

PUBLIC BANK BERHAD
(6463 - H)
(Incorporated in Malaysia)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Note	Group		Bank	
		30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
ASSETS					
Cash and balances with banks		19,153,228	14,831,059	8,403,983	9,098,632
Reverse repurchase agreements		5,937,079	4,379,161	5,276,386	3,740,691
Financial assets held-for-trading	A8	870,304	3,102,761	30,739	1,442,617
Derivative financial assets	A27	376,787	688,086	438,980	677,630
Financial investments available-for-sale	A9	34,195,629	29,907,707	25,086,477	23,086,012
Financial investments held-to-maturity	A10	22,213,715	21,944,049	17,225,138	17,685,187
Loans, advances and financing	A11	286,633,629	271,814,471	230,478,423	219,872,074
Other assets	A12	2,915,350	3,035,964	2,582,664	3,071,000
Statutory deposits with Central Banks		8,895,780	9,514,419	6,718,358	7,455,845
Deferred tax assets		63,288	65,666	-	-
Collective investments		-	-	5,097,402	-
Investment in subsidiary companies		-	-	5,655,494	4,674,545
Investment in associated companies		18,507	190,920	20,000	121,295
Investment properties		560,973	485,175	-	-
Property and equipment		1,450,303	1,422,853	647,050	651,470
Intangible assets		2,484,895	2,375,915	695,393	695,393
TOTAL ASSETS		385,769,467	363,758,206	308,356,487	292,272,391
LIABILITIES					
Deposits from customers	A13	317,934,684	301,157,089	249,363,023	236,460,158
Deposits from banks	A14	11,665,316	9,969,521	11,586,920	10,563,090
Bills and acceptances payable		300,935	362,892	299,873	362,043
Recourse obligations on loans and financing sold to Cagamas		1,922,023	1,922,021	1,422,007	1,422,005
Derivative financial liabilities	A27	955,706	1,007,580	927,649	1,045,621
Debt securities issued and other borrowed funds	B9	12,634,386	11,666,880	11,551,171	10,565,149
Other liabilities	A15	5,251,607	4,520,303	3,414,904	3,388,373
Provision for tax expense and zakat		1,008,858	689,131	746,932	413,764
Deferred tax liabilities		195,606	155,050	169,766	107,001
TOTAL LIABILITIES		351,869,121	331,450,467	279,482,245	264,327,204

The Unaudited 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 2015.

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
EQUITY				
Share capital	3,882,138	3,882,138	3,882,138	3,882,138
Reserves	29,093,518	27,498,297	25,141,441	24,212,386
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Equity attributable to equity holders of the Bank	32,826,319	31,231,098	28,874,242	27,945,187
Non-controlling interests	1,074,027	1,076,641	-	-
TOTAL EQUITY	33,900,346	32,307,739	28,874,242	27,945,187
TOTAL LIABILITIES AND EQUITY	385,769,467	363,758,206	308,356,487	292,272,391
COMMITMENTS AND CONTINGENCIES				
	A26 105,337,882	107,533,269	96,934,767	100,614,706
CAPITAL ADEQUACY				
Before deducting interim dividends *	A29			
Common Equity Tier I Capital Ratio	10.961%	11.401%	10.887%	12.184%
Tier I Capital Ratio	11.924%	12.565%	12.035%	13.588%
Total Capital Ratio	15.206%	15.941%	14.533%	15.919%
After deducting interim dividends *				
Common Equity Tier I Capital Ratio	10.961%	10.886%	10.887%	11.549%
Tier I Capital Ratio	11.924%	12.049%	12.035%	12.953%
Total Capital Ratio	15.206%	15.425%	14.533%	15.284%
Net assets per share attributable to ordinary equity holders of the Bank (RM)	8.50	8.09	7.48	7.24

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

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PUBLIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016

Group	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Operating revenue		5,031,100	4,914,523	15,018,657	14,252,504
Interest income	A16	3,800,539	3,619,557	11,253,570	10,609,223
Interest expense	A17	(2,064,262)	(1,990,766)	(6,133,045)	(5,886,657)
Net interest income		1,736,277	1,628,791	5,120,525	4,722,566
Net income from Islamic banking business	A30b	249,056	210,981	709,661	624,243
		1,985,333	1,839,772	5,830,186	5,346,809
Fee and commission income	A18 (a)	562,905	560,247	1,694,002	1,676,735
Fee and commission expense	A18 (b)	(174,008)	(168,708)	(540,848)	(526,608)
Net fee and commission income	A18	388,897	391,539	1,153,154	1,150,127
Net gains and losses on financial instruments	A19	14,756	51,500	73,869	174,293
Other operating income	A20	78,030	188,039	338,489	377,813
Net income		2,467,016	2,470,850	7,395,698	7,049,042
Other operating expenses	A21	(814,694)	(741,112)	(2,406,010)	(2,166,136)
Operating profit		1,652,322	1,729,738	4,989,688	4,882,906
Allowance for impairment on loans, advances and financing	A22	(92,461)	(113,877)	(229,846)	(250,540)
(Allowance) / Writeback of allowance for impairment on other assets		(1,218)	(2,826)	212	(1,898)
		1,558,643	1,613,035	4,760,054	4,630,468
Share of (loss) / profit after tax of equity accounted associated companies		(401)	759	1,267	3,151
Profit before tax expense and zakat		1,558,242	1,613,794	4,761,321	4,633,619
Tax expense and zakat	B5	(305,728)	(396,829)	(993,155)	(1,019,551)
Profit for the period		1,252,514	1,216,965	3,768,166	3,614,068
Profit for the period attributable to:					
- Equity holders of the Bank		1,238,150	1,201,395	3,724,093	3,569,724
- Non-controlling interests		14,364	15,570	44,073	44,344
		1,252,514	1,216,965	3,768,166	3,614,068
Earnings per RM1.00 share:					
- basic / diluted (sen)	B12	32.1	31.1	96.4	92.4

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PUBLIC BANK BERHAD
(6463 - H)
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	1,252,514	1,216,965	3,768,166	3,614,068
Other comprehensive income / (loss):				
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of:				
- Foreign operations	200,538	848,191	(183,580)	1,227,092
- Net investment hedge	(125,406)	(589,182)	94,326	(848,900)
Revaluation reserves:				
- Net gain / (loss) on revaluation of financial investments available-for-sale	154,916	(136,061)	263,310	(29,109)
- Share of gain / (loss) of equity accounted associated companies	126	(329)	358	(134)
Hedging reserves:				
- Net change in cash flow hedges	(23,444)	65,935	(61,274)	56,670
	206,730	188,554	113,140	405,619
Income tax relating to components of other comprehensive income / (loss):				
- Revaluation reserves	(31,662)	26,670	(55,872)	1,433
- Hedging reserves	5,627	(15,825)	14,706	(13,601)
	(26,035)	10,845	(41,166)	(12,168)
Other comprehensive income for the period, net of tax	180,695	199,399	71,974	393,451
Total comprehensive income for the period	1,433,209	1,416,364	3,840,140	4,007,519
Total comprehensive income for the period attributable to:				
- Equity holders of the Bank	1,386,655	1,244,909	3,834,888	3,739,395
- Non-controlling interests	46,554	171,455	5,252	268,124
	1,433,209	1,416,364	3,840,140	4,007,519

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016

<u>Bank</u>	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Operating revenue		3,679,157	3,313,011	11,369,620	10,268,678
Interest income	A16	3,412,544	3,293,780	10,135,254	9,695,256
Interest expense	A17	(2,000,232)	(1,927,706)	(5,952,211)	(5,687,573)
Net interest income		1,412,312	1,366,074	4,183,043	4,007,683
Fee and commission income	A18 (a)	236,219	231,985	713,809	688,051
Fee and commission expense	A18 (b)	(76,434)	(69,448)	(228,946)	(218,220)
Net fee and commission income	A18	159,785	162,537	484,863	469,831
Net gains and losses on financial instruments	A19	14,897	47,443	69,847	172,267
Other operating income / (loss)	A20	14,922	(196,765)	731,660	281,789
Net income		1,601,916	1,379,289	5,469,413	4,931,570
Other operating expenses	A21	(539,210)	(488,264)	(1,597,058)	(1,452,688)
Operating profit		1,062,706	891,025	3,872,355	3,478,882
Allowance for impairment on loans, advances and financing	A22	(37,257)	(49,939)	(74,732)	(103,943)
(Allowance) / Writeback of allowance for impairment on other assets		(1,230)	(2,826)	214	(1,886)
Profit before tax expense and zakat		1,024,219	838,260	3,797,837	3,373,053
Tax expense and zakat	B5	(240,143)	(181,001)	(826,760)	(671,903)
Profit for the period		784,076	657,259	2,971,077	2,701,150

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit for the period	784,076	657,259	2,971,077	2,701,150
Other comprehensive income / (loss):				
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of foreign operations	7,462	-	(8,517)	-
Revaluation reserves:				
- Net gain / (loss) on revaluation of financial investments available-for-sale	101,836	(83,387)	197,173	699
Hedging reserves:				
- Net change in cash flow hedges	(4,248)	1,052	74,093	(12,671)
	105,050	(82,335)	262,749	(11,972)
Income tax relating to components of other comprehensive income / (loss):				
- Revaluation reserves	(24,441)	20,012	(47,322)	(195)
- Hedging reserves	1,020	(253)	(17,782)	3,041
	(23,421)	19,759	(65,104)	2,846
Other comprehensive income / (loss) for the period, net of tax	81,629	(62,576)	197,645	(9,126)
Total comprehensive income for the period	865,705	594,683	3,168,722	2,692,024

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PUBLIC BANK BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016

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

<u>Group</u>	Non-distributable			Distributable		Treasury Shares RM'000	Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000	Reserves				
At 1 January 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	-	-	-	3,724,093	-	3,724,093	44,073	3,768,166	
Other comprehensive income / (loss) for the period	-	-	110,795	-	-	110,795	(38,821) *	71,974	
Total comprehensive income for the period	-	-	110,795	3,724,093	-	3,834,888	5,252	3,840,140	
Transactions with owners / other equity movements:									
Transfer to statutory reserves	-	-	17,160	(17,160)	-	-	-	-	
Transfer to regulatory reserves	-	-	175,826	(175,826)	-	-	-	-	
Transfer from general reserves	-	-	(2,777)	2,777	-	-	-	-	
Transfer to Profit Equalisation Reserve of the Islamic banking institution	-	-	104	(104)	-	-	-	-	
Dividends paid	-	-	-	(2,239,667)	-	(2,239,667)	(7,866)	(2,247,533)	
	-	-	190,313	(2,429,980)	-	(2,239,667)	(7,866)	(2,247,533)	
At 30 September 2016	3,882,138	5,535,515	8,001,573	15,556,430	(149,337)	32,826,319	1,074,027	33,900,346	

* 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 3RD QUARTER ENDED 30 SEPTEMBER 2016

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

<u>Group</u>	Non-distributable			Distributable		Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserves Other Reserves RM'000	Reserves Retained Profits RM'000	Treasury Shares RM'000			
At 1 January 2015	3,882,138	5,535,515	6,883,560	11,872,792	(149,337)	28,024,668	850,113	28,874,781
Profit for the period	-	-	-	3,569,724	-	3,569,724	44,344	3,614,068
Other comprehensive income for the period	-	-	169,671	-	-	169,671	223,780 *	393,451
Total comprehensive income for the period	-	-	169,671	3,569,724	-	3,739,395	268,124	4,007,519
Transactions with owners / other equity movements:								
Transfer to statutory reserves	-	-	5,543	(5,543)	-	-	-	-
Transfer to regulatory reserves	-	-	176,067	(176,067)	-	-	-	-
Transfer to general reserves	-	-	87,865	(87,865)	-	-	-	-
Transfer from Profit Equalisation Reserve of the Islamic banking institution	-	-	(44)	44	-	-	-	-
Dividends paid	-	-	-	(2,123,822)	-	(2,123,822)	(8,334)	(2,132,156)
	-	-	269,431	(2,393,253)	-	(2,123,822)	(8,334)	(2,132,156)
At 30 September 2015	<u>3,882,138</u>	<u>5,535,515</u>	<u>7,322,662</u>	<u>13,049,263</u>	<u>(149,337)</u>	<u>29,640,241</u>	<u>1,109,903</u>	<u>30,750,144</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016

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

	Non-distributable		Distributable		Treasury Shares RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	<u>Reserves</u> Other Reserves RM'000	<u>Reserves</u> Retained Profits RM'000		
<u>Bank</u>						
At 1 January 2016	3,882,138	5,535,515	6,636,542	12,040,329	(149,337)	27,945,187
Profit for the period	-	-	-	2,971,077	-	2,971,077
Other comprehensive income for the period	-	-	197,645	-	-	197,645
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>197,645</u>	<u>2,971,077</u>	<u>-</u>	<u>3,168,722</u>
Transactions with owners / other equity movements:						
Transfer to regulatory reserves	-	-	142,658	(142,658)	-	-
Transfer from general reserves	-	-	(2,777)	2,777	-	-
Dividends paid	-	-	-	(2,239,667)	-	(2,239,667)
	<u>-</u>	<u>-</u>	<u>139,881</u>	<u>(2,379,548)</u>	<u>-</u>	<u>(2,239,667)</u>
At 30 September 2016	<u>3,882,138</u>	<u>5,535,515</u>	<u>6,974,068</u>	<u>12,631,858</u>	<u>(149,337)</u>	<u>28,874,242</u>

