--------------------------------|--|---------------------------------|------------------------------|------------------|-------------------|-----------------------|--|--|--|--------------------------|
| | Hire Purchase RM'000 | Retail Operations RM'000 | Corporate Lending RM'000 | Treasury and Capital Market Operations RM'000 | Investment Banking RM'000 | Fund Management RM'000 | Others RM'000 | | | | | | |
| 1st Quarter Ended | | | | | | | | | | | | | |
| 31 March 2017 | | | | | | | | | | | | | |
| Gross loans, advances and financing | 49,190,124 | 185,529,522 | 37,912,795 | - | 394,894 | 85,049 | 1,865 | - | 273,114,249 | 23,470,450 | | | 296,584,699 |
| Loan growth | -0.8% | 1.7% | 1.2% | - | 3.0% | 4.4% | -5.2% | - | 1.2% | -2.4% | | | 0.9% |
| Impaired loans, advances and financing | 297,571 | 826,880 | 35,843 | - | - | - | - | - | 1,160,294 | 293,600 | | | 1,453,894 |
| Impaired loan ratio | 0.6% | 0.4% | 0.1% | - | - | - | - | - | 0.4% | 1.3% | | | 0.5% |
| Deposits from customers | - | 224,357,242 | 190,073 | 62,354,786 | 1,629,111 | - | - | - | 288,531,212 | 27,710,660 | | | 316,241,872 |
| Deposit growth | - | 2.3% | -24.9% | 0.7% | 6.7% | - | - | - | 2.0% | 2.6% | | | 2.0% |
| Segment assets | <u>48,942,581</u> | <u>229,228,240</u> | <u>37,857,649</u> | <u>81,680,893</u> | <u>3,025,553</u> | <u>430,908</u> | <u>848,827</u> | <u>38,012,339</u> | <u>440,026,990</u> | <u>37,035,677</u> | <u>(90,653,390)</u> | | <u>386,409,277</u> |
| Reconciliation of segment assets to consolidated assets: | | | | | | | | | | | | | |
| Investment in associated companies | | | | | | | | | 37,910 | 17 | | | 37,927 |
| Unallocated assets | | | | | | | | | 701,254 | - | | | 701,254 |
| Intangible assets | | | | | | | | | 775,493 | 1,802,408 | | | 2,577,901 |
| Total assets | | | | | | | | | <u>441,541,647</u> | <u>38,838,102</u> | | | <u>389,726,359</u> |

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A23. Segment Information (continued)

| | <----- 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 | |
| 1st Quarter Ended 31 March 2016 | | | | | | | | | | | | |
| External revenue | 671,320 | 2,403,668 | 403,940 | 434,204 | 44,527 | 297,544 | 1,552 | 367,652 | 4,624,407 | 382,894 | - | 5,007,301 |
| Revenue from other segments | - | 367,754 | 4,201 | 536,295 | 557 | 10,405 | 7,532 | 624,292 | 1,551,036 | 2,541 | (1,553,577) | - |
| | <u>671,320</u> | <u>2,771,422</u> | <u>408,141</u> | <u>970,499</u> | <u>45,084</u> | <u>307,949</u> | <u>9,084</u> | <u>991,944</u> | <u>6,175,443</u> | <u>385,435</u> | <u>(1,553,577)</u> | <u>5,007,301</u> |
| Net interest income and | | | | | | | | | | | | |
| Islamic banking income | 187,043 | 1,092,447 | 104,177 | 77,100 | 6,436 | 6,209 | (2,089) | 169,592 | 1,640,915 | 271,272 | - | 1,912,187 |
| Other income | 754 | 161,910 | 14,591 | 111,279 | 15,913 | 173,813 | 9,002 | 80,105 | 567,367 | 43,387 | (18,764) | 591,990 |
| Net income | <u>187,797</u> | <u>1,254,357</u> | <u>118,768</u> | <u>188,379</u> | <u>22,349</u> | <u>180,022</u> | <u>6,913</u> | <u>249,697</u> | <u>2,208,282</u> | <u>314,659</u> | <u>(18,764)</u> | <u>2,504,177</u> |
| Other operating expenses | (62,978) | (412,908) | (3,184) | (8,271) | (9,463) | (44,093) | (3,626) | (134,567) | (679,090) | (128,151) | 18,764 | (788,477) |
| (Allowance) / Writeback of allowance for impairment on loans, advances and financing | (32,326) | (7,874) | 3,680 | - | 1,703 | - | - | - | (34,817) | (32,667) | - | (67,484) |
| Writeback of allowance for impairment on other assets | - | 467 | - | - | - | - | - | - | 467 | - | - | 467 |
| Profit by segments | <u>92,493</u> | <u>834,042</u> | <u>119,264</u> | <u>180,108</u> | <u>14,589</u> | <u>135,929</u> | <u>3,287</u> | <u>115,130</u> | <u>1,494,842</u> | <u>153,841</u> | <u>-</u> | <u>1,648,683</u> |
| Reconciliation of segment profits to consolidated profits: | | | | | | | | | | | | |
| Share of profit after tax of equity accounted associated companies | | | | | | | | | 422 | 2,453 | | 2,875 |
| Profit before tax expense and zakat | | | | | | | | | <u>1,495,264</u> | <u>156,294</u> | | <u>1,651,558</u> |
| Cost income ratio | 33.5% | 32.9% | 2.7% | 4.4% | 42.3% | 24.5% | 52.5% | 53.9% | 30.8% | 40.7% | | 31.5% |

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A23. Segment Information (continued)

