

**PUBLIC BANK BERHAD**  
**(6463 - H)**  
**(Incorporated in Malaysia)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018**

	Note	Group		Bank	
		31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b>ASSETS</b>					
Cash and balances with banks		<b>12,576,452</b>	14,006,541	<b>7,282,944</b>	6,387,571
Reverse repurchase agreements		<b>753,079</b>	651,065	<b>2,083</b>	-
Financial assets at fair value through profit or loss	A8	<b>4,085,174</b>	-	<b>2,911,991</b>	-
Financial assets held-for-trading	A9	-	1,376,541	-	699,796
Derivative financial assets	A30	<b>318,620</b>	226,319	<b>322,678</b>	240,215
Financial investments at fair value through other comprehensive income	A10	<b>35,207,843</b>	-	<b>24,973,784</b>	-
Financial investments available-for-sale	A11	-	30,325,057	-	20,210,743
Financial investments at amortised cost	A12	<b>23,138,164</b>	-	<b>17,478,402</b>	-
Financial investments held-to-maturity	A13	-	28,578,336	-	23,331,493
Loans, advances and financing	A14	<b>304,918,316</b>	303,044,127	<b>242,608,313</b>	240,576,248
Other assets	A15	<b>2,165,848</b>	2,751,745	<b>1,691,430</b>	2,536,423
Statutory deposits with Central Banks		<b>10,377,330</b>	9,525,927	<b>7,590,855</b>	6,940,438
Deferred tax assets		<b>81,039</b>	70,984	-	-
Collective investments		-	-	<b>5,366,199</b>	5,319,009
Investment in subsidiary companies		-	-	<b>5,955,494</b>	5,955,494
Investment in associated companies		<b>39,758</b>	35,068	<b>30,000</b>	30,000
Investment properties		<b>679,490</b>	688,052	-	-
Property and equipment		<b>1,503,930</b>	1,564,427	<b>708,211</b>	741,942
Intangible assets		<b>2,358,607</b>	2,432,058	<b>695,393</b>	695,393
<b>TOTAL ASSETS</b>		<b>398,203,650</b>	395,276,247	<b>317,617,777</b>	313,664,765
<b>LIABILITIES</b>					
Deposits from customers	A16	<b>325,891,195</b>	319,259,426	<b>251,625,529</b>	245,331,728
Deposits from banks	A17	<b>7,944,809</b>	11,446,057	<b>10,606,279</b>	12,966,893
Obligations on securities sold under repurchase agreements		<b>1,082,928</b>	1,237,528	<b>1,082,928</b>	1,237,528
Bills and acceptances payable		<b>275,091</b>	286,949	<b>274,695</b>	286,584
Recourse obligations on loans and financing sold to Cagamas		<b>5,922,006</b>	5,922,006	<b>5,922,006</b>	5,922,006
Derivative financial liabilities	A30	<b>418,995</b>	568,129	<b>422,512</b>	569,439
Debt securities issued and other borrowed funds	B9	<b>12,180,899</b>	12,328,073	<b>10,646,001</b>	10,759,998
Other liabilities	A18	<b>5,013,277</b>	4,915,701	<b>3,584,787</b>	3,320,082
Provision for tax expense and zakat		<b>683,883</b>	702,063	<b>522,211</b>	500,330
Deferred tax liabilities		<b>137,769</b>	164,655	<b>103,034</b>	128,997
<b>TOTAL LIABILITIES</b>		<b>359,550,852</b>	356,830,587	<b>284,789,982</b>	281,023,585

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	Note	Group		Bank	
		31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b>EQUITY</b>					
Share capital		9,417,653	9,417,653	9,417,653	9,417,653
Regulatory reserves		2,011,261	2,376,498	1,689,044	2,034,359
Other reserves		1,175,744	996,833	775,886	577,902
Retained profits		25,159,641	24,723,059	21,094,549	20,760,603
Treasury shares		(149,337)	(149,337)	(149,337)	(149,337)
<b>Equity attributable to equity holders of the Bank</b>		<b>37,614,962</b>	<b>37,364,706</b>	<b>32,827,795</b>	<b>32,641,180</b>
Non-controlling interests		1,037,836	1,080,954	-	-
<b>TOTAL EQUITY</b>		<b>38,652,798</b>	<b>38,445,660</b>	<b>32,827,795</b>	<b>32,641,180</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>398,203,650</b>	<b>395,276,247</b>	<b>317,617,777</b>	<b>313,664,765</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A29	<b>94,882,297</b>	95,442,831	<b>87,808,789</b>	88,624,817
<b>CAPITAL ADEQUACY</b>	A32				
<b><u>Before deducting interim dividends</u> *</b>					
Common Equity Tier I Capital Ratio		12.219%	12.758%	11.095%	12.136%
Tier I Capital Ratio		12.840%	13.538%	11.835%	13.072%
Total Capital Ratio		15.826%	16.494%	14.859%	15.577%
<b><u>After deducting interim dividends</u> *</b>					
Common Equity Tier I Capital Ratio		12.219%	12.248%	11.095%	11.506%
Tier I Capital Ratio		12.840%	13.028%	11.835%	12.442%
Total Capital Ratio		15.826%	15.984%	14.859%	14.947%
<b>Net assets per share attributable to ordinary equity holders of the Bank (RM)</b>		<b>9.74</b>	9.68	<b>8.50</b>	8.45

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

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE 1ST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018**

<b>Group</b>	<b>Note</b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
		<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
Operating revenue		<b>5,349,153</b>	5,028,185	<b>5,349,153</b>	5,028,185
Interest Income	A19	<b>3,892,839</b>	3,732,826	<b>3,892,839</b>	3,732,826
Interest expense	A20	<b>(1,995,447)</b>	(1,908,646)	<b>(1,995,447)</b>	(1,908,646)
Net interest income		<b>1,897,392</b>	1,824,180	<b>1,897,392</b>	1,824,180
Net income from Islamic banking business	A33b	<b>265,747</b>	247,718	<b>265,747</b>	247,718
		<b>2,163,139</b>	2,071,898	<b>2,163,139</b>	2,071,898
Fee and commission income	A21 (a)	<b>676,531</b>	599,212	<b>676,531</b>	599,212
Fee and commission expense	A21 (b)	<b>(220,317)</b>	(192,063)	<b>(220,317)</b>	(192,063)
Net fee and commission income	A21	<b>456,214</b>	407,149	<b>456,214</b>	407,149
Net gains and losses on financial instruments	A22	<b>19,816</b>	3,957	<b>19,816</b>	3,957
Other operating income	A23	<b>118,687</b>	103,357	<b>118,687</b>	103,357
Net income		<b>2,757,856</b>	2,586,361	<b>2,757,856</b>	2,586,361
Other operating expenses	A24	<b>(899,260)</b>	(886,868)	<b>(899,260)</b>	(886,868)
Operating profit		<b>1,858,596</b>	1,699,493	<b>1,858,596</b>	1,699,493
Allowance for impairment on loans, advances and financing	A25	<b>(68,458)</b>	(67,091)	<b>(68,458)</b>	(67,091)
Allowance for impairment on other assets		<b>(833)</b>	(448)	<b>(833)</b>	(448)
		<b>1,789,305</b>	1,631,954	<b>1,789,305</b>	1,631,954
Share of profit / (loss) after tax of equity accounted associated companies		<b>4,654</b>	(482)	<b>4,654</b>	(482)
Profit before tax expense and zakat		<b>1,793,959</b>	1,631,472	<b>1,793,959</b>	1,631,472
Tax expense and zakat	B5	<b>(371,180)</b>	(366,129)	<b>(371,180)</b>	(366,129)
Profit for the period		<b>1,422,779</b>	1,265,343	<b>1,422,779</b>	1,265,343
Profit for the period attributable to:					
- Equity holders of the Bank		<b>1,405,380</b>	1,247,981	<b>1,405,380</b>	1,247,981
- Non-controlling interests		<b>17,399</b>	17,362	<b>17,399</b>	17,362
		<b>1,422,779</b>	1,265,343	<b>1,422,779</b>	1,265,343
Earnings per share:					
- basic / diluted (sen)	B12	<b>36.4</b>	32.3	<b>36.4</b>	32.3

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE 1ST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
Profit for the period	<u>1,422,779</u>	<u>1,265,343</u>	<u>1,422,779</u>	<u>1,265,343</u>
<b>Other comprehensive (loss) / income:</b>				
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of:				
- Foreign operations	(329,796)	(101,772)	(329,796)	(101,772)
- Net investment hedge	160,364	66,893	160,364	66,893
Revaluation reserves:				
- Net change in revaluation of financial investments:				
- at fair value through other comprehensive income	(63,942)	-	(63,942)	-
- available-for-sale	-	(13,181)	-	(13,181)
Hedging reserves:				
- Net change in cash flow hedges	67,037	(3,364)	67,037	(3,364)
	<u>(166,337)</u>	<u>(51,424)</u>	<u>(166,337)</u>	<u>(51,424)</u>
Income tax relating to components of other comprehensive (loss) / income:				
- Revaluation reserves	14,967	6,284	14,967	6,284
- Hedging reserves	(16,089)	808	(16,089)	808
	<u>(1,122)</u>	<u>7,092</u>	<u>(1,122)</u>	<u>7,092</u>
Share of profit of equity accounted associated companies				
- Revaluation reserves	37	273	37	273
Other comprehensive loss for the period, net of tax	<u>(167,422)</u>	<u>(44,059)</u>	<u>(167,422)</u>	<u>(44,059)</u>
Total comprehensive income for the period	<u>1,255,357</u>	<u>1,221,284</u>	<u>1,255,357</u>	<u>1,221,284</u>
Total comprehensive income / (loss) for the period attributable to:				
- Equity holders of the Bank	1,285,216	1,218,958	1,285,216	1,218,958
- Non-controlling interests	(29,859)	2,326	(29,859)	2,326
	<u>1,255,357</u>	<u>1,221,284</u>	<u>1,255,357</u>	<u>1,221,284</u>

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<b><u>Bank</u></b>	<b>Note</b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
		<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
Operating revenue		<b>4,081,797</b>	3,737,018	<b>4,081,797</b>	3,737,018
Interest income	A19	<b>3,487,372</b>	3,304,466	<b>3,487,372</b>	3,304,466
Interest expense	A20	<b>(1,933,900)</b>	(1,833,887)	<b>(1,933,900)</b>	(1,833,887)
Net interest income		<b>1,553,472</b>	1,470,579	<b>1,553,472</b>	1,470,579
Fee and commission income	A21 (a)	<b>271,107</b>	244,919	<b>271,107</b>	244,919
Fee and commission expense	A21 (b)	<b>(91,648)</b>	(80,150)	<b>(91,648)</b>	(80,150)
Net fee and commission income	A21	<b>179,459</b>	164,769	<b>179,459</b>	164,769
Net gains and losses on financial instruments	A22	<b>19,862</b>	4,852	<b>19,862</b>	4,852
Other operating income	A23	<b>379,022</b>	270,283	<b>379,022</b>	270,283
Net income		<b>2,131,815</b>	1,910,483	<b>2,131,815</b>	1,910,483
Other operating expenses	A24	<b>(579,772)</b>	(572,113)	<b>(579,772)</b>	(572,113)
Operating profit		<b>1,552,043</b>	1,338,370	<b>1,552,043</b>	1,338,370
Allowance for impairment on loans, advances and financing	A25	<b>(29,566)</b>	(38,282)	<b>(29,566)</b>	(38,282)
Writeback of allowance / (Allowance) for impairment on other assets		<b>75</b>	(495)	<b>75</b>	(495)
Profit before tax expense and zakat		<b>1,522,552</b>	1,299,593	<b>1,522,552</b>	1,299,593
Tax expense and zakat	B5	<b>(324,295)</b>	(285,009)	<b>(324,295)</b>	(285,009)
Profit for the period		<b>1,198,257</b>	1,014,584	<b>1,198,257</b>	1,014,584

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**FOR THE 1ST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018**

	1st Quarter Ended		Three Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
<b>Bank</b>				
Profit for the period	<u>1,198,257</u>	<u>1,014,584</u>	<u>1,198,257</u>	<u>1,014,584</u>
<b>Other comprehensive (loss) / income:</b>				
<u>Items that may be reclassified to profit or loss:</u>				
Foreign currency translation reserves:				
- Currency translation differences in respect of foreign operations	(16,081)	(3,791)	(16,081)	(3,791)
Revaluation reserves:				
- Net change in revaluation of financial investments:				
- at fair value through other comprehensive income	(50,084)	-	(50,084)	-
- available-for-sale	-	(18,879)	-	(18,879)
Hedging reserves:				
- Net change in cash flow hedges	<u>62,325</u>	<u>4,781</u>	<u>62,325</u>	<u>4,781</u>
	<u>(3,840)</u>	<u>(17,889)</u>	<u>(3,840)</u>	<u>(17,889)</u>
Income tax relating to components of other comprehensive (loss) / income:				
- Revaluation reserves	12,020	4,531	12,020	4,531
- Hedging reserves	(14,958)	(1,147)	(14,958)	(1,147)
	<u>(2,938)</u>	<u>3,384</u>	<u>(2,938)</u>	<u>3,384</u>
Other comprehensive loss for the period, net of tax	<u>(6,778)</u>	<u>(14,505)</u>	<u>(6,778)</u>	<u>(14,505)</u>
Total comprehensive income for the period	<u>1,191,479</u>	<u>1,000,079</u>	<u>1,191,479</u>	<u>1,000,079</u>