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016

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

	Non-distributable		Distributable		Treasury Shares RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	<u>Reserves</u> Other Reserves RM'000	<u>Reserves</u> Retained Profits RM'000		
<u>Bank</u>						
At 1 January 2015	3,882,138	5,535,515	6,144,009	10,530,836	(149,337)	25,943,161
Profit for the period	-	-	-	2,701,150	-	2,701,150
Other comprehensive loss for the period	-	-	(9,126)	-	-	(9,126)
Total comprehensive (loss) / income for the period	<u>-</u>	<u>-</u>	<u>(9,126)</u>	<u>2,701,150</u>	<u>-</u>	<u>2,692,024</u>
Transactions with owners / other equity movements:						
Transfer to regulatory reserves	-	-	151,840	(151,840)	-	-
Dividends paid	-	-	-	(2,123,822)	-	(2,123,822)
	<u>-</u>	<u>-</u>	<u>151,840</u>	<u>(2,275,662)</u>	<u>-</u>	<u>(2,123,822)</u>
At 30 September 2015	<u>3,882,138</u>	<u>5,535,515</u>	<u>6,286,723</u>	<u>10,956,324</u>	<u>(149,337)</u>	<u>26,511,363</u>

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PUBLIC BANK BERHAD
(6463 - H)
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016

	Group		Bank	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Cash Flows from Operating Activities				
Profit before tax expense and zakat	4,761,321	4,633,619	3,797,837	3,373,053
Adjustments for non-cash items:				
Share of profit after tax of equity accounted associated companies	(1,267)	(3,151)	-	-
Allowance for impaired loans and financing	387,989	420,061	151,986	193,682
Depreciation of property and equipment	149,277	132,553	118,020	104,602
Net gain on financial instruments	(31,923)	(28,363)	(28,788)	(26,931)
Dividend income	(23,211)	(135,766)	(409,512)	(689,305)
Transfer to profit equalisation reserves	73	23	-	-
Impairment (written back) / loss	(212)	1,898	(214)	1,886
Other non-cash items	745	(7,444)	361	(798)
Operating profit before working capital changes	<u>5,242,792</u>	<u>5,013,430</u>	<u>3,629,690</u>	<u>2,956,189</u>
Changes in working capital:				
Increase in operating assets	(13,510,344)	(13,265,365)	(9,414,278)	(6,929,988)
Increase in operating liabilities	<u>17,546,285</u>	<u>12,963,150</u>	<u>14,026,243</u>	<u>4,070,542</u>
Cash generated from operations	9,278,733	4,711,215	8,241,655	96,743
Tax expense and zakat paid	<u>(672,808)</u>	<u>(896,830)</u>	<u>(495,932)</u>	<u>(704,464)</u>
Net cash generated from / (used in) operating activities	<u>8,605,925</u>	<u>3,814,385</u>	<u>7,745,723</u>	<u>(607,721)</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	(185,992)	(302,191)	(114,091)	(84,790)
Addition to investment properties	(85,137)	-	-	-
Proceeds from disposal of properties	7,537	12,509	7,486	12,044
Net (purchase) / sale of financial investments	(4,075,085)	(3,232,822)	(3,227,373)	328,556
Investment in collective investments	-	-	(3,169,787)	-
Additional investment in a subsidiary company	-	-	(879,654)	(175,000)
Acquisition of Public Bank Vietnam Limited, net of cash acquired	531,529	-	-	-
Dividends received	<u>23,211</u>	<u>135,766</u>	<u>420,741</u>	<u>934,492</u>
Net cash (used in) / generated from investing activities	<u>(3,783,937)</u>	<u>(3,386,738)</u>	<u>(6,962,678)</u>	<u>1,015,302</u>

The Unaudited 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 2015.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016

	Group		Bank	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Cash Flows from Financing Activities				
Dividends paid	(2,247,533)	(2,132,156)	(2,239,667)	(2,123,822)
Net drawdown of borrowings	829,851	1,808	827,953	-
Net proceeds from issuance of debt securities	999,500	-	999,500	-
Redemption of debt securities	(806,600)	-	(806,600)	-
Net cash used in financing activities	<u>(1,224,782)</u>	<u>(2,130,348)</u>	<u>(1,218,814)</u>	<u>(2,123,822)</u>
Net change in cash and cash equivalents	3,597,206	(1,702,701)	(435,769)	(1,716,241)
Cash and cash equivalents at beginning of the year	13,643,592	13,877,375	8,626,752	8,974,149
Exchange differences on translation of opening balances	<u>(127,748)</u>	<u>718,316</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the period	<u><u>17,113,050</u></u>	<u><u>12,892,990</u></u>	<u><u>8,190,983</u></u>	<u><u>7,257,908</u></u>
Note:				
Cash and balances with banks	19,153,228	15,147,586	8,403,983	8,712,983
Less: Balances with banks with maturity more than one month	<u>(2,040,178)</u>	<u>(2,254,596)</u>	<u>(213,000)</u>	<u>(1,455,075)</u>
Cash and cash equivalents at end of the period	<u><u>17,113,050</u></u>	<u><u>12,892,990</u></u>	<u><u>8,190,983</u></u>	<u><u>7,257,908</u></u>

The Unaudited 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 2015.

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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 3rd quarter and nine months ended 30 September 2016 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 2015. 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 2015.

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 year ended 31 December 2015, except for the adoption of the following Amendments to MFRS during the current financial period:

Effective for annual periods commencing on or after 1 January 2016

- Disclosure Initiative (Amendments to MFRS 101)

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

Amended Bank Negara Malaysia ("BNM")'s Policy Document on Financial Reporting for Islamic Banking Institutions

On 5 February 2016, BNM amended the Policy Document on Financial Reporting for Islamic Banking Institutions ("Amended Policy Document") to include requirements on the presentation and disclosure of investment account other than those which are reported as Islamic deposits, with immediate effect.

The Group is not affected by the requirements of the Amended Policy Document as the Group's investment accounts are classified as Islamic deposits in line with the transitional requirements under the BNM Policy Document on Transition policy under Islamic Financial Services Act 2013. The adoption of this requirement did not have any financial impact on the financial statements of the Group.

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A1. Basis of Preparation (continued)

The following MFRSs and Amendments to MFRSs 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 2017

- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)
- Disclosure Initiative (Amendments to MFRS 107)

Effective for annual periods commencing on or after 1 January 2018

- MFRS 15 Revenue from Contracts with Customers
- Clarifications to MFRS 15 Revenue from Contracts with Customers
- MFRS 9 Financial Instruments (2014)
- Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16 Leases

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)

The amendments to MFRS 112 clarify the accounting treatment of deferred tax assets for unrealised losses on fixed-rate debt instruments measured at fair value. The adoption of these amendments is not expected to have any financial impact on the Group and the Bank.

Disclosure Initiative (Amendments to MFRS 107)

The amendments to MFRS 107 require entity to provide disclosures on changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The adoption of these amendments is not expected to have any financial impact on the Group and the Bank as it only affects disclosures.

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.

Clarifications to MFRS 15 Revenue from Contracts with Customers

The amendments provide clarifications on how certain principles should be applied in identifying performance obligations, determining whether an entity is a principal or an agent and accounting for licenses of intellectual property. The amendments also added two practical expedients to reduce the effort and cost of transition to MFRS 15. As the amendments only provide clarifications and do not change the underlying principle of MFRS 15, no material impact is expected on the financial statements of the Group and of the Bank upon the adoption of the amendments.

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A1. Basis of Preparation (continued)

MFRS 9 Financial Instruments (2014)

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

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

Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

The amendments provide guidance on how to account for the following situations:

- The effects of vesting and non-vesting conditions on the measurement of a cash-settled share-based payments;
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment transaction that changes the classification of the transaction from cash-settled to equity-settled.

As the Group and the Bank currently do not have any share-based payment transactions, the adoption of these amendments is not expected to have any financial impact on the Group and the Bank.

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.

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A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2015 was not qualified.

A3. Comments about Seasonal or Cyclical Factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the 3rd quarter and nine months ended 30 September 2016.

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 3rd quarter and nine months ended 30 September 2016.

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 3rd quarter and nine months ended 30 September 2016.

A6. Debt and Equity Securities

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

(a) RM5.0 Billion Senior Medium Term Notes Programme ("Senior MTNs Programme")

On 26 February 2016, the Bank issued RM1,000 million in nominal value of Senior Medium Term Notes under its Senior MTNs Programme. The Notes bear interest at 4.22% per annum payable semi-annually and are due on 26 February 2021.

(b) USD200.0 Million Innovative Tier I Capital Securities

On 22 August 2016, the Bank had early redeemed its USD200 million Innovative Tier I Capital Securities which is due on 22 August 2036.

(c) USD200.0 Million 3-Year Unsecured Term Loan

On 14 September 2016, the Bank had entered into a USD200 million 3-Year Unsecured Term Loan Facility. The USD200 million term loan was drawdown on 22 September 2016.

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A6. Debt and Equity Securities (continued)

(d) Upsize of Senior MTNs Programme

On 28 September 2016, the Bank had increased the programme limit of the Senior MTNs Programme from the current limit of up to RM5.0 billion in nominal value to up to RM20.0 billion in nominal value. In addition, the Bank had changed the tenure of the Senior MTNs Programme from (20) twenty years to (30) thirty years.

A7. Dividends Paid and Distributed

During the nine months ended 30 September 2016 :-

- a) A second interim dividend of 32% in respect of the financial year ended 31 December 2015, amounting to RM1,235,678,094 was paid on 1 March 2016.
- b) A first interim dividend of 26% in respect of the financial year ending 31 December 2016, amounting to RM1,003,988,451 was paid on 22 August 2016.

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A8. Financial Assets Held-for-trading

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Securities	-	10,251	-	10,251
Malaysian Government Investment Issues	61,818	10,051	30,739	10,051
	61,818	20,302	30,739	20,302
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	748,531	1,739,611	-	151,231
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	-	231,822	-	231,822
- Unquoted private debt securities	59,955	1,111,026	-	1,039,262
	59,955	1,342,848	-	1,271,084
Total financial assets held-for-trading	870,304	3,102,761	30,739	1,442,617

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A9. Financial Investments Available-for-sale

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
At fair value				
Government securities and treasury bills:				
Malaysian Government Treasury Bills	-	58,468	-	-
Malaysian Government Securities	4,590,483	4,536,150	4,433,875	4,457,423
Malaysian Government Investment Issues	12,668,602	10,914,900	6,845,550	6,125,360
Other foreign government securities	130,752	-	-	-
	<u>17,389,837</u>	<u>15,509,518</u>	<u>11,279,425</u>	<u>10,582,783</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	11,692,914	9,105,939	10,971,321	7,820,028
Bankers' acceptances and Islamic accepted bills	617,195	-	617,195	-
	<u>12,310,109</u>	<u>9,105,939</u>	<u>11,588,516</u>	<u>7,820,028</u>
Non-money market instruments:				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	3,103	3,730	-	-
- Unquoted shares #	117,678	118,935	112,927	114,052
Debt securities:				
- Cagamas bonds	342,737	100,482	342,737	100,482
- Unquoted private debt securities	4,019,681	1,997,922	1,762,872	1,522,939
Unit trust funds	12,484	3,071,181	-	2,945,728
	<u>4,495,683</u>	<u>5,292,250</u>	<u>2,218,536</u>	<u>4,683,201</u>
Total financial investments available-for-sale	<u>34,195,629</u>	<u>29,907,707</u>	<u>25,086,477</u>	<u>23,086,012</u>

Stated at cost, net of impairment loss.