| 1st Quarter Ended 31 March 2016 | <----- Operating Segments -----> | | | | | | | Head Office RM'000 | Total Domestic Operations RM'000 | Total Overseas Operations RM'000 | Inter- segment Elimination RM'000 | Group Total RM'000 |
|---|----------------------------------|--------------------------------|--------------------------------|--|---------------------------------|------------------------------|------------------|--------------------------|---|---|--|--------------------------|
| | Hire Purchase RM'000 | Retail Operations RM'000 | Corporate Lending RM'000 | Treasury and Capital Market Operations RM'000 | Investment Banking RM'000 | Fund Management RM'000 | Others RM'000 | | | | | |
| Gross loans, advances and financing | 50,135,010 | 172,517,908 | 34,366,243 | - | 385,783 | 71,290 | 2,167 | - | 257,478,401 | 19,708,044 | | 277,186,445 |
| Loan growth | 0.1% | 2.1% | 6.3% | - | -1.5% | 4.8% | -2.2% | - | 2.3% | -9.0% | | 1.4% |
| Impaired loans, advances and financing | 325,449 | 789,875 | 49,031 | - | - | - | - | - | 1,164,355 | 170,729 | | 1,335,084 |
| Impaired loan ratio | 0.6% | 0.5% | 0.1% | - | - | - | - | - | 0.5% | 0.9% | | 0.5% |
| Deposits from customers | - | 205,232,803 | 262,024 | 78,374,080 | 1,636,469 | - | - | - | 285,505,376 | 21,141,394 | | 306,646,770 |
| Deposit growth | - | 1.0% | 6.7% | 7.3% | 12.1% | - | - | - | 2.7% | -8.9% | | 1.8% |
| Segment assets | <u>49,828,310</u> | <u>210,321,058</u> | <u>34,316,007</u> | <u>93,208,947</u> | <u>3,185,088</u> | <u>333,468</u> | <u>623,062</u> | <u>34,248,080</u> | <u>426,064,020</u> | <u>27,865,086</u> | <u>(85,041,863)</u> | <u>368,887,243</u> |
| Reconciliation of segment assets to consolidated assets: | | | | | | | | | | | | |
| Investment in associated companies | | | | | | | | | 19,953 | 158,061 | | 178,014 |
| Unallocated assets | | | | | | | | | 748,041 | - | | 748,041 |
| Intangible assets | | | | | | | | | 775,493 | 1,459,308 | | 2,234,801 |
| Total assets | | | | | | | | | <u>427,607,507</u> | <u>29,482,455</u> | | <u>372,048,099</u> |

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A23. Segment Information (continued)

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

A24. Subsequent Events

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

A25. Changes in the Composition of the Group

There were no changes in the composition of the Group during the 1st quarter ended 31 March 2017.

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A26. Commitments and Contingencies

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

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

| | Group | | Bank | |
|--|-------------------------------------|--|-------------------------------------|--|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Contingent liabilities | | | | |
| Direct credit substitutes | 1,294,997 | 1,703,043 | 1,274,550 | 1,282,300 |
| Transaction-related contingent items | 1,731,257 | 1,725,868 | 1,490,150 | 1,484,252 |
| Short term self-liquidating trade-related contingencies | 821,839 | 536,889 | 174,506 | 136,490 |
| | 3,848,093 | 3,965,800 | 2,939,206 | 2,903,042 |
| Commitments | | | | |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of: | | | | |
| - exceeding one year | 25,948,185 | 27,105,843 | 20,700,617 | 21,587,512 |
| - not exceeding one year | 23,338,838 | 23,590,356 | 19,583,418 | 19,877,268 |
| Unutilised credit card lines | 6,471,702 | 6,147,960 | 6,249,252 | 5,932,134 |
| Forward asset purchases | 959,753 | 10,472 | 959,753 | 10,472 |
| | 56,718,478 | 56,854,631 | 47,493,040 | 47,407,386 |
| Derivative financial instruments | | | | |
| Foreign exchange related contracts: | | | | |
| - less than one year | 35,037,617 | 29,108,843 | 33,854,411 | 28,280,704 |
| - one year to less than five years | 1,550,651 | 1,577,428 | 1,550,651 | 1,577,428 |
| Interest / Profit rate related contracts: | | | | |
| - less than one year | 5,720,000 | 4,874,400 | 5,520,000 | 4,674,400 |
| - one year to less than five years | 9,279,720 | 8,663,188 | 10,088,420 | 9,468,875 |
| - five years and above | 543,098 | 547,496 | 2,720,000 | 2,720,000 |
| Commodity related contracts: | | | | |
| - less than one year | 682 | 673 | 682 | 673 |
| | 52,131,768 | 44,772,028 | 53,734,164 | 46,722,080 |
| | 112,698,339 | 105,592,459 | 104,166,410 | 97,032,508 |

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A27. Derivative Financial Instruments

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

| Group As at 31 March 2017 | Contract / Notional Amount | | | | Positive Fair Value | | | | Negative Fair Value | | | |
|--|----------------------------|-------------------------|---------------------|-------------------|---------------------------|-------------------------|---------------------|-----------------|---------------------------|-------------------------|---------------------|-----------------|
| | Up To 1 Year RM'000 | > 1 - 3 Years RM'000 | > 3 Years RM'000 | Total RM'000 | Up To 1 Year RM'000 | > 1 - 3 Years RM'000 | > 3 Years RM'000 | Total RM'000 | Up To 1 Year RM'000 | > 1 - 3 Years RM'000 | > 3 Years RM'000 | Total RM'000 |
| Trading derivatives: | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Forwards | 1,909,327 | 1,551 | - | 1,910,878 | 11,767 | - | - | 11,767 | 7,444 | 90 | - | 7,534 |
| - Swaps | 32,602,427 | - | - | 32,602,427 | 205,021 | - | - | 205,021 | 155,996 | - | - | 155,996 |
| - Options | 83,263 | - | - | 83,263 | - | - | - | - | - | - | - | - |
| Precious metal contracts | | | | | | | | | | | | |
| - Forwards | 682 | - | - | 682 | 3 | - | - | 3 | - | - | - | - |
| | <u>34,595,699</u> | <u>1,551</u> | <u>-</u> | <u>34,597,250</u> | <u>216,791</u> | <u>-</u> | <u>-</u> | <u>216,791</u> | <u>163,440</u> | <u>90</u> | <u>-</u> | <u>163,530</u> |
| Hedging Derivatives: | | | | | | | | | | | | |
| Fair Value Hedge | | | | | | | | | | | | |
| Interest rate related contracts | | | | | | | | | | | | |
| - Swaps | 2,400,000 | 3,220,780 | 631,618 | 6,252,398 | 2,902 | 41,972 | 11,778 | 56,652 | - | 5,909 | 177 | 6,086 |
| Cash Flow Hedge | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Cross currency interest rate swaps | 442,600 | 1,106,500 | 442,600 | 1,991,700 | - | - | - | - | 138,718 | 314,176 | 61,292 | 514,186 |
| Interest / Profit rate related contracts | | | | | | | | | | | | |
| - Swaps | 3,320,000 | 2,865,200 | 3,105,220 | 9,290,420 | 937 | 15,189 | 17,890 | 34,016 | 2,787 | 6,480 | 10,203 | 19,470 |
| | <u>6,162,600</u> | <u>7,192,480</u> | <u>4,179,438</u> | <u>17,534,518</u> | <u>3,839</u> | <u>57,161</u> | <u>29,668</u> | <u>90,668</u> | <u>141,505</u> | <u>326,565</u> | <u>71,672</u> | <u>539,742</u> |
| Total | <u>40,758,299</u> | <u>7,194,031</u> | <u>4,179,438</u> | <u>52,131,768</u> | <u>220,630</u> | <u>57,161</u> | <u>29,668</u> | <u>307,459</u> | <u>304,945</u> | <u>326,655</u> | <u>71,672</u> | <u>703,272</u> |