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

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

<u>Group</u>	<u>Non-distributable Reserves</u>			<u>Distributable Reserves</u>		Total Shareholders' Equity RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Regulatory Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000			
<b>At 1 January 2018</b>								
- as previously stated	9,417,653	2,376,498	996,833	24,723,059	(149,337)	37,364,706	1,080,954	38,445,660
- Effect of changes in accounting policies (Note A34)	-	(423,681)	299,075	402,554	-	277,948	(13,259)	264,689
<b>At 1 January 2018, as restated</b>	<b>9,417,653</b>	<b>1,952,817</b>	<b>1,295,908</b>	<b>25,125,613</b>	<b>(149,337)</b>	<b>37,642,654</b>	<b>1,067,695</b>	<b>38,710,349</b>
Profit for the period	-	-	-	1,405,380	-	1,405,380	17,399	1,422,779
Other comprehensive loss for the period	-	-	(120,164)	-	-	(120,164)	(47,258) *	(167,422)
Total comprehensive (loss) / income for the period	-	-	(120,164)	1,405,380	-	1,285,216	(29,859)	1,255,357
Transactions with owners / other equity movements:								
Transfer to regulatory reserves	-	58,444	-	(58,444)	-	-	-	-
Dividends paid	-	-	-	(1,312,908)	-	(1,312,908)	-	(1,312,908)
	-	58,444	-	(1,371,352)	-	(1,312,908)	-	(1,312,908)
<b>At 31 March 2018</b>	<b>9,417,653</b>	<b>2,011,261</b>	<b>1,175,744</b>	<b>25,159,641</b>	<b>(149,337)</b>	<b>37,614,962</b>	<b>1,037,836</b>	<b>38,652,798</b>

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

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**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

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

<b>Group</b>	<u>Non-distributable Reserves</u>				<u>Distributable Reserves</u>		<b>Total Shareholders' Equity</b> RM'000	<b>Non-controlling Interests</b> RM'000	<b>Total Equity</b> RM'000
	<b>Share Capital</b> RM'000	<b>Share Premium</b> RM'000	<b>Regulatory Reserves</b> RM'000	<b>Other Reserves</b> RM'000	<b>Retained Profits</b> RM'000	<b>Treasury Shares</b> RM'000			
At 1 January 2017	3,882,138	5,535,515	2,170,970	5,875,712	16,898,317	(149,337)	34,213,315	1,150,456	35,363,771
Profit for the period	-	-	-	-	1,247,981	-	1,247,981	17,362	1,265,343
Other comprehensive loss for the period	-	-	-	(29,023)	-	-	(29,023)	(15,036) *	(44,059)
Total comprehensive (loss) / income for the period	-	-	-	(29,023)	1,247,981	-	1,218,958	2,326	1,221,284
Transactions with owners / other equity movements:									
Transfer pursuant to Companies Act 2016	5,535,515	(5,535,515)	-	-	-	-	-	-	-
Transfer to regulatory reserves	-	-	25,349	-	(25,349)	-	-	-	-
Transfer to general reserves	-	-	-	88,520	(88,520)	-	-	-	-
Transfer from Profit									
Equalisation Reserve of the Islamic banking institution	-	-	-	(1)	1	-	-	-	-
Dividends paid	-	-	-	-	(1,235,678)	-	(1,235,678)	-	(1,235,678)
	<u>5,535,515</u>	<u>(5,535,515)</u>	<u>25,349</u>	<u>88,519</u>	<u>(1,349,546)</u>	<u>-</u>	<u>(1,235,678)</u>	<u>-</u>	<u>(1,235,678)</u>
At 31 March 2017	<u>9,417,653</u>	<u>-</u>	<u>2,196,319</u>	<u>5,935,208</u>	<u>16,796,752</u>	<u>(149,337)</u>	<u>34,196,595</u>	<u>1,152,782</u>	<u>35,349,377</u>

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

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**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

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

	<u>Non-distributable Reserves</u>			<u>Distributable Reserves</u>		Total Equity RM'000
	Share Capital RM'000	Regulatory Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000	
<b>Bank</b>						
<b>At 1 January 2018</b>						
- as previously stated	9,417,653	2,034,359	577,902	20,760,603	(149,337)	32,641,180
- Effect of changes in accounting policies (Note A34)	-	(393,840)	204,762	497,122	-	308,044
<b>At 1 January 2018, as restated</b>	<u>9,417,653</u>	<u>1,640,519</u>	<u>782,664</u>	<u>21,257,725</u>	<u>(149,337)</u>	<u>32,949,224</u>
Profit for the period	-	-	-	1,198,257	-	1,198,257
Other comprehensive loss for the period	-	-	(6,778)	-	-	(6,778)
Total comprehensive (loss) / income for the period	<u>-</u>	<u>-</u>	<u>(6,778)</u>	<u>1,198,257</u>	<u>-</u>	<u>1,191,479</u>
Transactions with owners / other equity movements:						
Transfer to regulatory reserves	-	48,525	-	(48,525)	-	-
Dividends paid	-	-	-	(1,312,908)	-	(1,312,908)
	<u>-</u>	<u>48,525</u>	<u>-</u>	<u>(1,361,433)</u>	<u>-</u>	<u>(1,312,908)</u>
<b>At 31 March 2018</b>	<u><u>9,417,653</u></u>	<u><u>1,689,044</u></u>	<u><u>775,886</u></u>	<u><u>21,094,549</u></u>	<u><u>(149,337)</u></u>	<u><u>32,827,795</u></u>

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2017.*

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**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

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

	<u>Non-distributable Reserves</u>				<u>Distributable Reserves</u>		<b>Total Equity RM'000</b>
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Regulatory Reserves RM'000</b>	<b>Other Reserves RM'000</b>	<b>Retained Profits RM'000</b>	<b>Treasury Shares RM'000</b>	
<b><u>Bank</u></b>							
At 1 January 2017	3,882,138	5,535,515	1,881,658	5,029,194	13,594,334	(149,337)	29,773,502
Profit for the period	-	-	-	-	1,014,584	-	1,014,584
Other comprehensive loss for the period	-	-	-	(14,505)	-	-	(14,505)
Total comprehensive (loss) / income for the period	-	-	-	(14,505)	1,014,584	-	1,000,079
Transactions with owners / other equity movements:							
Transfer pursuant to Companies Act 2016	5,535,515	(5,535,515)	-	-	-	-	-
Transfer to regulatory reserves	-	-	15,973	-	(15,973)	-	-
Dividends paid	-	-	-	-	(1,235,678)	-	(1,235,678)
	<u>5,535,515</u>	<u>(5,535,515)</u>	<u>15,973</u>	<u>-</u>	<u>(1,251,651)</u>	<u>-</u>	<u>(1,235,678)</u>
At 31 March 2017	<u>9,417,653</u>	<u>-</u>	<u>1,897,631</u>	<u>5,014,689</u>	<u>13,357,267</u>	<u>(149,337)</u>	<u>29,537,903</u>

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	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
<b>Cash Flows from Operating Activities</b>				
Profit before tax expense and zakat	1,793,959	1,631,472	1,522,552	1,299,593
Adjustments for non-cash items:				
Share of (profit) / loss after tax of equity accounted associated companies	(4,654)	482	-	-
Allowance for impairment on loans and financing	116,958	120,905	55,654	66,221
Depreciation of property and equipment	54,793	53,442	43,662	41,919
Net gain on financial instruments	(18,109)	(2,502)	(18,287)	(3,535)
Dividend income	(130)	(131)	(119,145)	(125,541)
Impairment loss / (written back)	833	448	(75)	495
Other non-cash items	2,490	(618)	1,292	(568)
Operating profit before working capital changes	<u>1,946,140</u>	<u>1,803,498</u>	<u>1,485,653</u>	<u>1,278,584</u>
Changes in working capital:				
Increase in operating assets	(4,815,568)	(3,617,698)	(4,411,243)	(516,342)
Increase in operating liabilities	<u>3,005,333</u>	<u>8,465,338</u>	<u>3,733,550</u>	<u>3,131,682</u>
Cash generated from operations	<u>135,905</u>	6,651,138	<u>807,960</u>	3,893,924
Tax expense and zakat paid	<u>(337,303)</u>	<u>(353,128)</u>	<u>(255,796)</u>	<u>(234,627)</u>
Net cash (used in) / generated from operating activities	<u>(201,398)</u>	<u>6,298,010</u>	<u>552,164</u>	<u>3,659,297</u>
<b>Cash Flows from Investing Activities</b>				
Purchase of property and equipment	(18,804)	(32,191)	(10,610)	(23,360)
Proceeds from disposal of properties	1,679	14,540	1,566	14,426
Net sale of financial investments	712,181	1,438,837	1,267,274	1,320,803
Investment in collective investments	-	-	(47,190)	(42,465)
Dividends received	<u>130</u>	<u>131</u>	<u>445,115</u>	<u>426,906</u>
Net cash generated from investing activities	<u>695,186</u>	<u>1,421,317</u>	<u>1,656,155</u>	<u>1,696,310</u>

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**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
<b>Cash Flows from Financing Activities</b>				
Dividends paid	<b>(1,312,908)</b>	(1,235,678)	<b>(1,312,908)</b>	(1,235,678)
Net (repayment) / drawdown of borrowings	<b>(4,667)</b>	1,620,805	<b>-</b>	1,620,311
Net cash (used in) / generated from financing activities	<b>(1,317,575)</b>	385,127	<b>(1,312,908)</b>	384,633
Net change in cash and cash equivalents	<b>(823,787)</b>	8,104,454	<b>895,411</b>	5,740,240
Cash and cash equivalents at beginning of the year	<b>12,898,446</b>	9,862,471	<b>6,385,151</b>	4,959,890
Exchange differences on translation of opening balances	<b>(317,315)</b>	(97,425)	<b>-</b>	-
Cash and cash equivalents at end of the period	<b>11,757,344</b>	17,869,500	<b>7,280,562</b>	10,700,130
Note:				
Cash and balances with banks	<b>12,576,452</b>	19,002,648	<b>7,282,944</b>	11,002,130
Less: Balances with banks with original maturity more than three months	<b>(819,108)</b>	(1,133,148)	<b>(2,382)</b>	(302,000)
Cash and cash equivalents at end of the period	<b>11,757,344</b>	17,869,500	<b>7,280,562</b>	10,700,130

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2017.*

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

**A1. Basis of Preparation**

The unaudited condensed interim financial statements for the 1st quarter ended 31 March 2018 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss ("FVTPL"), financial investments at fair value through other comprehensive income ("FVOCI"), 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 2017. 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 2017.

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

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2017, except for the adoption or early adoption of the following MFRSs, Amendments to MFRSs and IC interpretations during the current financial period:

Effective for annual periods commencing on or after 1 January 2018

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

Effective for annual periods commencing on or after 1 January 2019 (Early adoption)

- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"
  - Previously Held Interest in a Joint Operation (Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements)
  - Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to MFRS 112 Income Taxes)
  - Borrowing Costs Eligible for Capitalisation (Amendments to MFRS 123 Borrowing Costs)

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

The main effects of the adoption of MFRSs, Amendments to MFRSs and IC Interpretations above are summarised below:

- (a) **MFRS 9 Financial Instruments (2014)** - MFRS 9 issued by the MASB is equivalent to IFRS 9 as issued by IASB, including the effective dates. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The details and the financial effects of the adoption of MFRS 9 are discussed in Note A34 Changes in Accounting Policies.
- (b) **MFRS 15 Revenue from Contracts with Customers** - MFRS 15 'Revenue from Contracts with Customers' replaces MFRS 118 'Revenue' and MFRS 111 'Construction Contracts' and their related interpretations. MFRS 15 provides a principles based approach for revenue recognition, and introduces the concept of recognising revenue for performance obligations as they are satisfied. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The adoption of MFRS 15 did not have any material impact on the financial statements of the Group and of the Bank as most of the revenue of the Group and of the Bank are already recognised in accordance with the principles of MFRS 15.

- (c) **Transfers of Investment Property (Amendments to MFRS 140)** - The amendments clarify the existing provisions in the Standard on transfer to, or from the investment property category. The adoption of these amendments did not have any material financial impact on the financial statements of the Group and of the Bank.
- (d) **IC Interpretation 22 Foreign Currency Transactions and Advance Consideration** - The IC Interpretation addresses the issue on which exchange rate is to be used in reporting foreign currency transactions that involve advance consideration paid or received. The adoption of the IC Interpretation did not have any material financial impact on the financial statements of the Group and of the Bank.
- (e) **Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)** - The amendments address the issues arising from the transitional challenges of applying the temporary exemption from MFRS 9 for an insurer in view that the upcoming new insurance contracts standard MFRS 17 is expected to be issued soon. To reduce the impact of temporary volatility in reported results of entity dealing with insurance contracts, the amendments introduce two additional voluntary options, namely an overlay approach and a deferral approach. The adoption of these amendments did not have any material financial impact on the financial statements of the Group as the Group's insurance business is immaterial.
- (f) **IC Interpretation 23 Uncertainty over Income Tax Treatments** - The IC Interpretation provides clarification on the application of recognition and measurement requirements in MFRS 112 Income Taxes when there is uncertainty over income tax treatments.