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A10. Financial Investments Held-to-maturity

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
At amortised cost				
Government securities and treasury bills:				
Malaysian Government Securities	1,938,159	2,051,435	1,907,798	2,021,357
Malaysian Government Investment Issues	12,321,129	12,334,574	9,795,175	10,103,680
Foreign Government Treasury Bills	873,635	909,721	34,402	65,029
Other foreign government securities	390,626	135,131	8	-
	<u>15,523,549</u>	<u>15,430,861</u>	<u>11,737,383</u>	<u>12,190,066</u>
Money market instruments:				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,494,070</u>	<u>1,561,205</u>	<u>1,693,816</u>	<u>1,647,165</u>
Non-money market instruments:				
Debt securities:				
- Cagamas bonds	1,377,327	1,403,795	1,377,327	1,363,718
- Unquoted private debt securities	3,818,811	3,548,234	2,416,654	2,484,284
	<u>5,196,138</u>	<u>4,952,029</u>	<u>3,793,981</u>	<u>3,848,002</u>
Accumulated impairment losses	(42)	(46)	(42)	(46)
Total financial investments held-to-maturity	<u>22,213,715</u>	<u>21,944,049</u>	<u>17,225,138</u>	<u>17,685,187</u>

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A11. Loans, Advances and Financing

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
At amortised cost				
Overdrafts	11,487,974	11,362,905	8,818,618	8,722,898
Term loans				
- Housing loans / financing	93,085,753	87,035,603	76,968,618	73,102,157
- Syndicated term loans / financing	3,259,512	2,724,983	1,269,922	1,229,554
- Hire purchase receivables	52,378,691	52,156,547	38,079,168	37,937,879
- Other term loans / financing	112,239,465	106,600,011	91,776,339	86,838,382
Credit card receivables	1,782,904	1,781,170	1,758,467	1,759,828
Bills receivables	193,120	182,187	164,587	143,843
Trust receipts	278,515	292,013	212,447	239,365
Claims on customers under acceptance credits	3,890,689	3,840,427	3,665,886	3,668,244
Revolving credits	7,879,574	5,806,945	7,163,889	5,724,545
Staff loans *	1,787,403	1,664,264	1,615,709	1,542,055
Gross loans, advances and financing	<u>288,263,600</u>	<u>273,447,055</u>	<u>231,493,650</u>	<u>220,908,750</u>
Allowance for impaired loans and financing:				
- collective assessment allowance	(1,508,312)	(1,510,637)	(986,271)	(1,001,839)
- individual assessment allowance	(121,659)	(121,947)	(28,956)	(34,837)
Net loans, advances and financing	<u>286,633,629</u>	<u>271,814,471</u>	<u>230,478,423</u>	<u>219,872,074</u>

* Included in staff loans of the Group and of the Bank are loans to Directors of subsidiary companies amounting to RM6,050,000 (2015: RM3,323,000) and RM5,617,000 (2015 - RM3,050,000) respectively.

A11a. By class

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Retail loans / financing *				
- Housing loans / financing	93,085,753	87,035,603	76,968,618	73,102,157
- Hire purchase	52,378,691	52,156,547	38,079,168	37,937,879
- Credit cards	1,782,904	1,781,170	1,758,467	1,759,828
- Other loans / financing ^	98,855,188	93,544,319	80,554,575	77,651,094
	<u>246,102,536</u>	<u>234,517,639</u>	<u>197,360,828</u>	<u>190,450,958</u>
Corporate loans / financing	42,161,064	38,929,416	34,132,822	30,457,792
	<u>288,263,600</u>	<u>273,447,055</u>	<u>231,493,650</u>	<u>220,908,750</u>

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

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

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A11. Loans, Advances and Financing (continued)

A11b. By type of customer

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Non-bank financial institutions				
- Stock-broking companies	6,939	7,123	6,939	7,123
- Others	7,694,227	6,541,865	7,465,030	6,310,900
Business enterprises				
- Small and medium enterprises	69,518,843	63,968,815	59,458,692	55,447,812
- Others	25,321,551	25,486,515	19,231,423	19,146,647
Government and statutory bodies	1,332,637	1,331,532	3,524	15,094
Individuals	181,417,961	173,258,223	142,510,583	137,114,817
Other entities	40,054	42,614	35,345	39,222
Foreign entities	2,931,388	2,810,368	2,782,114	2,827,135
	<u>288,263,600</u>	<u>273,447,055</u>	<u>231,493,650</u>	<u>220,908,750</u>

A11c. By interest / profit rate sensitivity

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Fixed rate				
- Housing loans / financing	572,346	633,185	30,163	55,899
- Hire purchase receivables	49,940,376	50,178,152	37,776,977	37,921,383
- Other fixed rate loans / financing	18,478,038	18,006,696	8,337,214	8,164,456
Variable rate				
- Base rate / base lending rate plus	175,809,138	164,560,568	156,543,998	149,341,274
- Cost plus	28,516,691	24,842,983	27,312,457	23,978,637
- Other variable rates	14,947,011	15,225,471	1,492,841	1,447,101
	<u>288,263,600</u>	<u>273,447,055</u>	<u>231,493,650</u>	<u>220,908,750</u>

A11d. By residual contractual maturity

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Maturity within one year	30,549,067	30,141,088	23,595,455	23,225,806
More than one year to three years	25,688,421	23,815,757	20,834,759	19,020,655
More than three years to five years	27,586,359	26,592,749	22,111,001	21,139,374
More than five years	204,439,753	192,897,461	164,952,435	157,522,915
	<u>288,263,600</u>	<u>273,447,055</u>	<u>231,493,650</u>	<u>220,908,750</u>

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A11. Loans, Advances and Financing (continued)

A11e. By geographical distribution

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Malaysia	266,577,936	251,801,712	230,411,639	219,842,909
Hong Kong SAR and the People's Republic of China	15,362,807	16,466,441	-	-
Cambodia	3,988,256	4,113,061	-	-
Other countries	2,334,601	1,065,841	1,082,011	1,065,841
	288,263,600	273,447,055	231,493,650	220,908,750

A11f. Gross loans, advances and financing by economic purpose

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Purchase of securities	1,946,302	2,492,916	1,690,907	1,992,194
Purchase of transport vehicles	52,645,762	52,423,648	38,348,402	38,209,237
Purchase of landed properties	170,606,258	159,650,206	143,981,472	136,502,609
(of which: - residential	96,068,286	89,521,816	79,648,836	75,419,517
- non-residential)	74,537,972	70,128,390	64,332,636	61,083,092
Purchase of fixed assets (excluding landed properties)	583,462	209,714	234,172	170,570
Personal use	11,329,349	10,576,971	6,054,253	5,428,772
Credit card	1,782,904	1,781,170	1,758,467	1,759,828
Purchase of consumer durables	1,897	2,079	108	138
Construction	6,416,228	5,345,580	5,513,468	4,541,667
Mergers and acquisitions	145,125	154,871	145,125	154,871
Working capital	37,744,893	36,786,331	28,799,088	28,215,858
Other purpose	5,061,420	4,023,569	4,968,188	3,933,006
	288,263,600	273,447,055	231,493,650	220,908,750

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A11. Loans, Advances and Financing (continued)

A11g. Gross loans, advances and financing by sectors

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Agriculture, hunting, forestry and fishing	3,908,794	3,343,665	2,911,508	2,742,319
Mining and quarrying	244,015	234,265	209,383	197,928
Manufacturing	10,334,403	9,823,981	8,620,145	8,452,012
Electricity, gas and water	77,053	65,785	20,599	14,579
Construction	8,549,866	7,957,050	6,948,274	6,604,430
Wholesale & retail trade and restaurants & hotels	25,586,523	24,289,039	21,773,067	21,135,248
Transport, storage and communication	3,910,768	3,683,227	2,870,601	2,784,138
Finance, insurance and business services	16,113,672	15,307,058	14,269,741	13,499,709
Real estate	33,371,255	30,372,942	28,118,832	25,164,142
Community, social and personal services	3,450,726	3,411,590	1,901,788	1,901,892
Households	181,438,802	173,217,520	143,771,556	138,324,271
Others	1,277,723	1,740,933	78,156	88,082
	<u>288,263,600</u>	<u>273,447,055</u>	<u>231,493,650</u>	<u>220,908,750</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Bankers' acceptances rediscounted	<u>3,000</u>	<u>26,412</u>	<u>3,000</u>	<u>26,412</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
At 1 January	1,351,816	1,488,699	1,002,520	1,153,829
Impaired during the period / year	2,196,938	2,811,865	1,501,511	1,968,543
Reclassified as non-impaired	(1,357,832)	(1,958,288)	(1,009,177)	(1,511,772)
Recoveries	(314,167)	(378,690)	(234,744)	(306,295)
Amount written off	(398,924)	(608,655)	(172,214)	(275,487)
Amount arising from acquisition of Public Bank Vietnam Limited (formerly known as VID Public Bank)	26,855	-	-	-
Loans converted to foreclosed properties / investments	(12,540)	(28,356)	(12,078)	(28,085)
Exchange differences	(3,987)	25,241	(866)	1,787
Closing balance	<u>1,488,159</u>	<u>1,351,816</u>	<u>1,074,952</u>	<u>1,002,520</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>0.52%</u>	<u>0.49%</u>	<u>0.46%</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	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Malaysia	1,205,761	1,190,592	982,651	976,657
Hong Kong SAR and the People's Republic of China	123,726	104,900	-	-
Cambodia	35,673	30,461	-	-
Other countries	122,999	25,863	92,301	25,863
	<u>1,488,159</u>	<u>1,351,816</u>	<u>1,074,952</u>	<u>1,002,520</u>

A11k. Impaired loans, advances and financing by economic purpose

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Purchase of securities	3,840	4,029	3,840	3,802
Purchase of transport vehicles	331,048	358,329	230,398	252,158
Purchase of landed properties	690,927	599,821	545,400	495,514
(of which: - residential	523,965	445,406	398,202	361,760
- non-residential)	166,962	154,415	147,198	133,754
Purchase of fixed assets (excluding landed properties)	8,696	523	42	143
Personal use	137,664	138,792	48,677	44,645
Credit card	22,786	23,694	22,712	23,596
Purchase of consumer durables	-	57	-	-
Construction	25,752	13,418	15,329	10,145
Working capital	253,869	198,036	194,990	157,419
Other purpose	13,577	15,117	13,564	15,098
	<u>1,488,159</u>	<u>1,351,816</u>	<u>1,074,952</u>	<u>1,002,520</u>

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A11. Loans, Advances and Financing (continued)

A11i. Impaired loans, advances and financing by sectors

	Group		Bank	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	38,504	23,253	26,449	14,162
Mining and quarrying	772	2,373	734	868
Manufacturing	53,219	66,978	41,384	57,944
Electricity, gas and water	2,249	2,243	-	-
Construction	63,675	56,912	50,922	52,356
Wholesale & retail trade and restaurants & hotels	118,081	116,720	87,604	107,264
Transport, storage and communication	30,075	42,425	27,095	39,410
Finance, insurance and business services	78,249	23,000	68,472	16,252
Real estate	45,905	41,053	33,291	32,514
Community, social and personal services	7,950	4,542	7,785	3,976
Households	1,047,419	966,807	731,091	677,449
Others	2,061	5,510	125	325
	<u>1,488,159</u>	<u>1,351,816</u>	<u>1,074,952</u>	<u>1,002,520</u>

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

	Group		Bank	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<u>Collective Assessment Allowance</u>				
At 1 January	1,510,637	1,682,128	1,001,839	1,143,525
Allowance made during the period / year	225,903	169,085	151,836	112,486
Amount written off	(234,125)	(351,911)	(166,822)	(256,499)
Amount arising from acquisition of Public Bank Vietnam Limited (formerly known as VID Public Bank)	7,742	-	-	-
Exchange differences	(1,845)	11,335	(582)	2,327
Closing balance	<u>1,508,312</u>	<u>1,510,637</u>	<u>986,271</u>	<u>1,001,839</u>

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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	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<u>Individual Assessment Allowance</u>				
At 1 January	121,947	140,086	34,837	62,467
Allowance made during the period / year	180,363	228,695	15,929	14,528
Amount written back in respect of recoveries	(18,277)	(27,093)	(15,779)	(21,558)
Amount written off	(164,799)	(256,744)	(5,392)	(18,988)
Amount transferred to allowance for impairment loss on foreclosed properties	(639)	(1,612)	(639)	(1,612)
Amount arising from acquisition of Public Bank Vietnam Limited (formerly known as VID Public Bank)	3,372	-	-	-
Exchange differences	(308)	38,615	-	-
Closing balance	<u>121,659</u>	<u>121,947</u>	<u>28,956</u>	<u>34,837</u>

A12. Other Assets

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Deferred handling fees	259,873	268,842	190,194	197,446
Interest / Income receivable	54,248	30,415	21,569	18,955
Other receivables, deposits and prepayments	1,648,389	2,030,648	1,492,763	1,942,399
Employee benefits	257,727	286,646	253,889	282,375
Amount due from trust funds	398,697	151,408	-	-
Foreclosed properties	75,097	68,467	74,232	67,961
Outstanding contracts on clients' accounts	221,319	199,538	-	-
Amount due from subsidiary companies	-	-	38,013	38,632
Dividend receivable from collective investments	-	-	26,704	-
Dividend receivable from subsidiary companies	-	-	485,300	523,232
	<u>2,915,350</u>	<u>3,035,964</u>	<u>2,582,664</u>	<u>3,071,000</u>

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A13. Deposits from Customers

a) By type of deposit

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
At amortised cost				
Core deposits:				
- Demand deposits	44,096,327	43,015,925	37,330,811	36,411,051
- Savings deposits	31,320,898	29,940,233	21,252,958	20,212,244
- Fixed deposits	180,338,173	172,215,278	136,938,676	130,256,890
	<u>255,755,398</u>	<u>245,171,436</u>	<u>195,522,445</u>	<u>186,880,185</u>
Wholesale deposits:				
- Negotiable instruments of deposit	-	974,136	-	-
- Money market deposits	62,078,670	54,936,458	53,752,963	49,510,402
	<u>62,078,670</u>	<u>55,910,594</u>	<u>53,752,963</u>	<u>49,510,402</u>
Other deposits	100,616	75,059	87,615	69,571
	<u>317,934,684</u>	<u>301,157,089</u>	<u>249,363,023</u>	<u>236,460,158</u>

b) By type of customer

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Federal and state governments	8,985,654	5,357,331	1,091,022	970,422
Local government and statutory authorities	3,104,387	2,703,935	2,251,660	1,710,675
Business enterprises	86,560,959	90,188,769	70,250,609	72,367,534
Individuals	154,676,786	145,521,045	127,727,562	119,562,656
Foreign customers	7,417,941	4,736,774	5,351,124	3,863,101
Others	57,188,957	52,649,235	42,691,046	37,985,770
	<u>317,934,684</u>	<u>301,157,089</u>	<u>249,363,023</u>	<u>236,460,158</u>