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A27. Derivative Financial Instruments (continued)

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

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

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A27. Derivative Financial Instruments (continued)

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

| Bank As at 31 March 2017 | Contract / Notional Amount | | | | Positive Fair Value | | | | Negative Fair Value | | | |
|---|----------------------------|-------------------------|---------------------|-------------------|---------------------------|-------------------------|---------------------|-----------------|---------------------------|-------------------------|---------------------|-----------------|
| | Up To 1 Year RM'000 | > 1 - 3 Years RM'000 | > 3 Years RM'000 | Total RM'000 | Up To 1 Year RM'000 | > 1 - 3 Years RM'000 | > 3 Years RM'000 | Total RM'000 | Up To 1 Year RM'000 | > 1 - 3 Years RM'000 | > 3 Years RM'000 | Total RM'000 |
| Trading derivatives: | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Forwards | 1,339,446 | 1,551 | - | 1,340,997 | 11,265 | - | - | 11,265 | 6,955 | 90 | - | 7,045 |
| - Swaps | 31,989,102 | - | - | 31,989,102 | 204,123 | - | - | 204,123 | 153,796 | - | - | 153,796 |
| - Options | 83,263 | - | - | 83,263 | - | - | - | - | - | - | - | - |
| Precious metal contracts | | | | | | | | | | | | |
| - Forwards | 682 | - | - | 682 | 3 | - | - | 3 | - | - | - | - |
| | <u>33,412,493</u> | <u>1,551</u> | <u>-</u> | <u>33,414,044</u> | <u>215,391</u> | <u>-</u> | <u>-</u> | <u>215,391</u> | <u>160,751</u> | <u>90</u> | <u>-</u> | <u>160,841</u> |
| Hedging Derivatives: | | | | | | | | | | | | |
| Fair Value Hedge | | | | | | | | | | | | |
| Interest rate related contracts | | | | | | | | | | | | |
| - Swaps | 2,400,000 | 3,088,000 | 220,000 | 5,708,000 | 2,902 | 41,972 | 2,829 | 47,703 | - | - | - | - |
| Cash Flow Hedge | | | | | | | | | | | | |
| Foreign exchange contracts | | | | | | | | | | | | |
| - Cross currency interest rate swaps | 442,600 | 1,106,500 | 442,600 | 1,991,700 | - | - | - | - | 138,718 | 314,176 | 61,292 | 514,186 |
| Interest rate related contracts | | | | | | | | | | | | |
| - Swaps | 3,120,000 | 3,895,200 | 5,605,220 | 12,620,420 | 881 | 19,330 | 37,331 | 57,542 | 2,787 | 6,480 | 22,118 | 31,385 |
| | <u>5,962,600</u> | <u>8,089,700</u> | <u>6,267,820</u> | <u>20,320,120</u> | <u>3,783</u> | <u>61,302</u> | <u>40,160</u> | <u>105,245</u> | <u>141,505</u> | <u>320,656</u> | <u>83,410</u> | <u>545,571</u> |
| Total | <u>39,375,093</u> | <u>8,091,251</u> | <u>6,267,820</u> | <u>53,734,164</u> | <u>219,174</u> | <u>61,302</u> | <u>40,160</u> | <u>320,636</u> | <u>302,256</u> | <u>320,746</u> | <u>83,410</u> | <u>706,412</u> |

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A27. Derivative Financial Instruments (continued)

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

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

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A27. Derivative Financial Instruments (continued)

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

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 March 2017, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM307,459,000 (2016: RM618,141,000) and RM320,636,000 (2016: RM628,145,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

- iii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 31 March 2017, the Group and the Bank had posted cash collateral of RM503,779,000 (2016: RM1,064,151,000) on their derivative contracts.

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

The above information, policies and procedures in respect of derivative financial instruments of the Group and of the Bank are discussed in the audited annual financial statements for the financial year ended 31 December 2016 and Pillar 3 Disclosures section of the 2016 Annual Report.

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A28. Fair Value Measurements

Determination of Fair Value and Fair Value Hierarchy

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

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

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

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

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

| Group | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|-------------------|----------------|-------------------|
| 31 March 2017 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| Financial assets held-for-trading | | | | |
| - Government securities and treasury bills | - | 1,734,413 | - | 1,734,413 |
| - Money market instruments | - | 2,317,866 | - | 2,317,866 |
| - Non-money market instruments | - | 94,804 | - | 94,804 |
| | - | <u>4,147,083</u> | - | <u>4,147,083</u> |
| Financial investments available-for-sale | | | | |
| - Government securities and treasury bills | - | 21,138,204 | - | 21,138,204 |
| - Money market instruments | - | 4,230,859 | - | 4,230,859 |
| - Non-money market instruments # | 16,953 | 4,302,301 | - | 4,319,254 |
| | <u>16,953</u> | <u>29,671,364</u> | - | <u>29,688,317</u> |
| Derivative financial assets | - | 307,459 | - | 307,459 |
| Total financial assets measured at fair value | <u>16,953</u> | <u>34,125,906</u> | - | <u>34,142,859</u> |
| Non-financial assets | | | | |
| Investment properties | - | - | 696,687 | 696,687 |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 703,272 | - | 703,272 |
| Total financial liabilities measured at fair value | - | <u>703,272</u> | - | <u>703,272</u> |

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

| Group | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|----------------|---------------|
| 31 December 2016 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| Financial assets held-for-trading | | | | |
| - Government securities and treasury bills | - | 501,621 | - | 501,621 |
| - Money market instruments | - | 495,364 | - | 495,364 |
| - Non-money market instruments | - | 181,899 | - | 181,899 |
| | - | 1,178,884 | - | 1,178,884 |
| Financial investments available-for-sale | | | | |
| - Government securities and treasury bills | - | 20,274,041 | - | 20,274,041 |
| - Money market instruments | - | 8,662,958 | - | 8,662,958 |
| - Non-money market instruments # | 3,167 | 4,284,505 | - | 4,287,672 |
| | 3,167 | 33,221,504 | - | 33,224,671 |
| Derivative financial assets | - | 618,141 | - | 618,141 |
| Total financial assets measured at fair value | 3,167 | 35,018,529 | - | 35,021,696 |
| Non-financial assets | | | | |
| Investment properties | - | - | 699,469 | 699,469 |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 1,328,691 | - | 1,328,691 |
| Total financial liabilities measured at fair value | - | 1,328,691 | - | 1,328,691 |

Excluding the carrying amount of equity securities - unquoted shares held by the Group of RM120,017,000 (2016: RM120,534,000) which are not carried at fair value.