The adoption of the IC Interpretation did not have any material financial impact on the financial statements of the Group and of the Bank.

- (g) **Prepayment Features with Negative Compensation (Amendments to MFRS 9)** - The amendments allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met. The adoption of the amendments did not have any financial impact on the financial statements of the Group and of the Bank.

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

The main effects of the adoption of MFRSs, Amendments to MFRSs and IC Interpretations above are summarised below (continued):

- (h) **Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"** - The amendments are summarised below:
- (i) **Previously Held Interest in a Joint Operation (Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements)** - The amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it shall remeasure its previously held interest in the joint operation at fair value. The amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the previously held interest is not remeasured.
  - (ii) **Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to MFRS 112 Income Taxes)** - The amendments clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits i.e. in profit or loss, other comprehensive income or equity.
  - (iii) **Borrowing Costs Eligible for Capitalisation (Amendments to MFRS 123 Borrowing Costs)** - The amendments clarify that when a qualifying asset is ready for its intended use or sale, an entity shall treat any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

The adoption of Annual Improvements to MFRS Standards 2015 - 2017 Cycle did not have any material financial impact on the financial statements of the Group and of the Bank.

**Capital Adequacy Frameworks and Capital Adequacy Frameworks for Islamic Banks**

The Capital Adequacy Frameworks and Capital Adequacy Frameworks for Islamic Banks in relation to Basel II - Risk-Weighted Assets and Capital Components were updated and reissued by Bank Negara Malaysia ("BNM") on 2 February 2018 for application with effect from 1 January 2018.

The updates focused mainly on the following changes:

- (i) Revised definition of General Provision and Specific Provision arising from the implementation of MFRS 9 Financial Instruments;
- (ii) Definition of General Provision and its recognition in Tier II capital;
- (iii) Alignment of terminologies used under MFRS 9 for the purpose of capital recognition and regulatory adjustments; and
- (iv) Clarification on the capital treatment of bargain purchase gains and right-of-use assets.

The updates above mainly address clarification on capital recognition and regulatory adjustment requirements arising from the implementation of MFRS 9. The impact to the capital adequacy ratios of the Group and of the Bank are disclosed in Note A34(c).

**BNM's Revised Policy Documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions**

On 2 February 2018, BNM issued the revised policy documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions which prescribe the regulatory reserves to be maintained by banking institutions. With effect from 1 January 2018, the Bank and its domestic banking subsidiary companies must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures. The financial effects of the adoption of the revised policy documents are discussed in Note A34 Changes in Accounting Policies.

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

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

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16 Leases
- Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 Employee Benefits)

Effective for annual periods commencing on or after 1 January 2021

- MFRS 17 Insurance Contracts

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

- (a) **MFRS 16 Leases** - MFRS 16 'Leases' supersedes MFRS 117 'Leases' and its related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet).

i) Lessee

At the commencement date of a lease, a lessee will recognise a lease liability to make lease payments and an asset representing the "right to use" of the underlying asset during the lease term. Subsequently, the "right-of-use" asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the profit or loss.

ii) Lessor

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group has initiated the assessment of the potential effect arising from the adoption of MFRS 16 and the financial effects are being assessed by the Group and the Bank.

- (b) **Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 Employee Benefits)** - The amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset). As there are no proposed changes in the terms or membership of the Group's defined benefit plan which may result in plan amendment, curtailment or settlement, the adoption of the amendments is not expected to have any financial impact on the financial statements of the Group and of the Bank.

- (c) **MFRS 17 Insurance Contracts** - MFRS 17 introduces consistent accounting for all insurance contracts based on a current measurement model. Under MFRS 17, the general model requires entities to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts.

The adoption of MFRS 17 is not expected to have any material financial impact on the financial statements of the Group as the Group's insurance business is immaterial.



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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 2017 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 1st quarter ended 31 March 2018.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the 1st quarter ended 31 March 2018.

**A5. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 1st quarter ended 31 March 2018.

**A6. Debt and Equity Securities**

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

**A7. Dividends Paid and Distributed**

During the 1st quarter ended 31 March 2018, a second interim dividend of 34.0 sen per share in respect of the financial year ended 31 December 2017, amounting to RM1,312,907,975 was paid on 23 March 2018.

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**A8. Financial Assets at Fair Value through Profit or Loss ("FVTPL")**

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Treasury Bills	907,237	-	907,237	-
Malaysian Government Securities	207,228	-	207,228	-
Malaysian Government Investment Issues	81,769	-	81,769	-
Bank Negara Malaysia Monetary Notes	<u>1,323,655</u>	-	<u>1,323,655</u>	-
	<u>2,519,889</u>	-	<u>2,519,889</u>	-
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>1,119,412</u>	-	-	-
<b>Non-money market instruments:</b>				
Equity securities:				
- Unquoted shares in Malaysia	415,900	-	392,102	-
Debt securities:				
- Unquoted corporate bonds / sukuk	<u>29,973</u>	-	-	-
	<u>445,873</u>	-	<u>392,102</u>	-
Total financial assets at FVTPL	<u>4,085,174</u>	-	<u>2,911,991</u>	-

The financial assets at FVTPL category was introduced upon the adoption of MFRS 9 on 1 January 2018. Comparative figures are not restated in line with the transition requirements under MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A34 Changes in Accounting Policies.

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**A9. Financial Assets Held-for-trading**

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Investment				
Issues	-	100,592	-	100,592
Bank Negara Malaysia Monetary				
Notes	-	599,204	-	599,204
	<u>-</u>	<u>699,796</u>	<u>-</u>	<u>699,796</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and				
negotiable Islamic debt certificates	-	646,834	-	-
	<u>-</u>	<u>646,834</u>	<u>-</u>	<u>-</u>
<b>Non-money market instruments:</b>				
Debt securities:				
- Unquoted corporate bonds / sukuk	-	29,911	-	-
	<u>-</u>	<u>29,911</u>	<u>-</u>	<u>-</u>
Total financial assets held-for-trading	<u>-</u>	<u>1,376,541</u>	<u>-</u>	<u>699,796</u>

The financial assets held-for-trading category was removed upon the adoption of MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A34 Changes in Accounting Policies.

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**A10. Financial Investments at Fair Value through Other Comprehensive Income ("FVOCI")**

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Securities	6,215,719	-	5,846,121	-
Malaysian Government Investment Issues	20,193,539	-	13,575,696	-
Bank Negara Malaysia Monetary Notes	101,036	-	101,036	-
Other foreign government securities	39,167	-	-	-
	<u>26,549,461</u>	<u>-</u>	<u>19,522,853</u>	<u>-</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	<u>3,639,070</u>	<u>-</u>	<u>3,508,641</u>	<u>-</u>
<b>Non-money market instruments:</b>				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	3,180	-	-	-
- Unquoted shares	314,974	-	308,725	-
Debt securities:				
- Cagamas bonds	390,370	-	288,709	-
- Unquoted corporate bonds / sukuk	4,297,678	-	1,344,856	-
Unit trust funds	13,110	-	-	-
	<u>5,019,312</u>	<u>-</u>	<u>1,942,290</u>	<u>-</u>
Total financial investments at FVOCI	<u>35,207,843</u>	<u>-</u>	<u>24,973,784</u>	<u>-</u>

The financial investments at FVOCI category was introduced upon the adoption of MFRS 9 on 1 January 2018. Comparative figures are not restated in line with the transition requirements under MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A34 Changes in Accounting Policies.

Movements in allowances for impairment which reflect the expected credit loss ("ECL") model on impairment are as follows:

	Group 31 March 2018 RM'000	Bank 31 March 2018 RM'000
<b>12-Month ECL Stage 1</b>		
At 1 January 2018	-	-
- effects of changes in accounting policies	<u>6,436</u>	<u>4,470</u>
At 1 January 2018, as restated	6,436	4,470
Allowance made / (written back) due to changes in credit risk	526	(302)
Exchange differences	(33)	-
At 31 March 2018	<u>6,929</u>	<u>4,168</u>

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**A11. Financial Investments Available-for-sale**

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b>At fair value</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Securities	-	7,725,456	-	7,187,916
Malaysian Government Investment Issues	-	12,638,717	-	6,469,401
Other foreign government securities	-	39,246	-	-
	<u>-</u>	<u>20,403,419</u>	<u>-</u>	<u>13,657,317</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	-	4,869,087	-	4,619,007
Bankers' acceptances and Islamic accepted bills	-	98,095	-	98,095
	<u>-</u>	<u>4,967,182</u>	<u>-</u>	<u>4,717,102</u>
<b>Non-money market instruments:</b>				
Equity securities:				
- Quoted shares and convertible loan stocks outside Malaysia	-	3,441	-	-
- Unquoted shares #	-	159,701	-	155,068
Debt securities:				
- Cagamas bonds	-	441,916	-	340,962
- Unquoted corporate bonds / sukuk	-	4,336,401	-	1,340,294
Unit trust funds	-	12,997	-	-
	<u>-</u>	<u>4,954,456</u>	<u>-</u>	<u>1,836,324</u>
<b>Total financial investments available-for-sale</b>	<u>-</u>	<u>30,325,057</u>	<u>-</u>	<u>20,210,743</u>

# Stated at cost, net of impairment loss.

The financial investments available-for-sale category was removed upon the adoption of MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A34 Changes in Accounting Policies.

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**A12. Financial Investments at Amortised Cost**

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b>At amortised cost</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Securities	275,373	-	275,373	-
Malaysian Government Investment Issues	6,865,339	-	3,950,891	-
Foreign Government Treasury Bills	672,399	-	25,549	-
Other foreign government securities	1,470,991	-	6,135	-
	<u>9,284,102</u>	<u>-</u>	<u>4,257,948</u>	<u>-</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	976,302	-	1,791,241	-
<b>Non-money market instruments:</b>				
Debt securities:				
- Cagamas bonds	5,845,177	-	5,845,177	-
- Unquoted corporate bonds / sukuk	7,036,435	-	5,587,024	-
	<u>12,881,612</u>	<u>-</u>	<u>11,432,201</u>	<u>-</u>
Accumulated impairment losses	(3,852)	-	(2,988)	-
Total financial investments at amortised cost	<u>23,138,164</u>	<u>-</u>	<u>17,478,402</u>	<u>-</u>

The financial investments at amortised cost category was introduced upon the adoption of MFRS 9 on 1 January 2018. Comparative figures are not restated in line with the transition requirements under MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A34 Changes in Accounting Policies.

Movements in allowances for impairment which reflect the ECL model on impairment are as follows:

	12-Month ECL Stage 1 RM'000	Lifetime ECL		Total RM'000
		Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	
<b>Group</b>				
At 1 January 2018	-	-	35	35
- effects of changes in accounting policies	3,704	-	-	3,704
At 1 January 2018, as restated	3,704	-	35	3,739
Allowance made due to changes in credit risk	131	-	-	131
Amount written off	-	-	(4)	(4)
Exchange differences	(14)	-	-	(14)
At 31 March 2018	<u>3,821</u>	<u>-</u>	<u>31</u>	<u>3,852</u>
<b>Bank</b>				
At 1 January 2018	-	-	35	35
- effects of changes in accounting policies	2,869	-	-	2,869
At 1 January 2018, as restated	2,869	-	35	2,904
Allowance made due to changes in credit risk	88	-	-	88
Amount written off	-	-	(4)	(4)
At 31 March 2018	<u>2,957</u>	<u>-</u>	<u>31</u>	<u>2,988</u>

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**A13. Financial Investments Held-to-maturity**

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b>At amortised cost</b>				
<b>Government securities and treasury bills:</b>				
Malaysian Government Securities	-	1,591,135	-	1,591,135
Malaysian Government Investment Issues	-	11,327,147	-	8,835,621
Foreign Government Treasury Bills	-	772,076	-	18,684
Other foreign government securities	-	1,004,790	-	-
	<u>-</u>	<u>14,695,148</u>	<u>-</u>	<u>10,445,440</u>
<b>Money market instruments:</b>				
Negotiable instruments of deposit and negotiable Islamic debt certificates	-	1,135,400	-	1,774,769
<b>Non-money market instruments:</b>				
Debt securities:				
- Cagamas bonds	-	5,847,851	-	5,847,851
- Unquoted corporate bonds / sukuk	-	6,899,972	-	5,263,468
	<u>-</u>	<u>12,747,823</u>	<u>-</u>	<u>11,111,319</u>
Accumulated impairment losses	-	(35)	-	(35)
Total financial investments held-to-maturity	<u>-</u>	<u>28,578,336</u>	<u>-</u>	<u>23,331,493</u>

The financial investments held-to-maturity category was removed upon the adoption of MFRS 9. The financial effects of the adoption of MFRS 9 are discussed in Note A34 Changes in Accounting Policies.