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A13. Deposits from Customers (continued)

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Due within six months	221,150,866	203,507,697	172,208,231	159,442,404
More than six months to one year	20,699,701	24,465,822	18,216,741	20,184,202
More than one year to three years	561,145	149,236	262,390	138,383
More than three years to five years	5,131	3,117	4,277	2,303
	<u>242,416,843</u>	<u>228,125,872</u>	<u>190,691,639</u>	<u>179,767,292</u>

A14. Deposits from Banks

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
At amortised cost				
Licensed banks	5,587,077	5,502,133	3,809,593	4,095,605
Licensed Islamic banks	149,741	-	-	-
Licensed investment banks	431,639	234,244	361,286	301,233
Bank Negara Malaysia	522,237	460,948	509,715	452,951
Other financial institutions	4,974,622	3,772,196	6,906,326	5,713,301
	<u>11,665,316</u>	<u>9,969,521</u>	<u>11,586,920</u>	<u>10,563,090</u>

A15. Other Liabilities

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Interest / Income payable	2,007,838	1,745,060	1,678,231	1,475,213
Other payables and accruals	2,323,526	2,333,802	1,662,861	1,820,562
Amount due to trust funds	220,837	43,652	-	-
Unprocessed sales and / or redemptions	113,685	102,538	-	-
Profit Equalisation Reserve of the investment account holder	115	53	-	-
Finance lease liabilities	51,400	88,643	51,400	88,643
Outstanding contracts on clients' accounts	531,221	184,442	-	-
Dividend payable to shareholders	2,985	22,113	2,985	937
Amount due to subsidiary companies	-	-	19,427	3,018
	<u>5,251,607</u>	<u>4,520,303</u>	<u>3,414,904</u>	<u>3,388,373</u>

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A16. Interest Income

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>Group</u>				
Loans and advances	3,218,631	3,052,523	9,546,896	8,864,715
Balances with banks	118,960	146,125	328,650	401,012
Financial investments available-for-sale	235,052	121,544	683,996	321,230
Financial investments held-to-maturity	182,922	184,695	542,464	548,053
Others	34,122	35,304	104,399	104,304
	<u>3,789,687</u>	<u>3,540,191</u>	<u>11,206,405</u>	<u>10,239,314</u>
Financial assets held-for-trading	10,852	79,366	47,165	369,909
	<u>3,800,539</u>	<u>3,619,557</u>	<u>11,253,570</u>	<u>10,609,223</u>

Of which:

Interest income earned on impaired loans
and advances

<u>15,251</u>	<u>14,472</u>	<u>42,217</u>	<u>42,892</u>
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	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>Bank</u>				
Loans and advances	2,910,746	2,765,848	8,642,265	8,081,317
Balances with banks	91,509	137,155	266,858	369,346
Financial investments available-for-sale	202,109	109,632	584,658	294,331
Financial investments held-to-maturity	169,058	173,895	507,430	516,191
Others	33,962	35,305	104,147	104,301
	<u>3,407,384</u>	<u>3,221,835</u>	<u>10,105,358</u>	<u>9,365,486</u>
Financial assets held-for-trading	5,160	71,945	29,896	329,770
	<u>3,412,544</u>	<u>3,293,780</u>	<u>10,135,254</u>	<u>9,695,256</u>

Of which:

Interest income earned on impaired loans
and advances

<u>13,796</u>	<u>13,891</u>	<u>38,911</u>	<u>40,958</u>
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A17. Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Group				
Deposits from banks	106,852	112,654	327,833	328,510
Deposits from customers	1,810,072	1,731,490	5,362,078	5,131,418
Loans sold to Cagamas	14,478	14,517	43,172	43,078
Debt securities issued and other borrowed funds	131,849	124,337	395,455	370,156
Others	1,011	7,768	4,507	13,495
	<u>2,064,262</u>	<u>1,990,766</u>	<u>6,133,045</u>	<u>5,886,657</u>

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Bank				
Deposits from banks	103,485	106,094	311,376	301,510
Deposits from customers	1,752,857	1,678,393	5,208,049	4,968,710
Loans sold to Cagamas	14,478	14,517	43,172	43,078
Debt securities issued and other borrowed funds	128,505	121,037	385,528	361,134
Others	907	7,665	4,086	13,141
	<u>2,000,232</u>	<u>1,927,706</u>	<u>5,952,211</u>	<u>5,687,573</u>

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A18. Net Fee and Commission Income

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>Group</u>				
(a) Fee and commission income:				
Commissions	120,539	105,988	360,839	324,185
Service charges and fees	85,130	87,882	248,013	246,425
Guarantee fees	8,345	10,290	28,314	29,941
Processing fees	5,549	8,186	15,430	21,264
Commitment fees	20,810	24,421	64,944	66,162
Unit trust management fees	223,675	209,264	646,873	629,133
Fee on sale of trust units	68,144	80,191	227,051	239,695
Brokerage and commissions from stockbroking activities	17,941	21,776	58,784	69,694
Other fee and commission income	12,772	12,249	43,754	50,236
	<u>562,905</u>	<u>560,247</u>	<u>1,694,002</u>	<u>1,676,735</u>
(b) Fee and commission expense:				
Unit trust agency fee	(92,911)	(94,284)	(297,050)	(293,546)
Debit / credit card related fee	(71,526)	(63,394)	(214,560)	(202,588)
Loan related fee	(4,224)	(5,533)	(12,450)	(14,618)
Other fee and commission expense	(5,347)	(5,497)	(16,788)	(15,856)
	<u>(174,008)</u>	<u>(168,708)</u>	<u>(540,848)</u>	<u>(526,608)</u>
Net fee and commission income	<u>388,897</u>	<u>391,539</u>	<u>1,153,154</u>	<u>1,150,127</u>
	3rd Quarter Ended	3rd Quarter Ended	Nine Months Ended	Nine Months Ended
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>Bank</u>				
(a) Fee and commission income:				
Commissions	134,922	127,828	404,949	371,096
Service charges and fees	61,988	57,616	181,163	174,764
Guarantee fees	7,636	9,753	26,261	28,238
Processing fees	2,158	3,872	5,851	9,839
Commitment fees	19,362	23,016	60,752	62,236
Other fee and commission income	10,153	9,900	34,833	41,878
	<u>236,219</u>	<u>231,985</u>	<u>713,809</u>	<u>688,051</u>
(b) Fee and commission expense:				
Debit / credit card related fee	(69,387)	(61,636)	(207,618)	(197,346)
Loan related fee	(3,001)	(4,184)	(8,612)	(10,841)
Other fee and commission expense	(4,046)	(3,628)	(12,716)	(10,033)
	<u>(76,434)</u>	<u>(69,448)</u>	<u>(228,946)</u>	<u>(218,220)</u>
Net fee and commission income	<u>159,785</u>	<u>162,537</u>	<u>484,863</u>	<u>469,831</u>

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A19. Net Gains and Losses on Financial Instruments

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Group				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	6,745	1,182	18,735	10,164
- unrealised revaluation (loss) / gain	<u>(1,191)</u>	<u>(1,346)</u>	<u>445</u>	<u>(889)</u>
	<u>5,554</u>	<u>(164)</u>	<u>19,180</u>	<u>9,275</u>
Net (loss) / gain arising on trading derivatives				
- unrealised revaluation (loss) / gain	<u>(188)</u>	<u>2,663</u>	<u>795</u>	<u>(86)</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	7,829	3,747	38,171	24,109
- gross dividend income	4,051	42,536	23,211	135,766
	<u>11,880</u>	<u>46,283</u>	<u>61,382</u>	<u>159,875</u>
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	1,470	2,233	5,059	4,008
- cash flow hedge	<u>(3,960)</u>	<u>485</u>	<u>(12,547)</u>	<u>1,221</u>
	<u>(2,490)</u>	<u>2,718</u>	<u>(7,488)</u>	<u>5,229</u>
Net gains and losses on financial instruments	<u>14,756</u>	<u>51,500</u>	<u>73,869</u>	<u>174,293</u>

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>Bank</u>				
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	6,741	1,169	18,724	10,141
- unrealised revaluation (loss) / gain	(1,334)	(1,314)	207	(962)
	5,407	(145)	18,931	9,179
Net (loss) / gain arising on trading derivatives				
- unrealised revaluation (loss) / gain	(4)	6	(1)	5
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	7,829	3,475	35,575	22,738
- gross dividend income	3,848	42,514	22,335	135,195
	11,677	45,989	57,910	157,933
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	1,777	1,108	5,554	3,929
- cash flow hedge	(3,960)	485	(12,547)	1,221
	(2,183)	1,593	(6,993)	5,150
Net gains and losses on financial instruments	14,897	47,443	69,847	172,267

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A20. Other Operating Income / (Loss)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Group				
Other income:				
Foreign exchange profit	49,493	167,283	242,396	317,996
Rental income from:				
- investment properties	3,362	2,331	9,702	6,149
- other properties	3,439	4,125	10,219	12,569
Net gain on disposal of property and equipment	358	269	505	954
Net gain on disposal of foreclosed properties	170	396	973	1,462
Net gain / (loss) on revaluation of investment properties	-	275	(231)	6,843
Others	21,208	13,360	74,925	31,840
Total other operating income	<u>78,030</u>	<u>188,039</u>	<u>338,489</u>	<u>377,813</u>
	3rd Quarter Ended	30 September	Nine Months Ended	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Bank				
Gross dividend income from:				
- collective investments	41,922	-	108,311	-
- subsidiary companies				
- quoted outside Malaysia	-	-	20,866	19,556
- unquoted in Malaysia	-	60,065	258,000	534,554
	<u>41,922</u>	<u>60,065</u>	<u>387,177</u>	<u>554,110</u>
Other income:				
Foreign exchange (loss) / profit	(48,948)	(269,370)	291,583	(305,610)
Rental income from other properties	3,401	3,272	9,947	9,596
Net gain on disposal of property and equipment	364	267	466	959
Net gain on disposal of foreclosed properties	170	396	973	1,462
Others	18,013	8,605	41,514	21,272
	<u>(27,000)</u>	<u>(256,830)</u>	<u>344,483</u>	<u>(272,321)</u>
Total other operating income / (loss)	<u>14,922</u>	<u>(196,765)</u>	<u>731,660</u>	<u>281,789</u>

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A21. Other Operating Expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Personnel costs				
- Salaries, allowances and bonuses	464,143	423,723	1,382,258	1,271,437
- Pension costs	61,403	56,392	183,816	169,267
- Others	47,119	38,343	126,122	105,333
	572,665	518,458	1,692,196	1,546,037
Establishment costs				
- Depreciation	51,130	45,736	149,277	132,553
- Rental	31,999	27,604	89,396	79,604
- Insurance	5,078	4,658	15,461	15,055
- Water and electricity	13,154	13,684	39,660	38,674
- General repairs and maintenance	22,751	20,980	68,410	57,895
- Information technology expenses	11,149	10,714	32,900	29,742
- Others	15,920	14,531	45,429	39,652
	151,181	137,907	440,533	393,175
Marketing expenses				
- Advertisement and publicity	14,780	15,434	43,614	40,857
- Others	16,584	16,057	46,811	45,097
	31,364	31,491	90,425	85,954
Administration and general expenses				
- Communication expenses	11,475	9,347	37,675	23,733
- Legal and professional fees	12,683	13,314	38,927	35,467
- Others	35,326	30,595	106,254	81,770
	59,484	53,256	182,856	140,970
Total other operating expenses	814,694	741,112	2,406,010	2,166,136

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A21. Other Operating Expenses (continued)

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Personnel costs				
- Salaries, allowances and bonuses	353,487	320,674	1,048,014	966,188
- Pension costs	53,422	49,299	160,621	148,677
- Others	39,119	32,525	104,875	89,257
	<u>446,028</u>	<u>402,498</u>	<u>1,313,510</u>	<u>1,204,122</u>
Establishment costs				
- Depreciation	40,207	35,479	118,020	104,602
- Rental	25,707	23,164	72,744	68,792
- Insurance	4,355	4,105	13,281	13,202
- Water and electricity	9,439	9,933	29,064	28,856
- General repairs and maintenance	20,400	18,629	62,354	51,106
- Information technology expenses	5,054	5,764	16,159	16,658
- Others	10,022	10,822	30,223	29,223
	<u>115,184</u>	<u>107,896</u>	<u>341,845</u>	<u>312,439</u>
Marketing expenses				
- Advertisement and publicity	5,193	6,457	19,393	15,456
- Others	13,503	10,770	35,110	31,530
	<u>18,696</u>	<u>17,227</u>	<u>54,503</u>	<u>46,986</u>
Administration and general expenses				
- Communication expenses	9,456	8,051	32,601	20,757
- Legal and professional fees	9,288	9,773	28,700	26,258
- Others	21,821	18,160	64,410	48,859
	<u>40,565</u>	<u>35,984</u>	<u>125,711</u>	<u>95,874</u>
Shared service cost charged to Public Islamic Bank Berhad	(81,263)	(75,341)	(238,511)	(206,733)
Total other operating expenses	<u>539,210</u>	<u>488,264</u>	<u>1,597,058</u>	<u>1,452,688</u>