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

| Bank | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|----------------|---------------|
| 31 March 2017 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| Financial assets held-for-trading | | | | |
| - Government securities and treasury bills | - | 1,724,252 | - | 1,724,252 |
| Financial investments available-for-sale | | | | |
| - Government securities and treasury bills | - | 14,339,265 | - | 14,339,265 |
| - Money market instruments | - | 4,011,530 | - | 4,011,530 |
| - Non-money market instruments # | - | 1,824,550 | - | 1,824,550 |
| | - | 20,175,345 | - | 20,175,345 |
| Derivative financial assets | - | 320,636 | - | 320,636 |
| Total financial assets measured at fair value | - | 22,220,233 | - | 22,220,233 |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 706,412 | - | 706,412 |
| Total financial liabilities measured at fair value | - | 706,412 | - | 706,412 |

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

| Bank | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|-------------------|----------------|-------------------|
| 31 December 2016 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| Financial assets held-for-trading | | | | |
| - Government securities and treasury bills | - | 491,308 | - | 491,308 |
| - Non-money market instruments | - | 85,021 | - | 85,021 |
| | - | <u>576,329</u> | - | <u>576,329</u> |
| Financial investments available-for-sale | | | | |
| - Government securities and treasury bills | - | 13,089,339 | - | 13,089,339 |
| - Money market instruments | - | 8,412,456 | - | 8,412,456 |
| - Non-money market instruments # | - | 2,038,033 | - | 2,038,033 |
| | - | <u>23,539,828</u> | - | <u>23,539,828</u> |
| Derivative financial assets | - | 628,145 | - | 628,145 |
| Total financial assets measured at fair value | - | <u>24,744,302</u> | - | <u>24,744,302</u> |
| Financial liabilities | | | | |
| Derivative financial liabilities | - | 1,322,747 | - | 1,322,747 |
| Total financial liabilities measured at fair value | - | <u>1,322,747</u> | - | <u>1,322,747</u> |

Excluding the carrying amount of equity securities - unquoted shares held by the Bank of RM115,025,000 (2016: RM115,481,000) which are not carried at fair value.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period (2016: Nil).

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

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

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

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A29. Capital Adequacy

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

| | Group | | Bank | |
|---|------------------|---------------------|------------------|---------------------|
| | 31 March 2017 | 31 December 2016 | 31 March 2017 | 31 December 2016 |
| <u>Before deducting interim dividends *</u> | | | | |
| Common equity Tier I ("CET I") capital ratio | 11.371% | 11.864% | 10.560% | 11.725% |
| Tier I capital ratio | 12.169% | 12.718% | 11.516% | 12.751% |
| Total capital ratio | <u>15.237%</u> | <u>15.976%</u> | <u>14.293%</u> | <u>15.248%</u> |
| <u>After deducting interim dividends *</u> | | | | |
| CET I capital ratio | 11.371% | 11.373% | 10.560% | 11.117% |
| Tier I capital ratio | 12.169% | 12.227% | 11.516% | 12.143% |
| Total capital ratio | <u>15.237%</u> | <u>15.485%</u> | <u>14.293%</u> | <u>14.640%</u> |

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

| | Group | | Bank | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Components of CET I, Tier I and Tier II capital: | | | | |
| <u>CET I / Tier I capital:</u> | | | | |
| Paid-up share capital | 9,417,653 | 3,882,138 | 9,417,653 | 3,882,138 |
| Share premium | - | 5,535,515 | - | 5,535,515 |
| Other reserves | 5,935,067 | 5,873,014 | 5,141,043 | 5,158,625 |
| Retained profits | 15,662,148 | 16,898,317 | 12,297,694 | 13,533,372 |
| Treasury shares | (149,337) | (149,337) | (149,337) | (149,337) |
| Qualifying non-controlling interests | 731,817 | 752,070 | - | - |
| Less: Goodwill and other intangible assets | (2,577,901) | (2,603,621) | (695,393) | (695,393) |
| Less: Deferred tax assets, net | (76,011) | (65,189) | - | - |
| Less: Defined benefit pension fund assets | (222,952) | (230,359) | (220,044) | (227,351) |
| Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital | <u>(48,768)</u> | <u>(36,576)</u> | <u>(4,263,553)</u> | <u>(3,197,665)</u> |
| Total CET I capital | 28,671,716 | 29,855,972 | 21,528,063 | 23,839,904 |
| Non-innovative Tier I stapled securities | 1,949,800 | 2,086,169 | 1,949,800 | 2,086,169 |
| Qualifying CET I and additional Tier I capital instruments held by third parties | 61,958 | 64,824 | - | - |
| Total Tier I capital | <u>30,683,474</u> | <u>32,006,965</u> | <u>23,477,863</u> | <u>25,926,073</u> |

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A29. Capital Adequacy (continued)

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

| | Group | | Bank | |
|---|-------------------------------------|--|-------------------------------------|--|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| <u>Tier II capital</u> | | | | |
| Collective assessment allowance and regulatory reserves # | 2,888,482 | 2,887,573 | 2,341,332 | 2,336,302 |
| Subordinated notes | | | | |
| - meeting all relevant criteria | 1,949,723 | 1,949,677 | 1,949,723 | 1,949,677 |
| - subject to gradual phase-out treatment | 2,436,500 | 2,923,800 | 2,436,500 | 2,923,800 |
| Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties | 473,858 | 461,568 | - | - |
| Less: Investment in banking / insurance subsidiary companies and associated companies deducted from Tier II capital | (12,192) | (24,384) | (1,065,888) | (2,131,776) |
| Total Tier II capital | 7,736,371 | 8,198,234 | 5,661,667 | 5,078,003 |
| Total capital | 38,419,845 | 40,205,199 | 29,139,530 | 31,004,076 |

Excludes collective assessment allowance on impaired loans/financing restricted from Tier II capital of the Group and of the Bank of RM479,055,000 (2016: RM472,411,000) and RM341,984,000 (2016: RM333,901,000) respectively.

Includes the qualifying regulatory reserves for non-impaired loans of the Group and of the Bank of RM1,975,651,000 (2016: RM1,951,880,000) and RM1,752,217,000 (2016: RM1,746,886,000) respectively.