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**A14. Loans, Advances and Financing**

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b>At amortised cost</b>				
Overdrafts	11,177,595	11,335,807	8,461,108	8,353,229
Term loans / financing				
- Housing loans / financing	105,742,554	103,656,930	85,245,060	83,801,900
- Syndicated term loans / financing	2,912,425	2,846,269	724,378	728,682
- Hire purchase receivables	50,297,257	50,424,367	37,213,041	37,131,115
- Other term loans / financing	119,034,439	118,917,854	95,948,286	95,661,738
Credit card receivables	1,899,017	1,965,180	1,867,937	1,932,950
Bills receivables	162,178	146,692	144,180	125,209
Trust receipts	231,998	254,011	177,293	192,569
Claims on customers under acceptance credits	3,814,318	4,014,388	3,578,123	3,668,165
Revolving credits	9,585,186	8,992,614	8,811,257	8,189,759
Staff loans *	1,915,533	1,899,165	1,701,023	1,685,636
Gross loans, advances and financing	<u>306,772,500</u>	<u>304,453,277</u>	<u>243,871,686</u>	<u>241,470,952</u>
Allowance for impairment on loans and financing:				
- collective assessment allowance	(1,758,671)	(1,317,960)	(1,225,515)	(862,911)
- individual assessment allowance	(95,513)	(91,190)	(37,858)	(31,793)
Net loans, advances and financing	<u>304,918,316</u>	<u>303,044,127</u>	<u>242,608,313</u>	<u>240,576,248</u>

\* Included in staff loans of the Group and of the Bank are loans to Directors of subsidiary companies amounting to RM5,207,000 (2017: RM5,222,000) and RM4,855,000 (2017 - RM4,861,000) respectively.

a) By class

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Retail loans / financing *				
- Housing loans / financing	105,742,766	103,656,930	85,245,060	83,801,900
- Hire purchase	50,041,291	50,424,367	37,213,041	37,131,115
- Credit cards	1,899,017	1,965,180	1,867,937	1,932,950
- Other loans / financing ^	104,475,490	102,945,559	82,079,911	81,757,909
	<u>262,158,564</u>	<u>258,992,036</u>	<u>206,405,949</u>	<u>204,623,874</u>
Corporate loans / financing	44,613,936	45,461,241	37,465,737	36,847,078
	<u>306,772,500</u>	<u>304,453,277</u>	<u>243,871,686</u>	<u>241,470,952</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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**A14. Loans, Advances and Financing (continued)**

b) By type of customer

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Non-bank financial institutions				
- Stock-broking companies	<b>4,303</b>	4,740	<b>4,303</b>	4,740
- Others	<b>7,589,038</b>	7,745,470	<b>7,361,073</b>	7,517,104
Business enterprises				
- Small and medium enterprises	<b>75,322,617</b>	75,655,938	<b>63,959,319</b>	63,731,965
- Others	<b>24,209,507</b>	24,047,749	<b>18,520,932</b>	17,567,021
Government and statutory bodies	<b>1,335,334</b>	1,322,989	<b>10,030</b>	11,534
Individuals	<b>195,720,978</b>	192,734,820	<b>151,625,660</b>	149,915,238
Other entities	<b>43,822</b>	39,159	<b>31,839</b>	33,448
Foreign entities	<b>2,546,901</b>	2,902,412	<b>2,358,530</b>	2,689,902
	<b><u>306,772,500</u></b>	<u>304,453,277</u>	<b><u>243,871,686</u></b>	<u>241,470,952</u>

c) By interest / profit rate sensitivity

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Fixed rate				
- Housing loans / financing	<b>6,862,019</b>	4,877,880	<b>4,994,704</b>	3,453,143
- Hire purchase receivables	<b>47,804,073</b>	47,913,213	<b>36,980,237</b>	36,885,384
- Other fixed rate loans / financing	<b>21,933,461</b>	21,895,178	<b>11,382,101</b>	10,901,304
Variable rate				
- Base rate / base lending rate plus	<b>183,471,989</b>	183,107,532	<b>158,434,319</b>	158,705,896
- Cost plus	<b>33,326,981</b>	32,608,651	<b>31,662,327</b>	31,078,708
- Other variable rates	<b>13,373,977</b>	14,050,823	<b>417,998</b>	446,517
	<b><u>306,772,500</u></b>	<u>304,453,277</u>	<b><u>243,871,686</u></b>	<u>241,470,952</u>

d) By residual contractual maturity

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Maturity within one year	<b>33,889,176</b>	33,814,979	<b>26,359,036</b>	25,360,503
More than one year to three years	<b>24,450,039</b>	24,733,045	<b>18,994,411</b>	19,430,778
More than three years to five years	<b>29,249,277</b>	28,856,199	<b>23,853,379</b>	23,606,022
More than five years	<b>219,184,008</b>	217,049,054	<b>174,664,860</b>	173,073,649
	<b><u>306,772,500</u></b>	<u>304,453,277</u>	<b><u>243,871,686</u></b>	<u>241,470,952</u>

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**A14. Loans, Advances and Financing** (continued)

e) By geographical distribution

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Malaysia	285,825,412	282,325,991	242,966,512	240,504,514
Hong Kong SAR and the People's Republic of China	14,468,334	15,377,949	-	-
Cambodia	3,947,308	4,160,208	-	-
Other countries	2,531,446	2,589,129	905,174	966,438
	<b>306,772,500</b>	<b>304,453,277</b>	<b>243,871,686</b>	<b>241,470,952</b>

f) Gross loans, advances and financing by economic purpose

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Purchase of securities	2,869,613	2,179,614	2,437,478	1,780,714
Purchase of transport vehicles	50,537,867	50,669,140	37,457,438	37,380,260
Purchase of landed properties	188,214,145	185,979,950	155,772,824	154,240,634
(of which: - residential	<b>109,479,898</b>	<b>107,288,543</b>	<b>88,470,065</b>	<b>86,942,841</b>
- non-residential)	<b>78,734,247</b>	<b>78,691,407</b>	<b>67,302,759</b>	<b>67,297,793</b>
Purchase of fixed assets (excluding landed properties)	501,678	532,839	149,890	158,332
Personal use	12,358,377	12,359,777	6,783,809	6,628,601
Credit card	1,899,017	1,965,180	1,867,937	1,932,950
Purchase of consumer durables	975	972	143	138
Construction	7,112,628	6,592,837	5,879,009	5,494,054
Mergers and acquisitions	101,485	101,498	101,485	101,498
Working capital	38,135,460	38,947,042	28,436,382	28,688,846
Other purpose	5,041,255	5,124,428	4,985,291	5,064,925
	<b>306,772,500</b>	<b>304,453,277</b>	<b>243,871,686</b>	<b>241,470,952</b>

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**A14. Loans, Advances and Financing** (continued)

g) Gross loans, advances and financing by sectors

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Agriculture, hunting, forestry and fishing	3,906,442	3,914,938	2,811,955	2,814,699
Mining and quarrying	216,809	214,858	168,228	170,596
Manufacturing	10,392,052	10,663,327	8,555,877	8,609,724
Electricity, gas and water	126,683	123,041	22,248	22,871
Construction	9,430,845	9,214,346	7,284,801	7,223,868
Wholesale & retail trade and restaurants & hotels	25,923,948	25,969,541	21,899,667	21,778,008
Transport, storage and communication	3,985,141	3,977,380	2,906,627	2,887,521
Finance, insurance and business services	16,752,029	17,433,156	14,202,785	14,772,934
Real estate	36,423,342	35,431,901	31,058,876	29,945,799
Community, social and personal services	3,458,020	3,460,289	1,896,016	1,912,066
Households	195,131,099	192,774,845	152,982,702	151,251,046
Others	1,026,090	1,275,655	81,904	81,820
	<u>306,772,500</u>	<u>304,453,277</u>	<u>243,871,686</u>	<u>241,470,952</u>

h) Loans, advances and financing pledged as collateral are as follows:

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Bankers' acceptances rediscounted	<u>2,500</u>	<u>2,700</u>	<u>2,500</u>	<u>2,700</u>

i) Movements in credit-impaired loans, advances and financing ("impaired loans and financing") are as follows:

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
At 1 January	1,475,666	1,489,381	1,064,009	1,041,579
Impaired during the period / year	749,435	3,106,587	526,691	2,125,721
Reclassified as non-impaired	(536,035)	(2,198,835)	(386,029)	(1,586,551)
Recoveries	(79,088)	(351,167)	(62,211)	(256,360)
Amount written off	(112,799)	(510,583)	(54,626)	(224,629)
Loans / financing converted to foreclosed properties / investments	(2,617)	(30,798)	(2,607)	(29,746)
Exchange differences	(13,496)	(28,919)	(5,368)	(6,005)
Closing balance	<u>1,481,066</u>	<u>1,475,666</u>	<u>1,079,859</u>	<u>1,064,009</u>
Gross impaired loans and financing as a percentage of gross loans, advances and financing	<u>0.48%</u>	<u>0.48%</u>	<u>0.44%</u>	<u>0.44%</u>

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**A14. Loans, Advances and Financing** (continued)

j) Impaired loans, advances and financing by geographical distribution

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Malaysia	1,156,095	1,188,012	922,051	941,478
Hong Kong SAR and the People's Republic of China	75,358	81,425	-	-
Cambodia	64,421	53,947	-	-
Other countries	185,192	152,282	157,808	122,531
	<b>1,481,066</b>	<b>1,475,666</b>	<b>1,079,859</b>	<b>1,064,009</b>

k) Impaired loans, advances and financing by economic purpose

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Purchase of securities	721	738	721	738
Purchase of transport vehicles	284,230	292,519	195,187	198,244
Purchase of landed properties	685,622	709,881	548,829	559,262
(of which: - residential	514,203	560,264	394,443	420,688
- non-residential)	171,419	149,617	154,386	138,574
Purchase of fixed assets (excluding landed properties)	11,194	12,096	24	317
Personal use	128,959	138,065	47,154	51,801
Credit card	19,767	21,078	19,362	20,725
Construction	20,621	27,039	18,067	17,410
Working capital	320,853	265,147	241,449	206,420
Other purpose	9,099	9,103	9,066	9,092
	<b>1,481,066</b>	<b>1,475,666</b>	<b>1,079,859</b>	<b>1,064,009</b>

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**A14. Loans, Advances and Financing** (continued)

l) Impaired loans, advances and financing by sectors

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Agriculture, hunting, forestry and fishing	<b>34,585</b>	34,527	<b>11,048</b>	10,623
Mining and quarrying	<b>920</b>	1,405	<b>190</b>	656
Manufacturing	<b>47,055</b>	39,004	<b>37,368</b>	35,079
Electricity, gas and water	<b>2,048</b>	2,148	-	-
Construction	<b>61,775</b>	65,162	<b>54,819</b>	51,852
Wholesale & retail trade and restaurants & hotels	<b>167,153</b>	141,280	<b>121,964</b>	109,501
Transport, storage and communication	<b>16,209</b>	15,667	<b>14,359</b>	13,373
Finance, insurance and business services	<b>121,470</b>	93,524	<b>115,139</b>	85,860
Real estate	<b>31,608</b>	27,920	<b>30,111</b>	26,449
Community, social and personal services	<b>9,908</b>	9,631	<b>9,772</b>	9,499
Households	<b>980,400</b>	1,045,127	<b>685,048</b>	721,001
Others	<b>7,935</b>	271	<b>41</b>	116
	<b><u>1,481,066</u></b>	<u>1,475,666</u>	<b><u>1,079,859</u></b>	<u>1,064,009</u>

m) Movements in the allowance for impairment on loans, advances and financing are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
<b><u>Collective Assessment Allowance</u></b>				
At 1 January				
- as previously stated	<b>1,317,960</b>	1,408,104	<b>862,911</b>	922,954
- effects of changes in accounting policies	<b>459,942</b>	-	<b>368,351</b>	-
At 1 January, as restated	<b><u>1,777,902</u></b>	1,408,104	<b><u>1,231,262</u></b>	922,954
Amount transfer to individual assessment allowance	<b>(11,443)</b>	-	-	-
Allowance made during the period / year	<b>74,351</b>	230,844	<b>49,269</b>	164,981
Amount written off	<b>(74,812)</b>	(312,992)	<b>(54,306)</b>	(223,277)
Exchange differences	<b>(7,327)</b>	(7,996)	<b>(710)</b>	(1,747)
Closing balance	<b><u>1,758,671</u></b>	<u>1,317,960</u>	<b><u>1,225,515</u></b>	<u>862,911</u>

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**A14. Loans, Advances and Financing** (continued)

m) Movements in the allowance for impairment on loans, advances and financing are as follows (continued):

Movements in collective assessment allowances which reflect the ECL model on impairment are as follows:

<u>Collective Assessment Allowance</u>	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
<b>Group</b>				
At 1 January 2018				
- as previously stated				1,317,960
- effects of changes in accounting policies				459,942
At 1 January 2018, as restated	972,480	514,115	291,307	1,777,902
Changes due to loans, advances and financing recognised as at				
1 January 2018:	106,017	(78,186)	(39,274)	(11,443)
- Transfer to 12-Month ECL (Stage 1)	118,899	(97,245)	(21,043)	611
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(12,255)	37,632	(25,293)	84
- Transfer to Lifetime ECL credit impaired (Stage 3)	(627)	(18,573)	7,062	(12,138)
New financial assets originated	44,386	11,410	-	55,796
Net remeasurement due to changes in credit risk	(110,345)	32,563	96,337	18,555
Amount written off	-	-	(74,812)	(74,812)
Exchange differences	(6,216)	(1,107)	(4)	(7,327)
At 31 March 2018	<u>1,006,322</u>	<u>478,795</u>	<u>273,554</u>	<u>1,758,671</u>
<b>Bank</b>				
At 1 January 2018				
- as previously stated				862,911
- effects of changes in accounting policies				368,351
At 1 January 2018, as restated	625,181	401,690	204,391	1,231,262
Changes due to loans, advances and financing recognised as at				
1 January 2018:	84,160	(56,822)	(27,338)	-
- Transfer to 12-Month ECL (Stage 1)	92,291	(77,063)	(15,228)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(8,118)	25,813	(17,695)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(13)	(5,572)	5,585	-
New financial assets originated	21,809	9,493	-	31,302
Net remeasurement due to changes in credit risk	(67,978)	18,483	67,462	17,967
Amount written off	-	-	(54,306)	(54,306)
Exchange differences	(710)	-	-	(710)
At 31 March 2018	<u>662,462</u>	<u>372,844</u>	<u>190,209</u>	<u>1,225,515</u>

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**A14. Loans, Advances and Financing** (continued)

m) Movements in the allowance for impairment on loans, advances and financing are as follows (continued):

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b><u>Individual Assessment Allowance</u></b>				
<b><u>- Lifetime ECL Credit Impaired Stage 3</u></b>				
At 1 January				
- as previously stated	91,190	121,894	31,793	15,586
- effects of changes in accounting policies	(8,550)	-	-	-
At 1 January, as restated	<u>82,640</u>	<u>121,894</u>	<u>31,793</u>	<u>15,586</u>
Net amount transfer fom collective assessment allowance	11,443	-	-	-
Allowance made during the period / year	44,826	222,342	7,223	29,012
Amount written back in respect of recoveries	(2,219)	(34,142)	(838)	(11,077)
Amount written off	(37,987)	(197,591)	(320)	(1,352)
Amount transferred to allowance for impairment loss on foreclosed properties	-	(376)	-	(376)
Exchange differences	(3,190)	(20,937)	-	-
Closing balance	<u><u>95,513</u></u>	<u><u>91,190</u></u>	<u><u>37,858</u></u>	<u><u>31,793</u></u>

**A15. Other Assets**

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Deferred handling fees	226,219	229,662	169,736	171,437
Interest / Income receivable	46,537	54,816	9,929	11,918
Other receivables, deposits and prepayments	966,867	1,417,320	800,988	1,307,073
Employee benefits	294,356	304,397	289,974	299,862
Amount due from trust funds	287,022	246,029	-	-
Foreclosed properties	109,331	108,190	106,589	105,375
Outstanding contracts on clients' accounts	235,516	391,331	-	-
Amount due from subsidiary companies	-	-	39,281	39,855
Distribution receivable from collective investments	-	-	30,133	29,421
Dividend receivable from subsidiary companies	-	-	244,800	571,482
	<u><u>2,165,848</u></u>	<u><u>2,751,745</u></u>	<u><u>1,691,430</u></u>	<u><u>2,536,423</u></u>

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**A16. Deposits from Customers**

a) By type of deposit

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b>At amortised cost</b>				
Core deposits:				
- Demand deposits	47,047,695	47,611,744	38,186,037	38,752,425
- Savings deposits	35,804,348	35,507,539	23,702,811	23,162,008
- Fixed deposits	189,435,828	186,603,269	140,844,005	138,765,157
	<u>272,287,871</u>	<u>269,722,552</u>	<u>202,732,853</u>	<u>200,679,590</u>
- Negotiable instruments of deposit	77,006	36,439	75,376	17,204
- Money market deposits	53,498,387	49,452,587	48,797,462	44,598,778
	<u>53,575,393</u>	<u>49,489,026</u>	<u>48,872,838</u>	<u>44,615,982</u>
Other deposits	27,931	47,848	19,838	36,156
	<u>325,891,195</u>	<u>319,259,426</u>	<u>251,625,529</u>	<u>245,331,728</u>

b) By type of customer

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Federal and state governments	7,840,528	6,947,108	1,533,489	1,459,380
Local government and statutory authorities	3,175,465	2,760,408	2,556,977	2,203,477
Business enterprises	87,879,520	84,134,411	69,363,709	68,036,469
Individuals	165,325,116	165,201,059	133,785,802	131,634,989
Foreign customers	6,043,323	5,811,875	3,522,923	3,495,381
Others	55,627,243	54,404,565	40,862,629	38,502,032
	<u>325,891,195</u>	<u>319,259,426</u>	<u>251,625,529</u>	<u>245,331,728</u>



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**A16. Deposits from Customers** (continued)

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

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Due within six months	187,209,761	195,111,517	151,232,758	150,463,889
More than six months to one year	55,076,845	40,343,897	38,288,995	32,831,078
More than one year to three years	719,852	631,060	190,715	80,815
More than three years to five years	4,763	5,821	4,375	5,357
	<u>243,011,221</u>	<u>236,092,295</u>	<u>189,716,843</u>	<u>183,381,139</u>

**A17. Deposits from Banks**

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<b>At amortised cost</b>				
Licensed banks	3,690,750	7,078,526	3,096,853	4,983,891
Licensed investment banks	28,256	30,107	42,024	43,814
Bank Negara Malaysia	899,278	965,817	877,838	943,494
Other financial institutions	3,326,525	3,371,607	6,589,564	6,995,694
	<u>7,944,809</u>	<u>11,446,057</u>	<u>10,606,279</u>	<u>12,966,893</u>

**A18. Other Liabilities**

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Interest / Income payable	1,859,461	1,716,502	1,459,934	1,282,983
Other payables and accruals	2,540,106	2,428,355	1,936,744	1,861,724
Amount due to trust funds	174,188	110,377	-	-
Unprocessed sales and / or redemptions	56,681	129,675	-	-
Profit Equalisation Reserve of the investment account holder	108	108	-	-
Finance lease liabilities	134,846	147,672	134,846	147,672
Outstanding contracts on clients' accounts	225,934	381,966	-	-
Dividend payable to shareholders	21,953	1,046	21,953	1,046
Amount due to subsidiary companies	-	-	31,310	26,657
	<u>5,013,277</u>	<u>4,915,701</u>	<u>3,584,787</u>	<u>3,320,082</u>

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**A19. Interest Income**

	1st Quarter Ended		Three Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
<b><u>Group</u></b>				
Loans and advances	3,325,991	3,213,560	3,325,991	3,213,560
Balances with banks	56,367	63,121	56,367	63,121
Financial investments at fair value through other comprehensive income	270,679	-	270,679	-
Financial investments available-for-sale	-	222,497	-	222,497
Financial investments at amortised cost	197,183	-	197,183	-
Financial investments held-to-maturity	-	185,309	-	185,309
Others	25,671	30,434	25,671	30,434
	<u>3,875,891</u>	<u>3,714,921</u>	<u>3,875,891</u>	<u>3,714,921</u>
Financial assets at fair value through profit or loss	16,948	-	16,948	-
Financial assets held-for-trading	-	17,905	-	17,905
	<u>3,892,839</u>	<u>3,732,826</u>	<u>3,892,839</u>	<u>3,732,826</u>
Of which:				
Interest income earned on impaired loans and advances	<u>14,825</u>	<u>14,953</u>	<u>14,825</u>	<u>14,953</u>
	1st Quarter Ended		Three Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
<b><u>Bank</u></b>				
Loans and advances	3,018,458	2,877,581	3,018,458	2,877,581
Balances with banks	25,665	26,143	25,665	26,143
Financial investments at fair value through other comprehensive income	226,832	-	226,832	-
Financial investments available-for-sale	-	187,970	-	187,970
Financial investments at amortised cost	179,786	-	179,786	-
Financial investments held-to-maturity	-	169,911	-	169,911
Others	25,668	30,433	25,668	30,433
	<u>3,476,409</u>	<u>3,292,038</u>	<u>3,476,409</u>	<u>3,292,038</u>
Financial assets at fair value through profit or loss	10,963	-	10,963	-
Financial assets held-for-trading	-	12,428	-	12,428
	<u>3,487,372</u>	<u>3,304,466</u>	<u>3,487,372</u>	<u>3,304,466</u>
Of which:				
Interest income earned on impaired loans and advances	<u>13,065</u>	<u>12,563</u>	<u>13,065</u>	<u>12,563</u>

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**A20. Interest Expense**

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Deposits from banks	94,525	121,751	94,525	121,751
Deposits from customers	1,712,328	1,649,254	1,712,328	1,649,254
Loans sold to Cagamas	62,185	19,608	62,185	19,608
Debt securities issued and other borrowed funds	124,479	117,056	124,479	117,056
Others	1,930	977	1,930	977
	<b>1,995,447</b>	<b>1,908,646</b>	<b>1,995,447</b>	<b>1,908,646</b>

	1st Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
Deposits from banks	94,376	119,927	94,376	119,927
Deposits from customers	1,655,893	1,580,279	1,655,893	1,580,279
Loans sold to Cagamas	62,185	19,608	62,185	19,608
Debt securities issued and other borrowed funds	119,516	113,123	119,516	113,123
Others	1,930	950	1,930	950
	<b>1,933,900</b>	<b>1,833,887</b>	<b>1,933,900</b>	<b>1,833,887</b>

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**A21. Net Fee and Commission Income**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
<b><u>Group</u></b>				
(a) Fee and commission income:				
Commissions	<b>140,230</b>	121,960	<b>140,230</b>	121,960
Service charges and fees	<b>85,351</b>	85,405	<b>85,351</b>	85,405
Guarantee fees	<b>7,150</b>	8,279	<b>7,150</b>	8,279
Processing fees	<b>5,476</b>	6,009	<b>5,476</b>	6,009
Commitment fees	<b>22,744</b>	20,607	<b>22,744</b>	20,607
Unit trust management fees	<b>264,042</b>	229,207	<b>264,042</b>	229,207
Fee on sale of trust units	<b>109,616</b>	89,022	<b>109,616</b>	89,022
Brokerage and commissions from stockbroking activities	<b>29,342</b>	24,553	<b>29,342</b>	24,553
Other fee and commission income	<b>12,580</b>	14,170	<b>12,580</b>	14,170
	<b><u>676,531</u></b>	<u>599,212</u>	<b><u>676,531</u></b>	<u>599,212</u>
(b) Fee and commission expense:				
Unit trust agency fee	<b>(125,726)</b>	(106,774)	<b>(125,726)</b>	(106,774)
Debit / credit card related fee	<b>(85,919)</b>	(76,055)	<b>(85,919)</b>	(76,055)
Loan related fee	<b>(3,327)</b>	(2,756)	<b>(3,327)</b>	(2,756)
Other fee and commission expense	<b>(5,345)</b>	(6,478)	<b>(5,345)</b>	(6,478)
	<b><u>(220,317)</u></b>	<u>(192,063)</u>	<b><u>(220,317)</u></b>	<u>(192,063)</u>
Net fee and commission income	<b><u>456,214</u></b>	<u>407,149</u>	<b><u>456,214</u></b>	<u>407,149</u>
	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
<b><u>Bank</u></b>				
(a) Fee and commission income:				
Commissions	<b>168,912</b>	144,086	<b>168,912</b>	144,086
Service charges and fees	<b>63,468</b>	61,000	<b>63,468</b>	61,000
Guarantee fees	<b>6,532</b>	7,586	<b>6,532</b>	7,586
Processing fees	<b>2,571</b>	2,193	<b>2,571</b>	2,193
Commitment fees	<b>20,955</b>	19,114	<b>20,955</b>	19,114
Other fee and commission income	<b>8,669</b>	10,940	<b>8,669</b>	10,940
	<b><u>271,107</u></b>	<u>244,919</u>	<b><u>271,107</u></b>	<u>244,919</u>
(b) Fee and commission expense:				
Debit / credit card related fee	<b>(85,256)</b>	(74,127)	<b>(85,256)</b>	(74,127)
Loan related fee	<b>(2,602)</b>	(2,135)	<b>(2,602)</b>	(2,135)
Other fee and commission expense	<b>(3,790)</b>	(3,888)	<b>(3,790)</b>	(3,888)
	<b><u>(91,648)</u></b>	<u>(80,150)</u>	<b><u>(91,648)</u></b>	<u>(80,150)</u>
Net fee and commission income	<b><u>179,459</u></b>	<u>164,769</u>	<b><u>179,459</u></b>	<u>164,769</u>

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**A22. Net Gains and Losses on Financial Instruments**

	1st Quarter Ended		Three Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
<b>Group</b>				
Net gain / (loss) arising on financial assets at fair value through profit or loss:				
- net gain on disposal	1,577	-	1,577	-
- unrealised revaluation loss	(246)	-	(246)	-
	<u>1,331</u>	<u>-</u>	<u>1,331</u>	<u>-</u>
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	-	1,324	-	1,324
- unrealised revaluation loss	-	(407)	-	(407)
	<u>-</u>	<u>917</u>	<u>-</u>	<u>917</u>
Net gain / (loss) arising on trading derivatives				
- unrealised revaluation gain / (loss)	97	(388)	97	(388)
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	18,410	-	18,410	-
- gross dividend income	130	-	130	-
	<u>18,540</u>	<u>-</u>	<u>18,540</u>	<u>-</u>
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	-	4,200	-	4,200
- gross dividend income	-	131	-	131
	<u>-</u>	<u>4,331</u>	<u>-</u>	<u>4,331</u>
Net (loss) / gain representing ineffective portions of hedging derivatives:				
- fair value hedge	(100)	607	(100)	607
- cash flow hedge	(52)	(1,510)	(52)	(1,510)
	<u>(152)</u>	<u>(903)</u>	<u>(152)</u>	<u>(903)</u>
Net gains and losses on financial instruments	<u>19,816</u>	<u>3,957</u>	<u>19,816</u>	<u>3,957</u>