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A22. Allowance for Impairment on Loans, Advances and Financing

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>Group</u>				
Allowance for impaired loans:				
Collective assessment allowance	93,654	110,973	225,903	279,026
Individual assessment allowance	53,553	57,636	162,086	141,035
Writeback of allowance for				
bad debts from stockbroking activities	(2)	(1)	(2)	(10)
Impaired loans and financing written off	16	62	93	141
Impaired loans and financing recovered	(54,760)	(54,793)	(158,234)	(169,652)
	92,461	113,877	229,846	250,540
	3rd Quarter Ended	30 September	30 September	Nine Months Ended
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance / (Writeback of allowance)				
for impaired loans:				
Collective assessment allowance	68,066	71,922	151,836	198,334
Individual assessment allowance	(2,068)	2,967	150	(4,652)
Impaired loans written off	16	62	93	141
Impaired loans recovered	(28,757)	(25,012)	(77,347)	(89,880)
	37,257	49,939	74,732	103,943

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A23. Segment Information

3rd Quarter Ended 30 September 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					
External revenue	677,057	2,477,780	424,305	420,522	40,877	292,117	1,517	286,894	4,621,069	410,031	-	5,031,100
Revenue from other segments	-	358,306	2,947	404,406	65	9,176	7,541	530,085	1,312,526	2,829	(1,315,355)	-
	<u>677,057</u>	<u>2,836,086</u>	<u>427,252</u>	<u>824,928</u>	<u>40,942</u>	<u>301,293</u>	<u>9,058</u>	<u>816,979</u>	<u>5,933,595</u>	<u>412,860</u>	<u>(1,315,355)</u>	<u>5,031,100</u>
Net interest income and												
Islamic banking income	197,073	1,107,947	121,907	65,266	6,747	2,793	(1,998)	207,381	1,707,116	278,217	-	1,985,333
Other income	1,508	163,297	8,914	78,029	12,907	186,945	8,986	(6,326)	454,260	44,759	(17,336)	481,683
Net income	<u>198,581</u>	<u>1,271,244</u>	<u>130,821</u>	<u>143,295</u>	<u>19,654</u>	<u>189,738</u>	<u>6,988</u>	<u>201,055</u>	<u>2,161,376</u>	<u>322,976</u>	<u>(17,336)</u>	<u>2,467,016</u>
Other operating expenses	(60,422)	(424,095)	(3,049)	(9,241)	(8,405)	(39,289)	(3,712)	(141,088)	(689,301)	(142,729)	17,336	(814,694)
(Allowance) / Writeback of												
allowance for impairment on												
loans, advances and financing	(40,105)	(18,253)	628	-	2	-	-	-	(57,728)	(34,733)	-	(92,461)
Allowance for impairment												
on other assets	-	(1,218)	-	-	-	-	-	-	(1,218)	-	-	(1,218)
Profit by segments	<u>98,054</u>	<u>827,678</u>	<u>128,400</u>	<u>134,054</u>	<u>11,251</u>	<u>150,449</u>	<u>3,276</u>	<u>59,967</u>	<u>1,413,129</u>	<u>145,514</u>	<u>-</u>	<u>1,558,643</u>
Reconciliation of segment profits												
to consolidated profits:												
Share of loss after tax												
of equity accounted associated												
companies									(401)	-		(401)
Profit before tax expense and zakat									<u>1,412,728</u>	<u>145,514</u>	<u>-</u>	<u>1,558,242</u>

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A23. Segment Information (continued)

3rd Quarter Ended 30 September 2015	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
External revenue	652,364	2,343,339	377,322	440,611	45,547	289,719	1,579	356,667	4,507,148	407,375	-	4,914,523
Revenue from other segments	-	338,727	3,152	430,336	3,561	4,400	7,522	472,432	1,260,130	1,488	(1,261,618)	-
	<u>652,364</u>	<u>2,682,066</u>	<u>380,474</u>	<u>870,947</u>	<u>49,108</u>	<u>294,119</u>	<u>9,101</u>	<u>829,099</u>	<u>5,767,278</u>	<u>408,863</u>	<u>(1,261,618)</u>	<u>4,914,523</u>
Net interest income and												
Islamic banking income	189,116	1,121,448	98,790	50,919	6,449	4,664	(2,094)	103,199	1,572,491	267,281	-	1,839,772
Other income	1,267	165,815	12,311	78,214	16,079	170,685	9,007	121,544	574,922	74,020	(17,864)	631,078
Net income	<u>190,383</u>	<u>1,287,263</u>	<u>111,101</u>	<u>129,133</u>	<u>22,528</u>	<u>175,349</u>	<u>6,913</u>	<u>224,743</u>	<u>2,147,413</u>	<u>341,301</u>	<u>(17,864)</u>	<u>2,470,850</u>
Other operating expenses	(60,196)	(394,735)	(2,913)	(7,470)	(9,603)	(41,056)	(3,757)	(112,756)	(632,486)	(126,490)	17,864	(741,112)
(Allowance) / Writeback of												
allowance for impairment on												
loans, advances and financing	(55,013)	(27,253)	(1,371)	-	327	-	-	-	(83,310)	(30,567)	-	(113,877)
Allowance for impairment												
on other assets	-	(2,826)	-	-	-	-	-	-	(2,826)	-	-	(2,826)
Profit by segments	<u>75,174</u>	<u>862,449</u>	<u>106,817</u>	<u>121,663</u>	<u>13,252</u>	<u>134,293</u>	<u>3,156</u>	<u>111,987</u>	<u>1,428,791</u>	<u>184,244</u>	<u>-</u>	<u>1,613,035</u>
Reconciliation of segment profits												
to consolidated profits:												
Share of (loss) / profit after tax												
of equity accounted associated												
companies									(1,759)	2,518		759
Profit before tax expense and zakat									<u>1,427,032</u>	<u>186,762</u>		<u>1,613,794</u>

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A23. Segment Information (continued)

	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
Nine Months Ended 30 September 2016												
External revenue	2,022,874	7,338,387	1,242,569	1,282,436	131,152	874,816	4,633	927,314	13,824,181	1,194,476	-	15,018,657
Revenue from other segments	-	1,085,951	8,961	1,388,805	709	22,955	22,623	1,700,029	4,230,033	8,264	(4,238,297)	-
	<u>2,022,874</u>	<u>8,424,338</u>	<u>1,251,530</u>	<u>2,671,241</u>	<u>131,861</u>	<u>897,771</u>	<u>27,256</u>	<u>2,627,343</u>	<u>18,054,214</u>	<u>1,202,740</u>	<u>(4,238,297)</u>	<u>15,018,657</u>
Net interest income and												
Islamic banking income	578,158	3,316,526	338,939	194,448	19,198	6,740	(6,131)	556,040	5,003,918	826,268	-	5,830,186
Other income	3,743	484,060	36,078	266,667	45,886	538,159	27,004	85,479	1,487,076	131,967	(53,531)	1,565,512
Net income	<u>581,901</u>	<u>3,800,586</u>	<u>375,017</u>	<u>461,115</u>	<u>65,084</u>	<u>544,899</u>	<u>20,873</u>	<u>641,519</u>	<u>6,490,994</u>	<u>958,235</u>	<u>(53,531)</u>	<u>7,395,698</u>
Other operating expenses (Allowance) / Writeback of allowance for impairment on loans, advances and financing	(185,990)	(1,260,552)	(9,262)	(25,322)	(28,129)	(126,305)	(10,774)	(406,735)	(2,053,069)	(406,472)	53,531	(2,406,010)
Writeback of allowance for impairment on other assets	(102,228)	(25,449)	3,459	-	1,674	-	-	-	(122,544)	(107,302)	-	(229,846)
Profit by segments	<u>-</u>	<u>212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>-</u>	<u>212</u>
	<u>293,683</u>	<u>2,514,797</u>	<u>369,214</u>	<u>435,793</u>	<u>38,629</u>	<u>418,594</u>	<u>10,099</u>	<u>234,784</u>	<u>4,315,593</u>	<u>444,461</u>	<u>-</u>	<u>4,760,054</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(1,186)	2,453		1,267
Profit before tax expense and zakat									<u>4,314,407</u>	<u>446,914</u>		<u>4,761,321</u>
Cost income ratio	32.0%	33.2%	2.5%	5.5%	43.2%	23.2%	51.6%	63.4%	31.6%	42.4%		32.5%

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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						
Nine Months Ended 30 September 2016													
Gross loans, advances and financing	50,168,557	179,593,707	36,327,110	-	409,719	76,679	2,164	-	266,577,936	21,685,664			288,263,600
Loan growth	0.1%	6.3%	12.4%	-	4.6%	12.7%	-2.3%	-	5.9%	0.2%			5.4%
Impaired loans, advances and financing	322,885	844,218	38,658	-	-	-	-	-	1,205,761	282,398			1,488,159
Impaired loan ratio	0.6%	0.5%	0.1%	-	-	-	-	-	0.5%	1.3%			0.5%
Deposits from customers	-	221,797,105	394,110	69,326,526	2,103,292	-	-	-	293,621,033	24,313,651			317,934,684
Deposit growth	-	9.1%	60.5%	-5.1%	44.1%	-	-	-	5.6%	4.7%			5.6%
Segment assets	<u>49,875,928</u>	<u>230,819,219</u>	<u>36,277,952</u>	<u>83,781,288</u>	<u>3,477,469</u>	<u>557,708</u>	<u>681,266</u>	<u>32,003,193</u>	<u>437,474,023</u>	<u>32,558,590</u>	<u>(87,732,145)</u>		<u>382,300,468</u>
Reconciliation of segment assets to consolidated assets:													
Investment in associated companies									18,491	16			18,507
Unallocated assets									965,597	-			965,597
Intangible assets									775,493	1,709,402			2,484,895
Total assets									<u>439,233,604</u>	<u>34,268,008</u>			<u>385,769,467</u>

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A23. Segment Information (continued)

Nine Months Ended 30 September 2015	----- Operating Segments ----->											Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000	Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	
External revenue	1,919,634	6,790,062	1,086,802	1,406,591	152,298	869,590	4,732	937,981	13,167,690	1,084,814	-	14,252,504
Revenue from other segments	-	1,000,083	9,133	1,183,577	7,542	12,964	22,510	1,359,001	3,594,810	5,598	(3,600,408)	-
	<u>1,919,634</u>	<u>7,790,145</u>	<u>1,095,935</u>	<u>2,590,168</u>	<u>159,840</u>	<u>882,554</u>	<u>27,242</u>	<u>2,296,982</u>	<u>16,762,500</u>	<u>1,090,412</u>	<u>(3,600,408)</u>	<u>14,252,504</u>
Net interest income and												
Islamic banking income	590,125	3,266,034	278,264	168,291	20,355	13,726	(6,288)	295,967	4,626,474	720,335	-	5,346,809
Other income	2,741	451,781	41,667	217,340	51,167	520,766	26,995	266,409	1,578,866	177,010	(53,643)	1,702,233
Net income	<u>592,866</u>	<u>3,717,815</u>	<u>319,931</u>	<u>385,631</u>	<u>71,522</u>	<u>534,492</u>	<u>20,707</u>	<u>562,376</u>	<u>6,205,340</u>	<u>897,345</u>	<u>(53,643)</u>	<u>7,049,042</u>
Other operating expenses	(181,582)	(1,171,323)	(9,434)	(20,821)	(28,771)	(124,233)	(11,605)	(316,982)	(1,864,751)	(355,028)	53,643	(2,166,136)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(149,844)	(17,693)	2,986	-	138	-	-	-	(164,413)	(86,127)	-	(250,540)
Allowance for impairment on other assets	-	(1,898)	-	-	-	-	-	-	(1,898)	-	-	(1,898)
Profit by segments	<u>261,440</u>	<u>2,526,901</u>	<u>313,483</u>	<u>364,810</u>	<u>42,889</u>	<u>410,259</u>	<u>9,102</u>	<u>245,394</u>	<u>4,174,278</u>	<u>456,190</u>	<u>-</u>	<u>4,630,468</u>
Reconciliation of segment profits to consolidated profits:												
Share of (loss) / profit after tax of equity accounted associated companies									(3,227)	6,378		3,151
Profit before tax expense and zakat									<u>4,171,051</u>	<u>462,568</u>		<u>4,633,619</u>
Cost income ratio	30.6%	31.5%	2.9%	5.4%	40.2%	23.2%	56.0%	56.4%	30.1%	39.6%		30.7%

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A23. Segment Information (continued)

Nine Months Ended 30 September 2015	<----- Operating Segments ----->							Head Office RM'000	Total Domestic Operations RM'000	Total Overseas Operations RM'000	Inter- segment Elimination RM'000	Group Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000					
Gross loans, advances and financing	49,396,533	165,308,228	31,123,081	-	385,715	67,695	2,142	-	246,283,394	21,765,121		268,048,515
Loan growth	6.5%	7.9%	10.2%	-	-8.1%	12.5%	-5.9%	-	7.9%	30.3%		9.4%
Impaired loans, advances and financing	366,468	831,544	52,460	-	-	-	-	-	1,250,472	167,355		1,417,827
Impaired loan ratio	0.7%	0.5%	0.2%	-	-	-	-	-	0.5%	0.8%		0.5%
Deposits from customers	-	202,973,617	265,966	67,838,834	1,659,886	-	-	-	272,738,303	23,600,485		296,338,788
Deposit growth	-	4.9%	7.3%	8.0%	-16.8%	-	-	-	5.5%	30.6%		7.2%
Segment assets	<u>49,061,788</u>	<u>209,860,868</u>	<u>31,067,562</u>	<u>83,041,107</u>	<u>2,733,741</u>	<u>333,319</u>	<u>469,413</u>	<u>32,959,792</u>	<u>409,527,590</u>	<u>30,491,833</u>	<u>(81,306,176)</u>	<u>358,713,247</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									21,675	174,066		195,741
Unallocated assets									930,981	-		930,981
Intangible assets									769,251	1,636,083		2,405,334
Total assets									<u>411,249,497</u>	<u>32,301,982</u>		<u>362,245,303</u>

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A23. Segment Information (continued)

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

A24. Subsequent Events

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

A25. Changes in the Composition of the Group

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

On 15 July 2014, the Bank entered into a conditional equity capital transfer agreement with BIDV for the Bank's acquisition of the remaining 50% equity interests in VPB not held by the Bank for a total cash consideration of USD76.6 million. On 24 March 2016, the Bank received the licence from the State Bank of Vietnam for the establishment and operation of VPB as a 100% foreign-owned bank in Vietnam with effect from 1 April 2016. With that, the acquisition was completed on 1 April 2016 and VPB became a wholly-owned subsidiary company of the Bank, and was renamed as Public Bank Vietnam Limited ("PBN").