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

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A29. Capital Adequacy (continued)

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

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

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

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) reissued on 13 October 2015 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) reissued on 2 March 2017. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer ("CCyB") for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

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

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

A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Group and the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Group and the Bank have applied CCyB on its exposures in Hong Kong in line with Hong Kong Monetary Authority's requirement to maintain CCyB of 1.250% in Hong Kong. The Group's and the Bank's CCyB determined based on the weighted average of prevailing CCyB rates of its Hong Kong exposures are insignificant due to its immaterial Hong Kong exposures. The CCyB which is in a range of between 0% and 2.5% is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

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

| | Group | | Bank | |
|------------------|-------------------------------------|--|-------------------------------------|--|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Credit risk | 231,078,528 | 231,005,869 | 187,306,567 | 186,904,199 |
| Market risk | 3,377,770 | 3,291,584 | 4,799,281 | 4,899,220 |
| Operational risk | 17,695,809 | 17,364,426 | 11,761,233 | 11,525,983 |
| | <u>252,152,107</u> | <u>251,661,879</u> | <u>203,867,081</u> | <u>203,329,402</u> |

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A29. Capital Adequacy (continued)

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

| | Public Islamic Bank Berhad¹ | Public Investment Bank Berhad² | Public Bank (L) Ltd.³ | Public Bank (Hong Kong) Limited⁴ | Public Finance Limited⁴ | Cambodian Public Bank Plc⁵ | Public Bank Vietnam Limited⁶ |
|--|---|--|---|--|---|--|--|
| 31 March 2017 | | | | | | | |
| <u>Before deducting interim dividends: *</u> | | | | | | | |
| CET I capital ratio | 10.623% | 35.994% | N/A | 15.312% | 23.648% | N/A | N/A |
| Tier I capital ratio | 10.623% | 35.994% | 24.818% | 15.312% | 23.648% | N/A | N/A |
| Total capital ratio | 13.189% | 36.488% | 24.843% | 16.458% | 24.660% | 19.216% | 43.289% |
| <u>After deducting interim dividends: *</u> | | | | | | | |
| CET I capital ratio | 10.623% | 35.994% | N/A | 15.312% | 23.648% | N/A | N/A |
| Tier I capital ratio | 10.623% | 35.994% | 24.818% | 15.312% | 23.648% | N/A | N/A |
| Total capital ratio | 13.189% | 36.488% | 24.843% | 16.458% | 24.660% | 19.216% | 43.289% |
| 31 December 2016 | | | | | | | |
| <u>Before deducting interim dividends: *</u> | | | | | | | |
| CET I capital ratio | 11.138% | 40.789% | N/A | 14.338% | 24.728% | N/A | N/A |
| Tier I capital ratio | 11.138% | 40.789% | 23.153% | 14.338% | 24.728% | N/A | N/A |
| Total capital ratio | 13.746% | 41.316% | 23.178% | 15.490% | 25.739% | 18.136% | 46.920% |
| <u>After deducting interim dividends: *</u> | | | | | | | |
| CET I capital ratio | 10.923% | 38.728% | N/A | 14.338% | 22.868% | N/A | N/A |
| Tier I capital ratio | 10.923% | 38.728% | 23.153% | 14.338% | 22.868% | N/A | N/A |
| Total capital ratio | 13.531% | 39.255% | 23.178% | 15.490% | 23.878% | 18.136% | 46.920% |

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

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A29. Capital Adequacy (continued)

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

- ¹ The risk-weighted assets of Public Islamic Bank Berhad ("PIBB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) reissued on 13 October 2015 and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) reissued on 2 March 2017. The minimum regulatory capital adequacy requirements before including capital conservation buffer and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIBB is required to maintain a capital conservation buffer of up to 2.5% on transition arrangements and a CCyB of between 0% and 2.5% if this buffer is applied by regulators in countries which PIBB has exposures to.
- ² The risk-weighted assets of Public Investment Bank Berhad ("PIVB") are computed based on the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The capital adequacy ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) reissued on 13 October 2015 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) reissued on 2 March 2017. The minimum regulatory capital adequacy requirements before including capital conservation buffer and CCyB for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively. PIVB is required to maintain a capital conservation buffer of up to 2.5% on transition arrangements and a CCyB of between 0% and 2.5% if this buffer is applied by regulators in countries which PIVB has exposures to.
- ³ The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-Weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and total capital ratio respectively.
- ⁴ These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The capital adequacy ratios of these two subsidiary companies are computed in accordance with the provisions of the Banking (Amendment) Ordinance 2012 relating to Basel III capital standards and the amended Banking Capital Rules.
- ⁵ The amount presented here is the solvency ratio of Cambodian Public Bank Plc ("Campu Bank"), which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-010-182, B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Campu Bank's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.

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A29. Capital Adequacy (continued)

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

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

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A30. Operations of Islamic Banking

A30a. Statement of Financial Position As At 31 March 2017

| | Note | Group | |
|--|------|----------------------------|-------------------------------|
| | | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| ASSETS | | | |
| Cash and balances with banks | | 2,085,765 | 651,382 |
| Financial assets held-for-trading | | 2,317,866 | 495,364 |
| Derivative financial assets | | 14,282 | 18,153 |
| Financial investments available-for-sale | | 5,795,264 | 6,140,438 |
| Financial investments held-to-maturity | | 2,993,112 | 2,985,266 |
| Financing and advances | A30d | 38,405,042 | 37,235,682 |
| Other assets | | 77,698 | 85,913 |
| Statutory deposits with Bank Negara Malaysia | | 1,522,950 | 1,518,000 |
| Deferred tax assets | | 7,699 | 4,242 |
| Collective investments | | 501,426 | 497,836 |
| Investment in an associated company | | 30,000 | 30,000 |
| Property and equipment | | 1,216 | 1,250 |
| Total Assets | | <u>53,752,320</u> | <u>49,663,526</u> |
| LIABILITIES AND ISLAMIC | | | |
| BANKING FUNDS | | | |
| Deposits from customers | A30e | 46,981,286 | 42,473,074 |
| Deposits from banks | | 1,753,544 | 2,322,128 |
| Bills and acceptances payable | | 679 | 1,675 |
| Recourse obligations on financing sold to Cagamas | | 500,016 | 500,016 |
| Derivative financial liabilities | | 25,893 | 23,356 |
| Subordinated Sukuk Murabahah | | 499,437 | 499,374 |
| Other liabilities | | 333,909 | 215,490 |
| Provision for zakat and taxation | | 47,679 | 43,251 |
| Total Liabilities | | <u>50,142,443</u> | <u>46,078,364</u> |
| Islamic Banking Funds | | 3,609,877 | 3,585,162 |
| Total Liabilities and Islamic Banking Funds | | <u>53,752,320</u> | <u>49,663,526</u> |
| COMMITMENTS AND CONTINGENCIES | | <u>10,991,077</u> | <u>11,222,116</u> |