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**A22. Net Gains and Losses on Financial Instruments** (continued)

	1st Quarter Ended		Three Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
<b>Bank</b>				
Net gain / (loss) arising on financial assets at fair value through profit or loss:				
- net gain on disposal	1,575	-	1,575	-
- unrealised revaluation loss	(248)	-	(248)	-
	<u>1,327</u>	<u>-</u>	<u>1,327</u>	<u>-</u>
Net gain / (loss) arising on financial assets held-for-trading:				
- net gain on disposal	-	1,317	-	1,317
- unrealised revaluation loss	-	(374)	-	(374)
	<u>-</u>	<u>943</u>	<u>-</u>	<u>943</u>
Net gain arising on trading derivatives				
- unrealised revaluation gain	97	7	97	7
	<u>97</u>	<u>7</u>	<u>97</u>	<u>7</u>
Net gain arising on financial investments at fair value through other comprehensive income:				
- net gain on disposal	18,409	-	18,409	-
Net gain arising on financial investments available-for-sale:				
- net gain on disposal	-	4,712	-	4,712
Net gain / (loss) representing ineffective portions of hedging derivatives:				
- fair value hedge	81	700	81	700
- cash flow hedge	(52)	(1,510)	(52)	(1,510)
	<u>29</u>	<u>(810)</u>	<u>29</u>	<u>(810)</u>
Net gains and losses on financial instruments	<u>19,862</u>	<u>4,852</u>	<u>19,862</u>	<u>4,852</u>

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**A23. Other Operating Income**

	1st Quarter Ended		Three Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
<b><u>Group</u></b>				
Other income:				
Foreign exchange profit	95,355	79,046	95,355	79,046
Rental income from:				
- investment properties	3,144	3,386	3,144	3,386
- other properties	3,340	3,302	3,340	3,302
Net gain on disposal of property and equipment	84	269	84	269
Net gain on disposal of foreclosed properties	253	1,565	253	1,565
Others	16,511	15,789	16,511	15,789
Total other operating income	<u>118,687</u>	<u>103,357</u>	<u>118,687</u>	<u>103,357</u>
	1st Quarter Ended	31 March	Three Months Ended	31 March
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
Distribution income from collective investments	47,902	41,776	47,902	41,776
Dividend income from subsidiary companies - unquoted in Malaysia	71,243	83,765	71,243	83,765
	<u>119,145</u>	<u>125,541</u>	<u>119,145</u>	<u>125,541</u>
Other income:				
Foreign exchange profit	242,389	127,342	242,389	127,342
Rental income from other properties	3,250	3,209	3,250	3,209
Net gain on disposal of property and equipment	59	156	59	156
Net gain on disposal of foreclosed properties	253	1,565	253	1,565
Others	13,926	12,470	13,926	12,470
	<u>259,877</u>	<u>144,742</u>	<u>259,877</u>	<u>144,742</u>
Total other operating income	<u>379,022</u>	<u>270,283</u>	<u>379,022</u>	<u>270,283</u>

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**A24. Other Operating Expenses**

<u>Group</u>	1st Quarter Ended		Three Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Personnel costs				
- Salaries, allowances and bonuses	524,552	511,662	524,552	511,662
- Pension costs	68,486	66,002	68,486	66,002
- Others	41,459	39,931	41,459	39,931
	<u>634,497</u>	<u>617,595</u>	<u>634,497</u>	<u>617,595</u>
Establishment costs				
- Depreciation	54,793	53,442	54,793	53,442
- Rental	31,930	30,596	31,930	30,596
- Insurance	5,551	5,857	5,551	5,857
- Water and electricity	11,513	12,118	11,513	12,118
- General repairs and maintenance	25,096	27,484	25,096	27,484
- Information technology expenses	13,028	13,385	13,028	13,385
- Others	17,738	17,986	17,738	17,986
	<u>159,649</u>	<u>160,868</u>	<u>159,649</u>	<u>160,868</u>
Marketing expenses				
- Advertisement and publicity	14,221	15,192	14,221	15,192
- Others	24,609	16,574	24,609	16,574
	<u>38,830</u>	<u>31,766</u>	<u>38,830</u>	<u>31,766</u>
Administration and general expenses				
- Communication expenses	13,015	19,304	13,015	19,304
- Legal and professional fees	9,852	11,184	9,852	11,184
- Others	43,417	46,151	43,417	46,151
	<u>66,284</u>	<u>76,639</u>	<u>66,284</u>	<u>76,639</u>
Total other operating expenses	<u>899,260</u>	<u>886,868</u>	<u>899,260</u>	<u>886,868</u>



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**A24. Other Operating Expenses (continued)**

<b><u>Bank</u></b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
Personnel costs				
- Salaries, allowances and bonuses	<b>397,827</b>	381,695	<b>397,827</b>	381,695
- Pension costs	<b>59,130</b>	56,994	<b>59,130</b>	56,994
- Others	<b>34,130</b>	32,217	<b>34,130</b>	32,217
	<b>491,087</b>	470,906	<b>491,087</b>	470,906
Establishment costs				
- Depreciation	<b>43,662</b>	41,919	<b>43,662</b>	41,919
- Rental	<b>25,424</b>	23,859	<b>25,424</b>	23,859
- Insurance	<b>4,664</b>	4,860	<b>4,664</b>	4,860
- Water and electricity	<b>8,186</b>	8,624	<b>8,186</b>	8,624
- General repairs and maintenance	<b>22,098</b>	24,059	<b>22,098</b>	24,059
- Information technology expenses	<b>6,423</b>	6,356	<b>6,423</b>	6,356
- Others	<b>10,194</b>	11,575	<b>10,194</b>	11,575
	<b>120,651</b>	121,252	<b>120,651</b>	121,252
Marketing expenses				
- Advertisement and publicity	<b>4,959</b>	5,573	<b>4,959</b>	5,573
- Others	<b>12,823</b>	10,936	<b>12,823</b>	10,936
	<b>17,782</b>	16,509	<b>17,782</b>	16,509
Administration and general expenses				
- Communication expenses	<b>9,893</b>	15,623	<b>9,893</b>	15,623
- Legal and professional fees	<b>6,685</b>	8,178	<b>6,685</b>	8,178
- Others	<b>25,288</b>	27,143	<b>25,288</b>	27,143
	<b>41,866</b>	50,944	<b>41,866</b>	50,944
Shared service cost charged to Public Islamic Bank Berhad *	<b>(91,614)</b>	(87,498)	<b>(91,614)</b>	(87,498)
<b>Total other operating expenses</b>	<b>579,772</b>	572,113	<b>579,772</b>	572,113

\* The type of services rendered by the Bank to Public Islamic Bank Berhad in Malaysia are as follows:

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
Credit related services	<b>(49,623)</b>	(46,754)	<b>(49,623)</b>	(46,754)
Non-credit branch support services	<b>(26,174)</b>	(26,445)	<b>(26,174)</b>	(26,445)
Other administration services	<b>(15,817)</b>	(14,299)	<b>(15,817)</b>	(14,299)
	<b>(91,614)</b>	(87,498)	<b>(91,614)</b>	(87,498)

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**A25. Allowance for Impairment on Loans, Advances and Financing**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
<b><u>Group</u></b>				
Allowance for impairment on loans and financing:				
Collective assessment allowance	74,351	65,861	74,351	65,861
Individual assessment allowance	42,607	55,044	42,607	55,044
Impaired loans and financing written off	25	28	25	28
Impaired loans and financing recovered	(48,525)	(53,842)	(48,525)	(53,842)
	<u>68,458</u>	<u>67,091</u>	<u>68,458</u>	<u>67,091</u>
	<b>1st Quarter Ended</b>	<b>31 March</b>	<b>Three Months Ended</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Allowance for impairment on loans and financing:				
Collective assessment allowance	49,269	63,793	49,269	63,793
Individual assessment allowance	6,385	2,428	6,385	2,428
Impaired loans written off	24	28	24	28
Impaired loans recovered	(26,112)	(27,967)	(26,112)	(27,967)
	<u>29,566</u>	<u>38,282</u>	<u>29,566</u>	<u>38,282</u>

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**A26. Segment Information**

1st Quarter Ended 31 March 2018	<----- 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	641,437	2,683,428	476,756	288,212	44,515	373,978	1,605	420,079	4,930,010	419,143	-	5,349,153
Revenue from other segments	400	284,903	8,054	576,900	65	12,339	8,202	116,355	1,007,218	12,350	(1,019,568)	-
	<u>641,837</u>	<u>2,968,331</u>	<u>484,810</u>	<u>865,112</u>	<u>44,580</u>	<u>386,317</u>	<u>9,807</u>	<u>536,434</u>	<u>5,937,228</u>	<u>431,493</u>	<u>(1,019,568)</u>	<u>5,349,153</u>
Net interest income and Islamic banking income	180,743	1,183,534	130,712	114,340	5,917	5,342	(5,633)	262,651	1,877,606	285,533	-	2,163,139
Other income	663	184,058	10,975	86,456	17,886	225,751	9,740	28,245	563,774	50,891	(19,948)	594,717
Net income	<u>181,406</u>	<u>1,367,592</u>	<u>141,687</u>	<u>200,796</u>	<u>23,803</u>	<u>231,093</u>	<u>4,107</u>	<u>290,896</u>	<u>2,441,380</u>	<u>336,424</u>	<u>(19,948)</u>	<u>2,757,856</u>
Other operating expenses (Allowance) / Writeback of allowance for impairment on loans, advances and financing	(64,525)	(464,495)	(4,311)	(10,657)	(11,275)	(54,959)	(6,651)	(149,701)	(766,574)	(152,634)	19,948	(899,260)
(Allowance) / Writeback of allowance for impairment on other assets	(28,224)	(2,728)	(19)	-	13	3	-	-	(30,955)	(37,503)	-	(68,458)
Profit / (loss) by segments	<u>-</u>	<u>(139)</u>	<u>-</u>	<u>413</u>	<u>(33)</u>	<u>-</u>	<u>-</u>	<u>(316)</u>	<u>(75)</u>	<u>(758)</u>	<u>-</u>	<u>(833)</u>
	<u>88,657</u>	<u>900,230</u>	<u>137,357</u>	<u>190,552</u>	<u>12,508</u>	<u>176,137</u>	<u>(2,544)</u>	<u>140,879</u>	<u>1,643,776</u>	<u>145,529</u>	<u>-</u>	<u>1,789,305</u>
Reconciliation of segment profits to consolidated profits: Share of profit after tax of equity accounted associated companies									4,654	-		4,654
Profit before tax expense and zakat									<u>1,648,430</u>	<u>145,529</u>		<u>1,793,959</u>
Cost income ratio	35.6%	34.0%	3.0%	5.3%	47.4%	23.8%	161.9%	51.5%	31.4%	45.4%		32.6%

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**A26. 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						
<b>1st Quarter Ended</b>													
<b>31 March 2018</b>													
Gross loans, advances and financing	48,042,743	197,348,003	39,956,140	-	387,566	89,410	1,550	-	285,825,412	20,947,088			306,772,500
Loan growth	-0.2%	1.5%	1.7%	-	-1.4%	0.6%	-2.7%	-	1.2%	-5.3%			0.8%
Impaired loans, advances and financing	282,217	835,947	37,260	-	-	671	-	-	1,156,095	324,971			1,481,066
Impaired loan and financing ratio	0.6%	0.4%	0.1%	-	-	0.8%	-	-	0.4%	1.6%			0.5%
Deposits from customers	-	239,670,790	245,152	59,755,950	1,005,296	-	-	-	300,677,188	25,214,007			325,891,195
Deposit growth	-	1.8%	-3.9%	5.9%	3.2%	-	-	-	2.6%	-3.3%			2.1%
Segment assets	<u>47,785,015</u>	<u>245,318,747</u>	<u>39,718,078</u>	<u>70,312,816</u>	<u>2,305,421</u>	<u>469,635</u>	<u>853,613</u>	<u>45,827,552</u>	<u>452,590,877</u>	<u>33,091,034</u>	<u>(90,815,480)</u>		<u>394,866,431</u>
Reconciliation of segment assets to consolidated assets:													
Investment in associated companies									39,743	15			39,758
Unallocated assets									938,854	-			938,854
Intangible assets									775,493	1,583,114			2,358,607
Total assets									<u>454,344,967</u>	<u>34,674,163</u>			<u>398,203,650</u>

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**A26. Segment Information (continued)**