The fair values of the identifiable net assets of PBN and the goodwill and intangible assets arising from the acquisition as at the date of acquisition are as follows:

	RM'000 *
Net assets of PBN	316,091
Less: 50% equity interests held prior to the acquisition	(158,045)
Net assets acquired	158,046
Add: Fair valuation of core deposits intangible	23,193
Fair value of net assets acquired	181,239
Goodwill on acquisition	117,503
Purchase consideration satisfied by cash	298,742
Cash and cash equivalents of subsidiary company acquired	830,271
Less: Purchase consideration satisfied by cash	(298,742)
Net cash inflow on acquisition	531,529
Goodwill and Intangible Assets Recognised	
Core deposits intangible	
- Arising from acquisition	23,193
- Arising from fair valuation of previously held 50% equity interests	23,192
	46,385
Goodwill on acquisition	117,503
Total goodwill and intangible assets recognised	163,888

* Fair values converted based on the exchange rate of 3.90 as at date of acquisition.

The revenue and profit contribution by PBN to the Group since the acquisition date which are included in the consolidated statement of profit or loss are immaterial. Had PBN been consolidated from the beginning of the year, the increase in revenue and profit to the Group would also be immaterial.

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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	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Contingent liabilities				
Direct credit substitutes	1,479,423	1,421,426	1,263,433	1,215,305
Transaction-related contingent items	1,699,449	1,550,912	1,454,117	1,350,813
Short term self-liquidating trade-related contingencies	414,065	398,504	133,565	153,589
	3,592,937	3,370,842	2,851,115	2,719,707
Commitments				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	26,807,161	29,423,236	21,328,990	24,777,773
- not exceeding one year	24,029,857	24,131,630	20,425,166	20,985,806
Unutilised credit card lines	6,101,353	5,182,818	5,898,501	5,054,881
Forward asset purchases	79,691	875,923	68,985	875,084
	57,018,062	59,613,607	47,721,642	51,693,544
Derivative financial instruments				
Foreign exchange related contracts:				
- less than one year	28,958,607	27,931,563	27,774,000	26,632,334
- one year to less than five years	1,954,748	3,017,152	1,954,748	3,017,152
Interest / Profit rate related contracts:				
- less than one year	5,074,400	1,559,400	4,874,400	1,559,400
- one year to less than five years	8,215,275	11,571,310	9,037,850	12,272,400
- five years and above	522,841	469,226	2,720,000	2,720,000
Commodity related contracts:				
- less than one year	1,012	169	1,012	169
	44,726,883	44,548,820	46,362,010	46,201,455
	105,337,882	107,533,269	96,934,767	100,614,706

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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 30 September 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	1,786,644	4,953	-	1,791,597	12,326	21	-	12,347	16,514	24	-	16,538
- Swaps	25,613,653	82,970	-	25,696,623	271,787	-	-	271,787	78,833	48	-	78,881
- Options	106,335	-	-	106,335	83	-	-	83	83	-	-	83
Precious metal contracts												
- Forwards	1,012	-	-	1,012	1	-	-	1	1	-	-	1
	<u>27,507,644</u>	<u>87,923</u>	<u>-</u>	<u>27,595,567</u>	<u>284,197</u>	<u>21</u>	<u>-</u>	<u>284,218</u>	<u>95,431</u>	<u>72</u>	<u>-</u>	<u>95,503</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	3,100,000	2,324,455	1,493,811	6,918,266	8,791	48,777	28,919	86,487	-	9,110	18,661	27,771
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	1,451,975	1,451,975	414,850	3,318,800	-	-	-	-	392,759	361,730	33,437	787,926
Interest / Profit rate related contracts												
- Swaps	1,974,400	2,500,000	2,419,850	6,894,250	2,915	3,167	-	6,082	1,960	13,146	29,400	44,506
	<u>6,526,375</u>	<u>6,276,430</u>	<u>4,328,511</u>	<u>17,131,316</u>	<u>11,706</u>	<u>51,944</u>	<u>28,919</u>	<u>92,569</u>	<u>394,719</u>	<u>383,986</u>	<u>81,498</u>	<u>860,203</u>
Total	<u>34,034,019</u>	<u>6,364,353</u>	<u>4,328,511</u>	<u>44,726,883</u>	<u>295,903</u>	<u>51,965</u>	<u>28,919</u>	<u>376,787</u>	<u>490,150</u>	<u>384,058</u>	<u>81,498</u>	<u>955,706</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 2015	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,079,546	9,252	-	1,088,798	27,845	68	-	27,913	4,090	-	-	4,090
- Swaps	26,787,898	-	-	26,787,898	559,117	-	-	559,117	122,581	-	-	122,581
- Options	64,119	-	-	64,119	133	-	-	133	133	-	-	133
Precious metal contracts												
- Forwards	169	-	-	169	1	-	-	1	-	-	-	-
	<u>27,931,732</u>	<u>9,252</u>	<u>-</u>	<u>27,940,984</u>	<u>587,096</u>	<u>68</u>	<u>-</u>	<u>587,164</u>	<u>126,804</u>	<u>-</u>	<u>-</u>	<u>126,804</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,559,400	2,400,000	3,686,136	7,645,536	27,369	666	46,527	74,562	-	-	10,461	10,461
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	2,793,050	214,850	3,007,900	-	-	-	-	-	816,786	52,998	869,784
Interest / Profit rate related contracts												
- Swaps	-	3,924,400	2,030,000	5,954,400	-	17,210	9,150	26,360	-	129	402	531
	<u>1,559,400</u>	<u>9,117,450</u>	<u>5,930,986</u>	<u>16,607,836</u>	<u>27,369</u>	<u>17,876</u>	<u>55,677</u>	<u>100,922</u>	<u>-</u>	<u>816,915</u>	<u>63,861</u>	<u>880,776</u>
Total	<u>29,491,132</u>	<u>9,126,702</u>	<u>5,930,986</u>	<u>44,548,820</u>	<u>614,465</u>	<u>17,944</u>	<u>55,677</u>	<u>688,086</u>	<u>126,804</u>	<u>816,915</u>	<u>63,861</u>	<u>1,007,580</u>

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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 30 September 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	1,407,175	4,953	-	1,412,128	11,751	21	-	11,772	15,986	24	-	16,010
- Swaps	24,808,515	82,970	-	24,891,485	266,921	-	-	266,921	78,349	48	-	78,397
- Options	106,335	-	-	106,335	83	-	-	83	83	-	-	83
Precious metal contracts												
- Forwards	1,012	-	-	1,012	1	-	-	1	1	-	-	1
	<u>26,323,037</u>	<u>87,923</u>	<u>-</u>	<u>26,410,960</u>	<u>278,756</u>	<u>21</u>	<u>-</u>	<u>278,777</u>	<u>94,419</u>	<u>72</u>	<u>-</u>	<u>94,491</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	3,100,000	2,200,000	1,108,000	6,408,000	8,791	48,777	28,919	86,487	-	-	748	748
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	1,451,975	1,451,975	414,850	3,318,800	-	-	-	-	392,759	361,730	33,437	787,926
Interest rate related contracts												
- Swaps	1,774,400	3,050,000	5,399,850	10,224,250	2,540	14,120	57,056	73,716	1,960	13,123	29,401	44,484
	<u>6,326,375</u>	<u>6,701,975</u>	<u>6,922,700</u>	<u>19,951,050</u>	<u>11,331</u>	<u>62,897</u>	<u>85,975</u>	<u>160,203</u>	<u>394,719</u>	<u>374,853</u>	<u>63,586</u>	<u>833,158</u>
Total	<u>32,649,412</u>	<u>6,789,898</u>	<u>6,922,700</u>	<u>46,362,010</u>	<u>290,087</u>	<u>62,918</u>	<u>85,975</u>	<u>438,980</u>	<u>489,138</u>	<u>374,925</u>	<u>63,586</u>	<u>927,649</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 2015	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
Trading derivatives:												
Foreign exchange contracts												
- Forwards	1,002,917	9,252	-	1,012,169	27,723	68	-	27,791	3,973	-	-	3,973
- Swaps	25,565,298	-	-	25,565,298	557,098	-	-	557,098	122,372	-	-	122,372
- Options	64,119	-	-	64,119	133	-	-	133	133	-	-	133
Precious metal contracts												
- Forwards	169	-	-	169	1	-	-	1	-	-	-	-
	<u>26,632,503</u>	<u>9,252</u>	<u>-</u>	<u>26,641,755</u>	<u>584,955</u>	<u>68</u>	<u>-</u>	<u>585,023</u>	<u>126,478</u>	<u>-</u>	<u>-</u>	<u>126,478</u>
Hedging Derivatives:												
Fair Value Hedge												
Interest rate related contracts												
- Swaps	1,559,400	2,400,000	3,308,000	7,267,400	27,369	666	44,061	72,096	-	-	294	294
Cash Flow Hedge												
Foreign exchange contracts												
- Cross currency interest rate swaps	-	2,793,050	214,850	3,007,900	-	-	-	-	-	816,786	52,998	869,784
Interest rate related contracts												
- Swaps	-	4,324,400	4,960,000	9,284,400	-	15,721	4,790	20,511	-	368	48,697	49,065
	<u>1,559,400</u>	<u>9,517,450</u>	<u>8,482,850</u>	<u>19,559,700</u>	<u>27,369</u>	<u>16,387</u>	<u>48,851</u>	<u>92,607</u>	<u>-</u>	<u>817,154</u>	<u>101,989</u>	<u>919,143</u>
Total	<u>28,191,903</u>	<u>9,526,702</u>	<u>8,482,850</u>	<u>46,201,455</u>	<u>612,324</u>	<u>16,455</u>	<u>48,851</u>	<u>677,630</u>	<u>126,478</u>	<u>817,154</u>	<u>101,989</u>	<u>1,045,621</u>

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A27. Derivative Financial Instruments (continued)

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

Market Risk

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

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 30 September 2016, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM376,787,000 (2015: RM688,086,000) and RM438,980,000 (2015: RM677,630,000) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Liquidity Risk

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

- iii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Bank's credit ratings. As at 30 September 2016, the Group and the Bank had posted cash collateral of RM731,301,000 (2015: RM699,761,000) 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 2015 and Pillar 3 Disclosures section of the 2015 Annual Report.

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A28. Fair Value Measurements

Determination of Fair Value and Fair Value Hierarchy

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

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

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

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

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

Group	Level 1	Level 2	Level 3	Total
30 September 2016	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	61,818	-	61,818
- Money market instruments	-	748,531	-	748,531
- Non-money market instruments	-	59,955	-	59,955
	-	870,304	-	870,304
Financial investments available-for-sale				
- Government securities and treasury bills	-	17,389,837	-	17,389,837
- Money market instruments	-	12,310,109	-	12,310,109
- Non-money market instruments #	15,587	4,362,418	-	4,378,005
	15,587	34,062,364	-	34,077,951
Derivative financial assets	-	376,787	-	376,787
Total financial assets measured at fair value	15,587	35,309,455	-	35,325,042
Non-financial assets				
Investment properties	-	-	560,973	560,973
Financial liabilities				
Derivative financial liabilities	-	955,706	-	955,706
Total financial liabilities measured at fair value	-	955,706	-	955,706

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

Excluding the carrying amount of equity securities - unquoted shares held by the Group of RM117,678,000 (2015: RM118,935,000) which are not carried at fair value.