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A30b. Statement of Profit or Loss for the 1st Quarter Ended 31 March 2017

| | 1st Quarter Ended | | Three Months Ended | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Group | | | | |
| Income derived from investment of depositors' funds and others | 554,556 | 503,976 | 554,556 | 503,976 |
| Income derived from investment of Islamic Banking Funds | 42,784 | 41,879 | 42,784 | 41,879 |
| Allowance for impairment on financing and advances | (17,633) | (13,033) | (17,633) | (13,033) |
| Writeback of impairment / (Impairment) on other assets | 47 | (34) | 47 | (34) |
| Profit Equalisation Reserves | - | (38) | - | (38) |
| Total distributable income | 579,754 | 532,750 | 579,754 | 532,750 |
| Income attributable to depositors and others | (346,072) | (316,778) | (346,072) | (316,778) |
| Total net income | 233,682 | 215,972 | 233,682 | 215,972 |
| Other overheads and expenditures | (101,108) | (88,333) | (101,108) | (88,333) |
| Profit before zakat and taxation | 132,574 | 127,639 | 132,574 | 127,639 |
| Zakat | (65) | (53) | (65) | (53) |
| Taxation | (31,118) | (30,492) | (31,118) | (30,492) |
| Profit for the period | 101,391 | 97,094 | 101,391 | 97,094 |

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

| | 1st Quarter Ended | | Three Months Ended | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Income derived from investment of depositors' funds and others | 554,556 | 503,976 | 554,556 | 503,976 |
| Income derived from investment of Islamic Banking Funds | 42,784 | 41,879 | 42,784 | 41,879 |
| Income attributable to depositors and others | (346,072) | (316,778) | (346,072) | (316,778) |
| Profit Equalisation Reserves | - | (38) | - | (38) |
| Elimination of dividends from collective investment | (3,550) | (1,552) | (3,550) | (1,552) |
| Net income from Islamic banking business | 247,718 | 227,487 | 247,718 | 227,487 |

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A30c. Statement of Profit or Loss and Other Comprehensive Income for the 1st Quarter Ended 31 March 2017

| | 1st Quarter Ended | | Three Months Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| <u>Group</u> | | | | |
| Profit for the period | 101,391 | 97,094 | 101,391 | 97,094 |
| Other comprehensive loss: | | | | |
| <u>Items that may be reclassified to profit or loss:</u> | | | | |
| Revaluation reserves: | | | | |
| - Net loss on revaluation of financial investments available-for-sale | (6,212) | (3,826) | (6,212) | (3,826) |
| Hedging reserves: | | | | |
| - Net change in cash flow hedges | (8,145) | (92,579) | (8,145) | (92,579) |
| | (14,357) | (96,405) | (14,357) | (96,405) |
| Income tax relating to components of other comprehensive loss: | | | | |
| - Revaluation reserves | 1,491 | 918 | 1,491 | 918 |
| - Hedging reserves | 1,955 | 22,219 | 1,955 | 22,219 |
| | 3,446 | 23,137 | 3,446 | 23,137 |
| Other comprehensive loss for the period, net of tax | (10,911) | (73,268) | (10,911) | (73,268) |
| Total comprehensive income for the period | 90,480 | 23,826 | 90,480 | 23,826 |

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A30d. Financing and Advances

By type and contract

| 31 March 2017 | Bai' Bithaman Ajil RM'000 | Ijarah Thumma Al-Bai' RM'000 | Bai' Inah RM'000 | Musharakah Mutanaqisah RM'000 | Murabahah RM'000 | Ujrah RM'000 | Total Financing and Advances RM'000 |
|--|------------------------------------|---------------------------------------|---------------------|-------------------------------------|---------------------|-----------------|--|
| At amortised cost | | | | | | | |
| Cash line | 1,306,230 | - | - | - | - | - | 1,306,230 |
| Term financing | | | | | | | |
| - House financing | 4,013,202 | - | - | 8,250,838 | - | - | 12,264,040 |
| - Syndicated financing | 1,363,465 | - | - | - | - | - | 1,363,465 |
| - Hire purchase receivables | - | 11,520,179 | - | - | - | - | 11,520,179 |
| - Other term financing | 2,872,368 | - | 1,852,803 | 7,142,198 | - | - | 11,867,369 |
| Credit card receivables | - | - | - | - | - | 10,997 | 10,997 |
| Bills receivables | - | - | - | - | 2,568 | - | 2,568 |
| Trust receipts | - | - | - | - | 3,393 | - | 3,393 |
| Claims on customers under acceptance credits | - | - | - | - | 115,663 | - | 115,663 |
| Revolving credits | 204,174 | - | - | - | - | - | 204,174 |
| Staff financing | - | 5,408 | - | 41,772 | - | - | 47,180 |
| Gross financing and advances | 9,759,439 | 11,525,587 | 1,852,803 | 15,434,808 | 121,624 | 10,997 | 38,705,258 |
| Allowance for impaired financing and advances: | | | | | | | |
| - collective assessment allowance | | | | | | | (300,147) |
| - individual assessment allowance | | | | | | | (69) |
| Net financing and advances | | | | | | | 38,405,042 |

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A30d. Financing and Advances (continued)

By type and contract (continued)

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

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A30d. Financing and Advances (continued)

Movements in impaired financing and advances are as follows:

| | Group | |
|--|-------------------------------------|--|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| At 1 January | 225,667 | 211,804 |
| Impaired during the period / year | 145,609 | 593,015 |
| Reclassified as non-impaired | (124,595) | (440,075) |
| Recoveries | (10,928) | (44,904) |
| Amount written off | (25,183) | (92,607) |
| Financing converted to foreclosed properties | (1) | (1,566) |
| Closing balance | <u>210,569</u> | <u>225,667</u> |
| | | |
| Impaired financing and advances as a percentage of gross financing and advances | <u>0.54%</u> | <u>0.60%</u> |

A30e. Deposits from Customers

| | Group | |
|--|-------------------------------------|--|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| By type of deposit and contract | | |
| At amortised cost | | |
| Savings deposit | | |
| - Wadiah | 6,118,638 | 5,855,625 |
| Demand deposit | | |
| - Wadiah | 3,772,990 | 3,839,873 |
| Term deposit | | |
| - Commodity Murabahah | 31,028,716 | 27,684,903 |
| - General investment account | | |
| - Mudharabah | - | 90,115 |
| - Wakalah | - | 110,184 |
| | <u>-</u> | <u>200,299</u> |
| - Special term deposit account | | |
| - Wadiah | 6,060,942 | 4,892,374 |
| | <u>46,981,286</u> | <u>42,473,074</u> |

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(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 net profit attributable to equity holders of RM1,248.0 million was RM18.2 million or 1.5% higher than the previous corresponding quarter of RM1,229.8 million. The higher earnings was mainly due to higher net interest income by 8.3% and higher income from Islamic banking business by 8.9%. These were partially offset by higher operating overheads due to higher business volume, lower investment and non-operational foreign exchange income. The Group's pre-tax profit for the 1st quarter ended 31 March 2017 was lower by 1.2% to RM1,631.5 million.