	<----- Operating Segments ----->											
	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	
<b>1st Quarter Ended 31 March 2017</b>												
External revenue	666,014	2,472,073	434,999	358,914	42,644	318,586	1,530	277,610	4,572,370	455,815	-	5,028,185
Revenue from other segments	424	300,570	8,097	529,096	899	11,140	7,539	117,480	975,245	6,834	(982,079)	-
	<u>666,438</u>	<u>2,772,643</u>	<u>443,096</u>	<u>888,010</u>	<u>43,543</u>	<u>329,726</u>	<u>9,069</u>	<u>395,090</u>	<u>5,547,615</u>	<u>462,649</u>	<u>(982,079)</u>	<u>5,028,185</u>
Net interest income and												
Islamic banking income	194,494	1,137,200	123,183	105,560	5,760	4,433	(5,356)	199,095	1,764,369	307,529	-	2,071,898
Other income	942	167,894	10,896	77,368	15,612	194,692	9,027	6,086	482,517	50,850	(18,904)	514,463
Net income	<u>195,436</u>	<u>1,305,094</u>	<u>134,079</u>	<u>182,928</u>	<u>21,372</u>	<u>199,125</u>	<u>3,671</u>	<u>205,181</u>	<u>2,246,886</u>	<u>358,379</u>	<u>(18,904)</u>	<u>2,586,361</u>
Other operating expenses	(64,874)	(453,012)	(3,318)	(10,051)	(10,382)	(48,047)	(4,699)	(148,766)	(743,149)	(162,623)	18,904	(886,868)
(Allowance) / Writeback of allowance for impairment on loans, advances and financing	(40,186)	7,980	(911)	-	(18)	-	-	-	(33,135)	(33,956)	-	(67,091)
Allowance for impairment on other assets	-	(448)	-	-	-	-	-	-	(448)	-	-	(448)
Profit / (loss) by segments	<u>90,376</u>	<u>859,614</u>	<u>129,850</u>	<u>172,877</u>	<u>10,972</u>	<u>151,078</u>	<u>(1,028)</u>	<u>56,415</u>	<u>1,470,154</u>	<u>161,800</u>	<u>-</u>	<u>1,631,954</u>
Reconciliation of segment profits to consolidated profits: Share of loss after tax of equity accounted associated companies									(482)	-		(482)
Profit before tax expense and zakat									<u>1,469,672</u>	<u>161,800</u>		<u>1,631,472</u>
Cost income ratio	33.2%	34.7%	2.5%	5.5%	48.6%	24.1%	128.0%	72.5%	33.1%	45.4%		34.3%

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**A26. 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					
<b>1st Quarter Ended</b>												
<b>31 March 2017</b>												
Gross loans, advances and financing	49,190,124	185,529,522	37,912,795	-	394,894	85,049	1,865	-	273,114,249	23,470,450		296,584,699
Loan growth	-0.8%	1.7%	1.2%	-	3.0%	4.4%	-5.2%	-	1.2%	-2.4%		0.9%
Impaired loans, advances and financing	297,571	826,880	35,843	-	-	-	-	-	1,160,294	293,600		1,453,894
Impaired loan and financing ratio	0.6%	0.4%	0.1%	-	-	-	-	-	0.4%	1.3%		0.5%
Deposits from customers	-	224,357,242	190,073	62,354,786	1,629,111	-	-	-	288,531,212	27,710,660		316,241,872
Deposit growth	-	2.3%	-24.9%	0.7%	6.7%	-	-	-	2.0%	2.6%		2.0%
Segment assets	<u>48,942,581</u>	<u>229,228,240</u>	<u>37,857,649</u>	<u>81,680,893</u>	<u>3,025,553</u>	<u>430,908</u>	<u>848,827</u>	<u>38,012,339</u>	<u>440,026,990</u>	<u>37,035,677</u>	<u>(90,653,390)</u>	<u>386,409,277</u>
Reconciliation of segment assets to consolidated assets:												
Investment in associated companies									37,910	17		37,927
Unallocated assets									701,254	-		701,254
Intangible assets									775,493	1,802,408		2,577,901
Total assets									<u>441,541,647</u>	<u>38,838,102</u>		<u>389,726,359</u>

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**A26. 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.

**A27. 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.

**A28. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the 1st quarter ended 31 March 2018.

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**A29. 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:

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
<b>Contingent liabilities</b>				
Direct credit substitutes	<b>985,498</b>	1,012,069	<b>953,990</b>	978,443
Transaction-related contingent items	<b>1,690,809</b>	1,697,926	<b>1,452,483</b>	1,469,720
Short term self-liquidating trade-related contingencies	<b>584,265</b>	558,181	<b>150,259</b>	139,041
	<b>3,260,572</b>	3,268,176	<b>2,556,732</b>	2,587,204
<b>Commitments</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	<b>26,426,260</b>	27,556,467	<b>21,398,090</b>	22,521,236
- not exceeding one year	<b>23,631,315</b>	24,373,275	<b>20,059,368</b>	21,142,579
Unutilised credit card lines	<b>6,627,192</b>	6,462,047	<b>6,393,007</b>	6,230,704
Forward asset purchases	<b>921,438</b>	383,815	<b>778,208</b>	383,815
	<b>57,606,205</b>	58,775,604	<b>48,628,673</b>	50,278,334
<b>Derivative financial instruments</b>				
Foreign exchange related contracts:				
- less than one year	<b>22,177,064</b>	20,822,638	<b>21,730,200</b>	20,151,324
- one year to less than five years	<b>1,561,056</b>	1,649,368	<b>1,561,056</b>	1,649,368
Interest / Profit rate related contracts:				
- less than one year	<b>450,000</b>	1,450,000	<b>1,050,000</b>	2,050,000
- one year to less than five years	<b>9,545,080</b>	9,180,800	<b>10,281,880</b>	9,908,175
- five years and above	<b>282,072</b>	295,833	<b>2,000,000</b>	2,000,000
Commodity related contracts:				
- less than one year	<b>248</b>	412	<b>248</b>	412
	<b>34,015,520</b>	33,399,051	<b>36,623,384</b>	35,759,279
	<b>94,882,297</b>	95,442,831	<b>87,808,789</b>	88,624,817



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**A30. Derivative Financial Instruments**

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

Group As at 31 March 2018	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	1,692,901	15,456	-	1,708,357	5,183	-	-	5,183	12,445	1,867	-	14,312
- Swaps	19,651,877	-	-	19,651,877	77,554	-	-	77,554	225,189	-	-	225,189
- Options	59,486	-	-	59,486	-	-	-	-	-	-	-	-
Interest rate related contracts												
- Swaps	100,000	-	-	100,000	-	-	-	-	13	-	-	13
Precious metal contracts												
- Forwards	248	-	-	248	-	-	-	-	1	-	-	1
	<b>21,504,512</b>	<b>15,456</b>	<b>-</b>	<b>21,519,968</b>	<b>82,737</b>	<b>-</b>	<b>-</b>	<b>82,737</b>	<b>237,648</b>	<b>1,867</b>	<b>-</b>	<b>239,515</b>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	-	3,281,200	502,072	3,783,272	-	24,429	14,649	39,078	-	1,828	-	1,828
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	772,800	193,200	1,352,400	2,318,400	-	-	128,883	128,883	140,155	30,216	2,875	173,246
Interest / Profit rate related contracts												
- Swaps	350,000	3,427,800	2,616,080	6,393,880	400	18,618	48,904	67,922	9	4,397	-	4,406
	<b>1,122,800</b>	<b>6,902,200</b>	<b>4,470,552</b>	<b>12,495,552</b>	<b>400</b>	<b>43,047</b>	<b>192,436</b>	<b>235,883</b>	<b>140,164</b>	<b>36,441</b>	<b>2,875</b>	<b>179,480</b>
<b>Total</b>	<b>22,627,312</b>	<b>6,917,656</b>	<b>4,470,552</b>	<b>34,015,520</b>	<b>83,137</b>	<b>43,047</b>	<b>192,436</b>	<b>318,620</b>	<b>377,812</b>	<b>38,308</b>	<b>2,875</b>	<b>418,995</b>

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**A30. 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 2017	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	1,563,602	28,368	-	1,591,970	5,571	-	-	5,571	9,974	1,818	-	11,792
- Swaps	18,424,270	-	-	18,424,270	88,544	-	-	88,544	299,570	-	-	299,570
- Options	24,266	-	-	24,266	-	-	-	-	-	-	-	-
Interest rate related contracts												
- Swaps	450,000	-	-	450,000	-	-	-	-	113	-	-	113
Precious metal contracts												
- Forwards	412	-	-	412	1	-	-	1	-	-	-	-
	<u>20,462,550</u>	<u>28,368</u>	<u>-</u>	<u>20,490,918</u>	<u>94,116</u>	<u>-</u>	<u>-</u>	<u>94,116</u>	<u>309,657</u>	<u>1,818</u>	<u>-</u>	<u>311,475</u>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	-	3,209,575	596,883	3,806,458	-	29,517	10,113	39,630	-	3,125	101	3,226
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	810,500	202,625	1,418,375	2,431,500	-	-	55,952	55,952	179,122	40,162	24,965	244,249
Interest / Profit rate related contracts												
- Swaps	1,000,000	2,840,500	2,829,675	6,670,175	613	14,259	21,749	36,621	380	7,353	1,446	9,179
	<u>1,810,500</u>	<u>6,252,700</u>	<u>4,844,933</u>	<u>12,908,133</u>	<u>613</u>	<u>43,776</u>	<u>87,814</u>	<u>132,203</u>	<u>179,502</u>	<u>50,640</u>	<u>26,512</u>	<u>256,654</u>
<b>Total</b>	<u>22,273,050</u>	<u>6,281,068</u>	<u>4,844,933</u>	<u>33,399,051</u>	<u>94,729</u>	<u>43,776</u>	<u>87,814</u>	<u>226,319</u>	<u>489,159</u>	<u>52,458</u>	<u>26,512</u>	<u>568,129</u>

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**A30. Derivative Financial Instruments** (continued)

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

Bank As at 31 March 2018	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	1,543,117	15,456	-	1,558,573	4,863	-	-	4,863	12,094	1,867	-	13,961
- Swaps	19,354,797	-	-	19,354,797	75,337	-	-	75,337	224,070	-	-	224,070
- Options	59,486	-	-	59,486	-	-	-	-	-	-	-	-
Interest rate related contracts												
- Swaps	100,000	-	-	100,000	-	-	-	-	13	-	-	13
Precious metal contracts												
- Forwards	248	-	-	248	-	-	-	-	1	-	-	1
	<u>21,057,648</u>	<u>15,456</u>	<u>-</u>	<u>21,073,104</u>	<u>80,200</u>	<u>-</u>	<u>-</u>	<u>80,200</u>	<u>236,178</u>	<u>1,867</u>	<u>-</u>	<u>238,045</u>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	-	3,088,000	220,000	3,308,000	-	21,628	1,979	23,607	-	-	-	-
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	772,800	193,200	1,352,400	2,318,400	-	-	128,883	128,883	140,155	30,216	2,875	173,246
Interest rate related contracts												
- Swaps	950,000	3,857,800	5,116,080	9,923,880	1,079	19,113	69,796	89,988	9	4,397	6,815	11,221
	<u>1,722,800</u>	<u>7,139,000</u>	<u>6,688,480</u>	<u>15,550,280</u>	<u>1,079</u>	<u>40,741</u>	<u>200,658</u>	<u>242,478</u>	<u>140,164</u>	<u>34,613</u>	<u>9,690</u>	<u>184,467</u>
<b>Total</b>	<u>22,780,448</u>	<u>7,154,456</u>	<u>6,688,480</u>	<u>36,623,384</u>	<u>81,279</u>	<u>40,741</u>	<u>200,658</u>	<u>322,678</u>	<u>376,342</u>	<u>36,480</u>	<u>9,690</u>	<u>422,512</u>

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**A30. 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 2017	Contract / Notional Amount				Positive Fair Value				Negative Fair Value			
	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000	Up To 1 Year RM'000	> 1 - 3 Years RM'000	> 3 Years RM'000	Total RM'000
<b>Trading derivatives:</b>												
Foreign exchange contracts												
- Forwards	1,431,512	28,368	-	1,459,880	5,531	-	-	5,531	9,910	1,818	-	11,728
- Swaps	17,885,046	-	-	17,885,046	84,952	-	-	84,952	298,221	-	-	298,221
- Options	24,266	-	-	24,266	-	-	-	-	-	-	-	-
Interest rate related contracts												
- Swaps	450,000	-	-	450,000	-	-	-	-	113	-	-	113
Precious metal contracts												
- Forwards	412	-	-	412	1	-	-	1	-	-	-	-
	<u>19,791,236</u>	<u>28,368</u>	<u>-</u>	<u>19,819,604</u>	<u>90,484</u>	<u>-</u>	<u>-</u>	<u>90,484</u>	<u>308,244</u>	<u>1,818</u>	<u>-</u>	<u>310,062</u>
<b>Hedging Derivatives:</b>												
<b>Fair Value Hedge</b>												
Interest rate related contracts												
- Swaps	-	3,088,000	220,000	3,308,000	-	29,517	1,809	31,326	-	-	-	-
<b>Cash Flow Hedge</b>												
Foreign exchange contracts												
- Cross currency interest rate swaps	810,500	202,625	1,418,375	2,431,500	-	-	55,952	55,952	179,122	40,162	24,965	244,249
Interest rate related contracts												
- Swaps	1,600,000	3,270,500	5,329,675	10,200,175	1,889	16,044	44,520	62,453	380	7,353	7,395	15,128
	<u>2,410,500</u>	<u>6,561,125</u>	<u>6,968,050</u>	<u>15,939,675</u>	<u>1,889</u>	<u>45,561</u>	<u>102,281</u>	<u>149,731</u>	<u>179,502</u>	<u>47,515</u>	<u>32,360</u>	<u>259,377</u>
<b>Total</b>	<u>22,201,736</u>	<u>6,589,493</u>	<u>6,968,050</u>	<u>35,759,279</u>	<u>92,373</u>	<u>45,561</u>	<u>102,281</u>	<u>240,215</u>	<u>487,746</u>	<u>49,333</u>	<u>32,360</u>	<u>569,439</u>

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**A30. 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 the reporting date, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM318,620,000 (2017: RM226,319,000) and RM322,678,000 (2017: RM240,215,000) 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 the reporting date, the Group and the Bank had posted cash collateral of RM193,717,000 (2017: RM371,846,000) 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 2017 and Pillar 3 Disclosures section of the 2017 Annual Report.