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A28. Fair Value Measurements (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

Bank	Level 1	Level 2	Level 3	Total
30 September 2016	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets held-for-trading				
- Government securities and treasury bills	-	30,739	-	30,739
Financial investments available-for-sale				
- Government securities and treasury bills	-	11,279,425	-	11,279,425
- Money market instruments	-	11,588,516	-	11,588,516
- Non-money market instruments #	-	2,105,609	-	2,105,609
	-	24,973,550	-	24,973,550
Derivative financial assets	-	438,980	-	438,980
Total financial assets measured at fair value	-	25,443,269	-	25,443,269
Financial liabilities				
Derivative financial liabilities	-	927,649	-	927,649
Total financial liabilities measured at fair value	-	927,649	-	927,649

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

Excluding the carrying amount of equity securities - unquoted shares held by the Bank of RM112,927,000 (2015: RM114,052,000) 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 (2015: 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 objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair values derived. The Group and the Bank generally use widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management 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	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
<u>Before deducting interim dividends *</u>				
Common equity Tier I ("CET I") capital ratio	10.961%	11.401%	10.887%	12.184%
Tier I capital ratio	11.924%	12.565%	12.035%	13.588%
Total capital ratio	<u>15.206%</u>	<u>15.941%</u>	<u>14.533%</u>	<u>15.919%</u>
<u>After deducting interim dividends *</u>				
CET I capital ratio	10.961%	10.886%	10.887%	11.549%
Tier I capital ratio	11.924%	12.049%	12.035%	12.953%
Total capital ratio	<u>15.206%</u>	<u>15.425%</u>	<u>14.533%</u>	<u>15.284%</u>

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Components of CET I, Tier I and Tier II capital:				
<u>CET I / Tier I capital:</u>				
Paid-up share capital	3,882,138	3,882,138	3,882,138	3,882,138
Share premium	5,535,515	5,535,515	5,535,515	5,535,515
Other reserves	5,866,148	5,808,689	5,178,557	5,121,669
Retained profits	14,241,324	14,262,317	11,819,997	11,984,176
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Qualifying non-controlling interests	691,214	706,192	-	-
Less: Goodwill and other intangible assets	(2,484,895)	(2,375,915)	(695,393)	(695,393)
Less: Deferred tax assets, net	(63,288)	(65,666)	-	-
Less: Defined benefit pension fund assets	(196,002)	(217,995)	(193,446)	(215,151)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	<u>(24,576)</u>	<u>(56,902)</u>	<u>(3,191,665)</u>	<u>(1,775,915)</u>
Total CET I capital	27,298,241	27,329,036	22,186,366	23,687,702
Innovative Tier I capital securities	1,086,960	1,268,120	1,086,960	1,268,120
Non-innovative Tier I stapled securities	1,252,800	1,461,600	1,252,800	1,461,600
Qualifying CET I and additional Tier I capital instruments held by third parties	59,129	59,175	-	-
Total Tier I capital	<u>29,697,130</u>	<u>30,117,931</u>	<u>24,526,126</u>	<u>26,417,422</u>

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A29. Capital Adequacy (continued)

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

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
<u>Tier II capital</u>				
Collective assessment allowance and regulatory reserves #	2,860,006	2,761,020	2,343,943	2,247,354
Subordinated notes				
- meeting all relevant criteria	1,949,629	1,949,489	1,949,629	1,949,489
- subject to gradual phase-out treatment	2,923,800	2,999,206	2,923,800	2,999,206
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	456,956	467,894	-	-
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from Tier II capital	(16,384)	(85,353)	(2,127,776)	(2,663,872)
Total Tier II capital	<u>8,174,007</u>	<u>8,092,256</u>	<u>5,089,596</u>	<u>4,532,177</u>
Total capital	<u>37,871,137</u>	<u>38,210,187</u>	<u>29,615,722</u>	<u>30,949,599</u>

Excludes collective assessment allowance on impaired loans/financing restricted from Tier II capital of the Group and of the Bank of RM504,705,000 (2015: RM560,411,000) and RM361,094,000 (2015: RM399,886,000) respectively.

Includes the qualifying regulatory reserves for non-impaired loans of the Group and of the Bank of RM1,856,399,000 (2015: RM1,810,794,000) and RM1,718,422,000 (2015: RM1,645,027,000) 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 and Basel II - Risk-weighted Assets) reissued on 13 October 2015 which became effective from 1 January 2016. 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>
2016	0.625%
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. With effect from 1 January 2016, 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 0.625% 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 the Bank is as follows:

	Group		Bank	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
Credit risk	228,800,472	220,881,570	187,515,478	179,788,298
Market risk	3,160,905	2,500,503	4,690,109	3,714,333
Operational risk	17,087,667	16,321,153	11,577,018	10,911,444
	<u>249,049,044</u>	<u>239,703,226</u>	<u>203,782,605</u>	<u>194,414,075</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
30 September 2016							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	11.017%	30.455%	N/A	14.482%	24.240%	N/A	N/A
Tier I capital ratio	11.017%	30.455%	22.202%	14.482%	24.240%	N/A	N/A
Total capital ratio	13.606%	30.739%	22.225%	15.628%	25.242%	19.320%	51.734%
<u>After deducting interim dividends: *</u>							
CET I capital ratio	11.017%	30.455%	N/A	14.482%	24.240%	N/A	N/A
Tier I capital ratio	11.017%	30.455%	22.202%	14.482%	24.240%	N/A	N/A
Total capital ratio	13.606%	30.739%	22.225%	15.628%	25.242%	19.320%	51.734%
31 December 2015							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	10.771%	32.496%	N/A	14.306%	25.476%	N/A	N/A
Tier I capital ratio	10.771%	32.496%	25.121%	14.306%	25.476%	N/A	N/A
Total capital ratio	13.481%	32.941%	25.148%	15.483%	26.473%	20.214%	N/A
<u>After deducting interim dividends: *</u>							
CET I capital ratio	10.771%	30.416%	N/A	14.306%	23.143%	N/A	N/A
Tier I capital ratio	10.771%	30.416%	25.121%	14.306%	23.143%	N/A	N/A
Total capital ratio	13.481%	30.861%	25.148%	15.483%	24.140%	20.214%	N/A

* 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 and Risk-weighted Assets) reissued on 13 October 2015. 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 and Basel II - Risk-weighted Assets) reissued on 13 October 2015. 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 30 September 2016

	Note	Group	
		30 September 2016 RM'000	31 December 2015 RM'000
ASSETS			
Cash and balances with banks		5,490,244	3,225,149
Financial assets held-for-trading		769,112	1,588,380
Derivative financial assets		560	56,019
Financial investments available-for-sale		5,555,921	4,780,808
Financial investments held-to-maturity		3,035,214	2,741,792
Financing and advances	A30d	35,984,740	31,736,855
Other assets		86,116	82,895
Statutory deposits with Bank Negara Malaysia		1,497,900	1,423,800
Deferred tax assets		2,916	-
Collective investments		494,073	-
Investment in an associated company		20,000	20,000
Property and equipment		1,239	1,267
Total Assets		52,938,035	45,656,965
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	A30e	44,915,504	39,097,445
Deposits from banks		3,123,473	2,318,814
Bills and acceptances payable		1,062	849
Recourse obligations on financing sold to Cagamas		500,016	500,016
Derivative financial liabilities		68,216	1,636
Subordinated Sukuk Murabahah		499,309	499,117
Other liabilities		270,605	212,673
Provision for zakat and taxation		80,247	40,680
Deferred tax liabilities		-	22,029
Total Liabilities		49,458,432	42,693,259
Islamic Banking Funds		3,479,603	2,963,706
Total Liabilities and Islamic Banking Funds		52,938,035	45,656,965
COMMITMENTS AND CONTINGENCIES		11,113,018	10,194,763

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A30b. Statement of Profit or Loss for the 3rd Quarter and Nine Months Ended 30 September 2016

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Group				
Income derived from investment of depositors' funds and others	537,326	465,099	1,569,961	1,340,436
Income derived from investment of Islamic Banking Funds	41,625	34,938	125,224	98,801
Allowance for impairment on financing and advances	(21,169)	(34,103)	(61,714)	(77,783)
Writeback of impairment / (Impairment) on other assets	12	-	(2)	(12)
Profit Equalisation Reserve	(2)	-	(73)	(23)
Total distributable income	557,792	465,934	1,633,396	1,361,419
Income attributable to depositors and others	(326,185)	(289,056)	(977,366)	(814,971)
Total net income	231,607	176,878	656,030	546,448
Other overheads and expenditures	(92,188)	(84,561)	(270,869)	(230,626)
Profit before zakat and taxation	139,419	92,317	385,161	315,822
Zakat	(53)	(55)	(158)	(165)
Taxation	(32,673)	(22,618)	(90,222)	(76,289)
Profit for the period	106,693	69,644	294,781	239,368

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Income derived from investment of depositors' funds and others	537,326	465,099	1,569,961	1,340,436
Income derived from investment of Islamic Banking Funds	41,625	34,938	125,224	98,801
Income attributable to depositors and others	(326,185)	(289,056)	(977,366)	(814,971)
Profit Equalisation Reserve	(2)	-	(73)	(23)
Elimination of dividends from collective investment	(3,708)	-	(8,085)	-
Net income from Islamic banking business	249,056	210,981	709,661	624,243

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A30c. Statement of Profit or Loss and Other Comprehensive Income for the 3rd Quarter and Nine Months Ended 30 September 2016

	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>Group</u>				
Profit for the period	106,693	69,644	294,781	239,368
Other comprehensive income / (loss):				
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net gain / (loss) on revaluation of financial investments available-for-sale	27,272	(24,959)	31,572	(6,508)
Hedging reserves:				
- Net change in cash flow hedges	(19,196)	64,883	(135,367)	69,341
	8,076	39,924	(103,795)	62,833
Income tax relating to components of other comprehensive income / (loss):				
- Revaluation reserves	(6,545)	5,992	(7,577)	1,547
- Hedging reserves	4,607	(15,572)	32,488	(16,642)
	(1,938)	(9,580)	24,911	(15,095)
Other comprehensive income / (loss) for the period, net of tax	6,138	30,344	(78,884)	47,738
Total comprehensive income for the period	112,831	99,988	215,897	287,106

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A30d. Financing and Advances

	Group	
	30 September	31 December
	2016	2015
	RM'000	RM'000
At amortised cost		
Bai' Bithaman Ajil	9,901,116	9,650,943
Ijarah Thumma Al-Bai'	11,980,046	12,050,347
Bai' Inah	1,934,104	2,037,228
Musharakah Mutanaqisah	12,378,378	8,231,267
Murabahah	106,782	77,355
Ujrah	9,064	5,610
Gross financing and advances	<u>36,309,490</u>	<u>32,052,750</u>
Allowance for impairment on financing and advances:		
- collective assessment allowance	(324,750)	(315,895)
Net financing and advances	<u><u>35,984,740</u></u>	<u><u>31,736,855</u></u>

Movements in impaired financing and advances are as follows:

	Group	
	30 September	31 December
	2016	2015
	RM'000	RM'000
At 1 January	211,804	232,348
Impaired during the period / year	435,258	558,945
Reclassified as non-impaired	(324,524)	(437,925)
Recoveries	(33,804)	(45,881)
Amount written off	(67,303)	(95,412)
Financing converted to foreclosed properties	(462)	(271)
Closing balance	<u><u>220,969</u></u>	<u><u>211,804</u></u>
Impaired financing and advances as a percentage of gross financing and advances	<u><u>0.61%</u></u>	<u><u>0.66%</u></u>

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A30e. Deposits from Customers

	Group	
	30 September 2016 RM'000	31 December 2015 RM'000
By type of deposit and contract		
At amortised cost		
Savings deposit		
- Wadiah	5,777,984	5,494,154
Demand deposit		
- Wadiah	3,567,615	3,521,768
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Inah	-	974,136
- Commodity Murabahah	26,530,916	24,388,180
- General investment account		
- Mudharabah	92,459	113,594
- Wakalah	114,771	149,849
	<u>207,230</u>	<u>263,443</u>
- Special term deposit account		
- Wadiah	8,831,759	4,455,764
	<u>44,915,504</u>	<u>39,097,445</u>

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

B1. Performance Review

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

The Group's pre-tax profit for the nine months ended 30 September 2016 of RM4,761.3 million was RM127.7 million or 2.8% higher than the previous corresponding nine months of RM4,633.6 million. Net profit attributable to equity holders improved by RM154.4 million or 4.3% to RM3,724.1 million. The improved earnings was mainly due to higher net interest income of RM398.0 million (8.4%) and higher income from Islamic banking business of RM85.4 million (13.7%). These were partially offset by higher other operating expenses of RM239.9 million (11.1%) mainly due to higher personnel costs which were in tandem with business growth, and lower investment and foreign exchange income.