The Group's profit was mainly supported by continued loans and customer deposits growth coupled with stable asset quality. Gross loans grew by RM19.4 billion or 7.0% to RM296.6 billion as at 31 March 2017 as compared to RM277.2 billion as at 31 March 2016, mainly driven by growth in property financing, lending to small and medium enterprises ("SMEs") and corporate lending. Total deposits from customers increased by 3.1% or RM9.6 billion to RM316.2 billion as at 31 March 2017 which partly contributed to the higher net interest income for the current period. Despite the current challenging operating environment, the Group's impaired loan ratio continued to remain stable at 0.5% as at 31 March 2017. This was attributed to the Group's consistent adoption of strict and prudent credit policies and proactive recovery processes.

The performance of the respective operating business segments for the 1st quarter ended 31 March 2017 as compared to the previous corresponding period is analysed as follows:-

- 1) Retail Operations – Pre-tax profit increased by RM21.9 million (2.6%) to RM855.9 million mainly due to higher net interest income on higher average loan and deposit balances, writeback of loan impairment allowance and higher fee income, partially offset by higher other operating expenses.
- 2) Hire purchase – Pre-tax profit increased by RM12.4 million (13.4%) to RM104.9 million mainly due to higher net interest income partially offset by higher loan impairment allowance.
- 3) Corporate lending – Pre-tax profit increased by RM13.4 million (11.3%) to RM132.7 million mainly due to higher net interest income on higher average loan balances.
- 4) Treasury and capital market operations – The decrease in pre-tax profit of RM39.2 million (-21.8%) to RM140.9 million was mainly due to lower investment income and lower net interest income on treasury gapping, funding and liquidity management activities.
- 5) Investment banking – The decrease in pre-tax profit of RM3.6 million (-24.8%) to RM11.0 million was mainly due to writeback of allowance for loan impairment in the previous corresponding period, lower net interest income and higher other operating expenses in the current period.
- 6) Fund management – Pre-tax profit increased by RM15.1 million (11.1%) to RM151.1 million mainly due to higher management fee earned on higher average net asset value of funds under management.
- 7) Overseas operations – Pre-tax profit increased by RM5.5 million (3.5%) to RM161.8 million mainly due to favourable foreign exchange movements, higher net interest income and higher other operating income, partially offset by higher other operating expenses.

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B1. Performance Review (continued)

B2. Variation of Results Against Preceding Quarter

For the 1st quarter ended 31 March 2017, the Group registered a pre-tax profit of RM1,631.5 million, a decrease of RM161.2 million or 9.0% as compared to the pre-tax profit of RM1,792.7 million for the preceding quarter ended 31 December 2016. Net profit attributable to equity holders decreased by 15.8% over the same period. The decrease in pre-tax profit was mainly due to the allowance for loan impairment in the current quarter of RM67.1 million as compared to a net writeback of RM37.1 million in the preceding quarter, higher other operating expenses in the current quarter and non-recurring gain on revaluation of investment properties of RM60.7 million in the preceding quarter.

B3. Prospects for 2017

Global growth is expected to improve in 2017 despite prevailing risks, as global economic activities continue to gain momentum boosted by fiscal measures in selected major economies. Domestic activities rebounded in the US as the economy approaches full employment. Meanwhile, the euro area continues to maintain stable growth despite Brexit and the Japanese economy is stronger than previously estimated. In the emerging markets and developing countries, external demand will be supportive of growth driven by China, India and the ASEAN region. However, downside risks to global growth prospects include increased trade protectionism, uncertainties over Brexit and monetary policy divergence between the US and other major economies.

With the gradual improvement in global growth, the Malaysian economy is expected to sustain growth rate of between 4.3% and 4.8% in 2017, driven by domestic demand. Private consumption will be supported by wages and employment growth, with ongoing impetus from Government measures to increase disposable income of households. Investment activities will be driven by continued roll-out of infrastructure projects and capital expenditure in export-oriented industries, particularly in the manufacturing sector. Due to the pass-through impact of higher global oil prices on domestic retail fuel prices, headline inflation is projected to be within the range of 3.0% - 4.0% in 2017.

Despite the challenging macro environment, the Malaysian financial system remained stable. The domestic banking system remains well capitalised, with ample liquidity to support the financing needs of businesses and households. The resilience of the financial institutions will continue to be driven by domestic demand. Consumption spending will be sustained, supported by stable labour market and continued wage growth.

The Public Bank Group will continue to leverage on its strengths to further develop its business and sustain its market position. The Group is highly focused on operational excellence and will remain prudent in its lending practices, whilst upholding strong governance and compliance culture as well as sound risk management practices.

The Group is expected to maintain its leading market position in the domestic retail segment, driven by stable loans growth for home mortgages and the small and medium enterprises ("SME"). The Group remains committed to grow its hire purchase business despite the challenging outlook in this business segment.

The SME segment will continue to benefit from the ongoing measures and implementation of key Government initiatives under the national transformation programmes, Eleventh Malaysia Plan and SME Masterplan. Hence, to sustain its market position in the SME segment, the Public Bank Group will continue to tap on market opportunities by offering products and services that meet the demands of SMEs.

The Public Bank Group will continue to grow its existing corporate portfolio organically and acquire targeted new corporate clients.

In the face of heightened market uncertainties, the Public Bank Group's treasury and capital market operations will continue to enhance its risk management capabilities and maintain strong liquidity positions to weather potential market stress.

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B3. Prospects for 2017 (continued)

Growth in the private retail unit trust industry is expected to be moderate amid volatile market conditions. To maintain its strong branding and market leading position in the private unit trust industry in Malaysia, the Public Bank Group will continue to offer superior financial products and efficient services as well as broaden its range of investment products to meet the needs of various investors.

The Public Bank Group continues to work closely with AIA Bhd to review its bancassurance products in order to remain competitive and relevant to customers' needs. The Group will also expand its fee-based income segment through foreign-exchange related transactions and transactional banking services.

The Group remains committed to pursue its strategy of organic growth in its retail banking leveraging on its strong corporate branding as a reputable, safe and efficient commercial bank. The Group will also capitalise on opportunities in its overseas operations to further enhance its business.

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 1st quarter ended 31 March 2017 are as follows:

| | 1st Quarter Ended | | Three Months Ended | |
|---|--------------------------|--------------------------|---------------------------|--------------------------|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| <u>Group</u> | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax | 339,889 | 385,360 | 339,889 | 385,360 |
| Overseas income tax | 29,297 | 28,998 | 29,297 | 28,998 |
| | 369,186 | 414,358 | 369,186 | 414,358 |
| Under / (Over) provision in prior years | | | | |
| - Malaysian income tax | 6 | (6) | 6 | (6) |
| - Overseas income tax | 80 | 292 | 80 | 292 |
| | 369,272 | 414,644 | 369,272 | 414,644 |
| Deferred tax expense | | | | |
| - Relating to changes in tax rate | - | 661 | - | 661 |
| - Relating to origination and reversal of temporary differences | (3,208) | (8,860) | (3,208) | (8,860) |
| Tax expense | 366,064 | 406,445 | 366,064 | 406,445 |
| Zakat | 65 | 53 | 65 | 53 |
| | 366,129 | 406,498 | 366,129 | 406,498 |

The Group's effective tax rate for the 1st quarter ended 31 March 2017 was 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, whereas the effective tax rate in respect of the previous corresponding quarter was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purpose.

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B5. Tax Expense and Zakat (continued)

| <u>Bank</u> | 1st Quarter Ended | | Three Months Ended | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 31 March 2017 RM'000 | 31 March 2016 RM'000 | 31 March 2017 RM'000 | 31 March 2016 RM'000 |
| Malaysian income tax | 287,207 | 351,516 | 287,207 | 351,516 |
| Overseas income tax | 2,127 | 3,903 | 2,127 | 3,903 |
| | 289,334 | 355,419 | 289,334 | 355,419 |
| Under provision in prior years | | | | |
| - Malaysian income tax | 1 | - | 1 | - |
| - Overseas income tax | 80 | 292 | 80 | 292 |
| | 289,415 | 355,711 | 289,415 | 355,711 |
| Deferred tax expense | | | | |
| - Relating to changes in tax rate | - | 643 | - | 643 |
| - Relating to origination and reversal of temporary differences | (4,406) | (9,397) | (4,406) | (9,397) |
| | 285,009 | 346,957 | 285,009 | 346,957 |

The Bank's effective tax rate for the 1st quarter ended 31 March 2017 and 31 March 2016 were lower than the statutory tax rate mainly due to certain income not subject to tax.

B6. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 31 March 2017.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposals

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

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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 March 2017 RM'000 | 31 December 2016 RM'000 |
| Total retained profits of Public Bank Berhad and its subsidiaries: | | |
| - Realised | 16,454,960 | 16,497,750 |
| - Unrealised | 297,275 | 285,473 |
| | 16,752,235 | 16,783,223 |
| Total share of retained losses from associated companies: | | |
| - Realised | (13,735) | (13,253) |
| - Unrealised | - | - |
| | 16,738,500 | 16,769,970 |
| Less: Consolidation adjustments | 58,252 | 128,347 |
| Total Group retained profits as per consolidated accounts | 16,796,752 | 16,898,317 |
| | | |
| | Bank | |
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| Total retained profits of Public Bank Berhad: | | |
| - Realised | 13,327,737 | 13,567,604 |
| - Unrealised | 29,530 | 26,730 |
| Total Bank retained profits as per accounts | 13,357,267 | 13,594,334 |

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

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

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

| | Group | | Bank | |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | 31 March 2017 RM'000 | 31 December 2016 RM'000 | 31 March 2017 RM'000 | 31 December 2016 RM'000 |
| (a) <u>Deposits from customers</u> | | | | |
| - Fixed deposits | | | | |
| One year or less | 183,416,927 | 179,513,997 | 135,094,681 | 134,333,648 |
| More than one year | 895,219 | 668,679 | 152,746 | 200,157 |
| - Negotiable instruments of deposits | | | | |
| One year or less | 1,924 | - | - | - |
| More than one year | 18,204 | - | 18,204 | - |
| - Money market deposits | | | | |
| One year or less | 51,323,386 | 51,735,008 | 46,327,956 | 47,838,063 |
| - Savings deposits | 34,300,544 | 32,502,203 | 22,859,158 | 21,869,236 |
| - Demand deposits | 46,210,797 | 45,470,463 | 37,905,700 | 37,646,794 |
| - Others | 74,871 | 83,218 | 65,154 | 69,560 |
| | <u>316,241,872</u> | <u>309,973,568</u> | <u>242,423,599</u> | <u>241,957,458</u> |
| (b) <u>Deposits from banks</u> | | | | |
| - One year or less | <u>12,717,509</u> | 11,810,823 | <u>14,285,991</u> | <u>12,289,026</u> |
| (c) <u>Debt securities issued and other borrowed funds</u> | | | | |
| Borrowings (unsecured) | | | | |
| Term loan denominated in HKD | | | | |
| - More than one year | 622,600 | 631,771 | - | - |
| Term loan denominated in USD | | | | |
| - More than one year | 883,757 | 895,664 | 883,757 | 895,664 |
| Syndicated term loan denominated in USD | | | | |
| - More than one year | 1,620,330 | - | 1,620,330 | - |
| | <u>3,126,687</u> | 1,527,435 | <u>2,504,087</u> | 895,664 |
| Senior Medium Term notes denominated in RM (unsecured) | | | | |
| - More than one year | <u>2,404,487</u> | 2,405,237 | <u>2,404,487</u> | 2,405,237 |
| Subordinated notes / sukuk murabahah denominated in RM (unsecured) | | | | |
| - More than one year | <u>5,452,628</u> | 5,454,552 | <u>4,953,191</u> | 4,955,178 |
| Non-innovative Tier I stapled securities denominated in RM (unsecured) | | | | |
| - More than one year | <u>2,122,998</u> | 2,127,050 | <u>2,122,998</u> | 2,127,050 |
| | <u>13,106,800</u> | <u>11,514,274</u> | <u>11,984,763</u> | <u>10,383,129</u> |

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B10. Changes in Material Litigation

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

B11. Dividends

No dividend has been proposed for the 1st quarter ended 31 March 2017.

B12. Earnings Per Share

| | 1st Quarter Ended | | Three Months Ended | |
|--|--------------------------|------------------|---------------------------|------------------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2017 | 2016 | 2017 | 2016 |
| Net profit attributable to equity holders (RM'000) | <u>1,247,981</u> | <u>1,229,790</u> | <u>1,247,981</u> | <u>1,229,790</u> |
| Weighted average number of PBB Shares ('000) | <u>3,861,494</u> | <u>3,861,494</u> | <u>3,861,494</u> | <u>3,861,494</u> |
| Basic earnings per share (sen) | <u>32.3</u> | <u>31.8</u> | <u>32.3</u> | <u>31.8</u> |

Diluted

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