The growth in the Group's profit was driven by continued healthy loans and customer deposits growth coupled with stable asset quality. Gross loans grew by RM20.2 billion or 7.5% over the last 12 months to RM288.3 billion as at 30 September 2016 as compared to RM268.0 billion as at 30 September 2015, mainly driven by growth in property financing, lending to small and medium enterprises ("SMEs") and corporate lending. Total deposits from customers increased by 7.3% or RM21.6 billion for the last 12 months to RM317.9 billion 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 remained stable at 0.5% as at 30 September 2016, and the Group's credit cost was well sustained at a low and stable level of 0.1% of average gross loans outstanding. This was attributed to the Group's continued prudent credit practices and proactive recovery processes.

The performance of the respective operating business segments for the nine months ended 30 September 2016 as compared to the previous corresponding period is analysed as follows:-

- 1) Retail Operations – Pre-tax profit decreased marginally by RM12.1 million (-0.5%) to RM2,514.8 million mainly due to higher other operating expenses partially offset by higher net interest income on higher average loan and deposit balances and higher fee income.
- 2) Hire purchase – Pre-tax profit increased by RM32.2 million (12.3%) to RM293.7 million mainly due to lower loan impairment allowances partially offset by lower net interest income as a result of declining net interest margin.
- 3) Corporate lending – Pre-tax profit increased by RM55.7 million (17.8%) to RM369.2 million mainly due to higher net interest income on higher average loan balances.
- 4) Treasury and capital market operations – The increase in pre-tax profit of RM71.0 million (19.5%) to RM435.8 million was mainly due to higher net interest income on treasury gapping, funding and liquidity management activities and higher investment income.
- 5) Investment banking – The decrease in pre-tax profit of RM4.3 million (-9.9%) to RM38.6 million was mainly due to lower brokerage income from stock-broking activities and lower investment banking related fee income, partially offset by higher writeback of loan impairment allowances in the current period.
- 6) Fund management – Pre-tax profit increased by RM8.3 million (2.0%) to RM418.6 million mainly due to higher management fee earned on higher average net asset value of funds under management, partially offset by lower fee income from sale of trust units.
- 7) Overseas operations – Pre-tax profit decreased by RM15.7 million (-3.4%) to RM446.9 million mainly due to lower other operating income, higher other operating expenses and higher loan impairment allowances, partially offset by higher net interest income.

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B1. Performance Review (continued)

Current Quarter vs. Previous Year Corresponding Quarter

For the 3rd quarter ended 30 September 2016, the Group registered a pre-tax profit of RM1,558.2 million, a decrease of RM55.6 million or 3.4% as compared to the previous corresponding quarter. The decrease in pre-tax profit was mainly due to lower other operating income and higher other operating expenses which were partially offset by higher net interest income and income from Islamic banking business. Net profit attributable to equity holders has however grown by 3.1% or RM36.8 million over the same period to RM1,238.2 million.

Performance of the respective operating business segments for the 3rd quarter ended 30 September 2016 as compared to the previous corresponding quarter is analysed as follows:-

- 1) Retail operations – The decrease in pre-tax profit of RM34.8 million (-4.0%) to RM827.7 million was mainly due to higher other operating expenses and lower net interest income on declining net interest margin, partially offset by lower loan impairment allowances.
- 2) Hire purchase – Pre-tax profit increased by RM22.9 million (30.4%) to RM98.1 million mainly due to lower loan impairment allowances and higher net interest income.
- 3) Corporate lending – Pre-tax profit increased by RM21.6 million (20.2%) to RM128.4 million, mainly due to higher net interest income on higher average loan balances.
- 4) Treasury and capital market operations – The increase in pre-tax profit of RM12.4 million (10.2%) to RM134.1 million was mainly due to higher net interest income earned on treasury gapping activities.
- 5) Investment banking – Pre-tax profit decreased by RM2.0 million (-15.1%) to RM11.3 million mainly due to lower brokerage income from stock-broking activities.
- 6) Fund management business – Pre-tax profit increased by RM16.2 million (12.0%) to RM150.4 million mainly due to higher management fee earned on higher average net asset value of funds under management.
- 7) Overseas Operations – The decrease in pre-tax profit of RM41.2 million (-22.1%) to RM145.5 million was mainly due to lower other operating income and higher other operating expenses, partially offset by higher net interest income.

B2. Variation of Results Against Preceding Quarter

For the 3rd quarter ended 30 September 2016, the Group registered a pre-tax profit of RM1,558.2 million, a marginal increase of RM6.7 million or 0.4% as compared to the pre-tax profit of RM1,551.5 million for the preceding quarter ended 30 June 2016. The increase in pre-tax profit was mainly due to higher net interest income and Islamic banking income, partially offset by higher loan impairment allowances, higher other operating expenses and lower other operating income. Net profit attributable to equity holders has however decreased by RM18.0 million or 1.4% over the same period.

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B3. Prospects for 2016

Global growth prospects remain weak in the second half of 2016 as the external environment continues to be challenging with some economies facing fragile recoveries. Risks remain on the downside, including the potential effects of Brexit, the US election cycle and China's further slowdown whilst growth remains subdued in major advanced economies.

For the Malaysian economy, while domestic demand is poised to continue supporting growth in the second half of 2016, the path forward remains challenging amid the uncertain external environment. In the first half of 2016, GDP grew at a slower pace of 4.1% year-on-year due to continued decline in net exports. The economy is expected to grow at between 4.0% and 4.5% in 2016, driven by domestic demand and supported by private sector spending. Private consumption is expected to expand further, underpinned by continued growth in wages and employment, and additional disposable income from Government measures. Overall, investment will continue to be supported by the implementation of infrastructure development projects and capital spending in the manufacturing and services sectors. Exports are projected to remain weak amid soft global demand. Headline inflation averaged at 2.3% in the first eight months of the year and is expected to be at the lower end of the 2% to 3% range in 2016 due to lower global energy and commodity prices and subdued global inflation.

The Malaysian banking system remains resilient despite the weaker global growth prospects and continued volatility in the international financial and commodity markets. Overall liquidity conditions remain supportive of financing needs of businesses and households. As businesses and households adjust to the more challenging business conditions and higher cost of living, this is expected to impact banks' revenue, loan performance and asset quality. Supported by strong capital and liquidity buffers, the banking sector is expected to be resilient and has the capacity to weather adverse economic and market developments. On 13 July 2016, Bank Negara Malaysia lowered the Overnight Policy Rate by 25 basis points to 3.00%, the first time in seven years amid external and domestic headwinds.

The Public Bank Group will continue to capitalise on its efficient customer service and extensive network to maintain its position in the domestic retail segment, supported by ongoing demand for home mortgages, vehicle financing and small and medium enterprises ("SME") lending. The Group will continue to adopt prudent and responsible financing practices, while upholding its strong corporate governance and risk management practices.

In the SME market segment, the Public Bank Group will continue to enhance relationships with existing customers and tap on market opportunities to acquire new customers to support business growth and financing needs of SMEs. The Group will further strive to penetrate the mid-market SMEs.

The Public Bank Group remains focused in the consumer lending segment for property purchases and vehicle hire purchase business. The Group will continue to leverage on its large network of branches, hire purchase centres, comprehensive product packages, efficient loan delivery and extensive marketing staff force.

The Public Bank Group will continue to grow its corporate lending business by tapping on its existing clientele with good track record.

In view of the heightened market uncertainties, the Public Bank Group's treasury and capital market operations are vigilant to weather any potential market stress. The Group will actively assess its funds deployment and asset allocation to meet profitability goals while managing its risk exposure and complying with increasing regulatory requirements.

The Public Bank Group is committed to maintain its strong brand and leading market position in the private unit trust industry in Malaysia. The Group will continue to offer superior customer service to its clients as well as expand and diversify its product range to meet investors' demand.

To remain competitive and achieve higher penetration into bancassurance industry, the Public Bank Group will continue to work closely with AIA Bhd to further develop its bancassurance business as well as improve its customer service experience. The Group will also continue to maintain its fee income generating activities through transactional banking services.

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

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B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense and Zakat

The analysis of the tax expense for the 3rd quarter and nine months ended 30 September 2016 are as follows:

<u>Group</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Malaysian income tax	275,564	375,058	904,854	950,452
Overseas income tax	29,109	28,141	85,367	75,326
	304,673	403,199	990,221	1,025,778
(Over) / Under provision in prior years				
- Malaysian income tax	(18)	(1,446)	(24)	(1,832)
- Overseas income tax	-	303	1,020	356
	304,655	402,056	991,217	1,024,302
Deferred tax expense				
- Relating to changes in tax rate	-	807	661	2,036
- Relating to origination and reversal of temporary differences	1,020	(9,091)	1,119	(9,952)
- Under provision	-	3,002	-	3,000
Tax expense	305,675	396,774	992,997	1,019,386
Zakat	53	55	158	165
	305,728	396,829	993,155	1,019,551

The Group's effective tax rates for the 3rd quarter and nine months ended 30 September 2016 and 30 September 2015 were lower than the statutory tax rate mainly due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

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B5. Tax Expense and Zakat (continued)

<u>Bank</u>	3rd Quarter Ended		Nine Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Malaysian income tax	239,158	186,776	821,197	671,967
Overseas income tax	1,719	3,629	7,611	9,967
	240,877	190,405	828,808	681,934
(Over) / Under provision in prior years				
- Malaysian income tax	-	(1,451)	-	(1,558)
- Overseas income tax	-	-	292	53
	240,877	188,954	829,100	680,429
Deferred tax expense				
- Relating to changes in tax rate	-	132	643	461
- Relating to origination and reversal of temporary differences	(734)	(10,711)	(2,983)	(11,611)
- Under provision	-	2,626	-	2,624
	240,143	181,001	826,760	671,903

The Bank's effective tax rate for the 3rd quarter and nine months ended 30 September 2016 and 30 September 2015 were lower than the statutory tax rate mainly due to certain income not subject to tax.

B6. Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced but not completed as at 30 September 2016.

B7. Status of Utilisation of Proceeds Raised from Corporate Proposals

The proceeds raised from the issuances of all debt securities 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	
	30 September 2016 RM'000	31 December 2015 RM'000
Total retained profits of Public Bank Berhad and its subsidiaries:		
- Realised	15,582,604	14,201,466
- Unrealised	240,791	242,624
	15,823,395	14,444,090
Total share of retained (losses) / profits from associated companies:		
- Realised	(13,347)	8,061
- Unrealised	-	-
	15,810,048	14,452,151
Less: Consolidation adjustments	(253,618)	(189,834)
Total Group retained profits as per consolidated accounts	15,556,430	14,262,317
	Bank	
	30 September 2016 RM'000	31 December 2015 RM'000
Total retained profits of Public Bank Berhad:		
- Realised	12,603,692	12,009,415
- Unrealised	28,166	30,914
Total Bank retained profits as per accounts	12,631,858	12,040,329

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	
	30 September 2016 RM'000	31 December 2015 RM'000	30 September 2016 RM'000	31 December 2015 RM'000
(a) <u>Deposits from customers</u>				
- Fixed deposits				
One year or less	179,771,897	172,062,925	136,672,009	130,116,204
More than one year	566,276	152,353	266,667	140,686
- Negotiable instruments of deposits				
One year or less	-	974,136	-	-
- Money market deposits				
One year or less	62,078,670	54,936,458	53,752,963	49,510,402
- Savings deposits	31,320,898	29,940,233	21,252,958	20,212,244
- Demand deposits	44,096,327	43,015,925	37,330,811	36,411,051
- Others	100,616	75,059	87,615	69,571
	<u>317,934,684</u>	<u>301,157,089</u>	<u>249,363,023</u>	<u>236,460,158</u>
(b) <u>Deposits from banks</u>				
- One year or less	<u>11,665,316</u>	9,969,521	<u>11,586,920</u>	10,563,090
(c) <u>Debt securities issued and other borrowed funds</u>				
Borrowings (unsecured)				
Term loan denominated in HKD				
- More than one year	583,906	602,614	-	-
Term loan denominated in USD				
- More than one year	827,967	-	827,967	-
	<u>1,411,873</u>	602,614	<u>827,967</u>	<u>-</u>
Senior Medium Term notes denominated in RM (unsecured)				
- More than one year	<u>2,413,458</u>	1,399,432	<u>2,413,458</u>	1,399,432
Subordinated notes / sukuk murabahah denominated in RM (unsecured)				
- More than one year	<u>5,457,974</u>	5,451,922	<u>4,958,665</u>	4,952,805
Innovative Tier I capital securities denominated in USD (unsecured)				
- More than one year	-	884,379	-	884,379
Innovative Tier I capital securities denominated in RM (unsecured)				
- More than one year	1,201,921	1,205,586	1,201,921	1,205,586
	<u>1,201,921</u>	2,089,965	<u>1,201,921</u>	2,089,965
Non-innovative Tier I stapled securities denominated in RM (unsecured)				
- More than one year	<u>2,149,160</u>	2,122,947	<u>2,149,160</u>	2,122,947
	<u>12,634,386</u>	<u>11,666,880</u>	<u>11,551,171</u>	<u>10,565,149</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 3rd quarter ended 30 September 2016.

B12. Earnings Per Share

	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
Net profit attributable to equity holders (RM'000)	<u>1,238,150</u>	<u>1,201,395</u>	<u>3,724,093</u>	<u>3,569,724</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>32.1</u>	<u>31.1</u>	<u>96.4</u>	<u>92.4</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.