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**A31. a) Fair Value Measurements**

Determination of Fair Value and Fair Value Hierarchy

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

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

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

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

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

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 March 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	2,519,889	-	2,519,889
- Money market instruments	-	1,119,412	-	1,119,412
- Non-money market instruments	-	29,973	415,900 *	445,873
	-	3,669,274	415,900	4,085,174
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	26,549,461	-	26,549,461
- Money market instruments	-	3,639,070	-	3,639,070
- Non-money market instruments	3,180	4,701,158	314,974 *	5,019,312
	3,180	34,889,689	314,974	35,207,843
Derivative financial assets	-	318,620	-	318,620
Total financial assets measured at fair value	3,180	38,877,583	730,874	39,611,637
<b>Non-financial assets</b>				
Investment properties	-	-	679,490	679,490
<b>Financial liabilities</b>				
Derivative financial liabilities	-	418,995	-	418,995
Total financial liabilities measured at fair value	-	418,995	-	418,995

\* Fair value measurement of unquoted equity securities arising from the adoption of MFRS 9 with effect from 1 January 2018. Comparative figures are not restated in line with the transition requirements under MFRS 9.

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**A31. a) Fair Value Measurements** (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2017</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets held-for-trading				
- Government securities and treasury bills	-	699,796	-	699,796
- Money market instruments	-	646,834	-	646,834
- Non-money market instruments	-	29,911	-	29,911
	-	1,376,541	-	1,376,541
Financial investments available-for-sale				
- Government securities and treasury bills	-	20,403,419	-	20,403,419
- Money market instruments	-	4,967,182	-	4,967,182
- Non-money market instruments #	3,441	4,791,314	-	4,794,755
	3,441	30,161,915	-	30,165,356
Derivative financial assets	-	226,319	-	226,319
Total financial assets measured at fair value	3,441	31,764,775	-	31,768,216
<b>Non-financial assets</b>				
Investment properties	-	-	688,052	688,052
<b>Financial liabilities</b>				
Derivative financial liabilities	-	568,129	-	568,129
Total financial liabilities measured at fair value	-	568,129	-	568,129

# Excluding the carrying amount of unquoted equity securities held by the Group of RM159,701,000 which are not carried at fair value.

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**A31. a) Fair Value Measurements** (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 March 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
- Government securities and treasury bills	-	2,519,889	-	2,519,889
- Non-money market instruments	-	-	392,102 *	392,102
	-	2,519,889	392,102	2,911,991
Financial investments at fair value through other comprehensive income				
- Government securities and treasury bills	-	19,522,853	-	19,522,853
- Money market instruments	-	3,508,641	-	3,508,641
- Non-money market instruments	-	1,633,565	308,725 *	1,942,290
	-	24,665,059	308,725	24,973,784
Derivative financial assets	-	322,678	-	322,678
Total financial assets measured at fair value	-	27,507,626	700,827	28,208,453
<b>Financial liabilities</b>				
Derivative financial liabilities	-	422,512	-	422,512
Total financial liabilities measured at fair value	-	422,512	-	422,512

\* Fair value measurement of unquoted equity securities arising from the adoption of MFRS 9 with effect from 1 January 2018. Comparative figures are not restated in line with the transition requirements under MFRS 9.



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**A31. a) Fair Value Measurements** (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2017</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets held-for-trading				
- Government securities and treasury bills	-	699,796	-	699,796
Financial investments available-for-sale				
- Government securities and treasury bills	-	13,657,317	-	13,657,317
- Money market instruments	-	4,717,102	-	4,717,102
- Non-money market instruments #	-	1,681,256	-	1,681,256
	-	<u>20,055,675</u>	-	<u>20,055,675</u>
Derivative financial assets	-	240,215	-	240,215
Total financial assets measured at fair value	-	<u>20,995,686</u>	-	<u>20,995,686</u>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	569,439	-	569,439
Total financial liabilities measured at fair value	-	<u>569,439</u>	-	<u>569,439</u>

# Excluding the carrying amount of unquoted equity securities held by the Bank of RM155,068,000 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 (2017: None).

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**A31. a) Fair Value Measurements** (continued)

Determination of Fair Value and Fair Value Hierarchy (continued)

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

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

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

**b) Gains/Losses Arising from Fair Value Changes of Financial Liabilities**

Other than derivative financial instruments where the fair value changes are recognised as derivative financial assets or liabilities, as disclosed in Note A30, there were no gains or losses arising from fair value changes of other financial liabilities.

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**A32. Capital Adequacy**

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

	Group		Bank	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
<u>Before deducting interim dividends *</u>				
Common Equity Tier I ("CET I") capital ratio	12.219%	12.758%	11.095%	12.136%
Tier I capital ratio	12.840%	13.538%	11.835%	13.072%
Total capital ratio	<u>15.826%</u>	<u>16.494%</u>	<u>14.859%</u>	<u>15.577%</u>
<u>After deducting interim dividends *</u>				
CET I capital ratio	12.219%	12.248%	11.095%	11.506%
Tier I capital ratio	12.840%	13.028%	11.835%	12.442%
Total capital ratio	<u>15.826%</u>	<u>15.984%</u>	<u>14.859%</u>	<u>14.947%</u>

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

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
Components of CET I, Tier I and Tier II capital:				
<u>CET I / Tier I capital:</u>				
Share capital	9,417,653	9,417,653	9,417,653	9,417,653
Other reserves	985,845	945,620	661,388	625,430
Retained profits	23,586,116	24,723,059	19,995,238	20,811,292
Treasury shares	(149,337)	(149,337)	(149,337)	(149,337)
Qualifying non-controlling interests	636,992	673,372	-	-
Less: Goodwill and other intangible assets	(2,358,607)	(2,432,058)	(695,393)	(695,393)
Less: Deferred tax assets, net	(81,039)	(70,984)	-	-
Less: Defined benefit pension fund assets	(223,859)	(231,496)	(220,940)	(228,475)
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from CET I capital	<u>(57,222)</u>	<u>(41,816)</u>	<u>(5,629,441)</u>	<u>(4,503,553)</u>
Total CET I capital	31,756,542	32,834,013	23,379,168	25,277,617
Non-innovative Tier I stapled securities	1,559,840	1,949,800	1,559,840	1,949,800
Qualifying CET I and additional Tier I capital instruments held by third parties	54,332	57,550	-	-
Total Tier I capital	<u>33,370,714</u>	<u>34,841,363</u>	<u>24,939,008</u>	<u>27,227,417</u>

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**A32. Capital Adequacy (continued)**

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

	Group		Bank	
	31 March 2018 RM'000	31 December 2017 RM'000	31 March 2018 RM'000	31 December 2017 RM'000
<u>Tier II capital</u>				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>1</sup>	2,975,205	-	2,420,351	-
Collective assessment allowance <sup>2</sup> and regulatory reserves <sup>1</sup>	-	2,947,576	-	2,393,535
Subordinated notes	3,949,885	3,949,837	3,949,885	3,949,837
Qualifying CET I and additional Tier I and Tier II capital instruments held by third parties	733,182	718,418	-	-
Less: Investment in banking / insurance subsidiary companies and associated companies deducted from Tier II capital	-	(10,454)	-	(1,125,888)
Others	101,549	-	-	-
Total Tier II capital	<u>7,759,821</u>	<u>7,605,377</u>	<u>6,370,236</u>	<u>5,217,484</u>
Total capital	<u>41,130,535</u>	<u>42,446,740</u>	<u>31,309,244</u>	<u>32,444,901</u>

<sup>1</sup> Includes the qualifying regulatory reserves of the Group and of the Bank of RM1,479,029,000 (2017: RM2,076,283,000) and RM1,377,637,000 (2017: RM1,843,663,000) respectively.

<sup>2</sup> Excludes collective assessment allowance on impaired loans/financing restricted from Tier II capital of the Group and of the Bank of RM446,667,000 and RM313,351,000 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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**A32. 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 Capital Adequacy Framework (Basel II - Risk-Weighted Assets) reissued on 2 February 2018. 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>
2018	1.875%
2019 onwards	2.500%

A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Group and the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions. The Group and the Bank have applied CCyB on their private sector credit exposures in Hong Kong in line with Hong Kong Monetary Authority ("HKMA")'s requirement to maintain CCyB of 1.875% in Hong Kong. The Group's and the Bank's CCyB which are determined based on the weighted average of prevailing CCyB rates of their private sector credit exposures in Hong Kong are insignificant due to their immaterial Hong Kong exposures. The CCyB is not a requirement for exposures in Malaysia yet but may be applied by regulators in the future.

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Credit risk	<b>238,016,383</b>	235,806,066	<b>193,628,048</b>	191,482,831
Market risk	<b>2,948,352</b>	2,925,168	<b>3,982,477</b>	4,126,123
Operational risk	<b>18,924,807</b>	18,620,545	<b>13,105,147</b>	12,678,955
	<b><u>259,889,542</u></b>	<u>257,351,779</u>	<b><u>210,715,672</u></b>	<u>208,287,909</u>

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**A32. Capital Adequacy (continued)**

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

	<b>Public Islamic Bank Berhad<sup>1</sup></b>	<b>Public Investment Bank Berhad<sup>2</sup></b>	<b>Public Bank (L) Ltd.<sup>3</sup></b>	<b>Public Bank (Hong Kong) Limited<sup>4</sup></b>	<b>Public Finance Limited<sup>4</sup></b>	<b>Cambodian Public Bank Plc<sup>5</sup></b>	<b>Public Bank Vietnam Limited<sup>6</sup></b>
<b>31 March 2018</b>							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	<b>11.508%</b>	<b>46.199%</b>	<b>N/A</b>	<b>16.958%</b>	<b>22.733%</b>	<b>N/A</b>	<b>N/A</b>
Tier I capital ratio	<b>11.508%</b>	<b>46.199%</b>	<b>32.923%</b>	<b>16.958%</b>	<b>22.733%</b>	<b>N/A</b>	<b>N/A</b>
Total capital ratio	<b>15.655%</b>	<b>46.774%</b>	<b>32.936%</b>	<b>18.100%</b>	<b>23.777%</b>	<b>18.718%</b>	<b>26.390%</b>
<u>After deducting interim dividends: *</u>							
CET I capital ratio	<b>11.508%</b>	<b>46.199%</b>	<b>N/A</b>	<b>16.958%</b>	<b>22.733%</b>	<b>N/A</b>	<b>N/A</b>
Tier I capital ratio	<b>11.508%</b>	<b>46.199%</b>	<b>32.923%</b>	<b>16.958%</b>	<b>22.733%</b>	<b>N/A</b>	<b>N/A</b>
Total capital ratio	<b>15.655%</b>	<b>46.774%</b>	<b>32.936%</b>	<b>18.100%</b>	<b>23.777%</b>	<b>18.718%</b>	<b>26.390%</b>
<b>31 December 2017</b>							
<u>Before deducting interim dividends: *</u>							
CET I capital ratio	11.992%	40.290%	N/A	16.172%	24.022%	N/A	N/A
Tier I capital ratio	11.992%	40.290%	23.521%	16.172%	24.022%	N/A	N/A
Total capital ratio	16.114%	40.799%	23.544%	17.319%	25.061%	18.385%	30.776%
<u>After deducting interim dividends: *</u>							
CET I capital ratio	11.852%	37.592%	N/A	16.172%	21.769%	N/A	N/A
Tier I capital ratio	11.852%	37.592%	23.521%	16.172%	21.769%	N/A	N/A
Total capital ratio	15.975%	38.101%	23.544%	17.319%	22.808%	18.385%	30.776%

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

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**A32. Capital Adequacy** (continued)

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

- <sup>1</sup> The risk-weighted assets of Public Islamic Bank Berhad ("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 Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) reissued on 2 February 2018. 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 if this buffer is applied by regulators in countries which PIBB has exposures to.
- <sup>2</sup> 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 Capital Adequacy Framework (Basel II - Risk-Weighted Assets) reissued on 2 February 2018. 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 if this buffer is applied by regulators in countries which PIVB has exposures to.
- <sup>3</sup> The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis are computed in accordance with the Guidelines on Risk-Weighted Capital Adequacy issued by the Labuan Financial Services Authority (Labuan FSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the Tier I capital ratio and total capital ratio respectively.
- <sup>4</sup> These two subsidiary companies have adopted the Standardised Approach for Credit and Market Risk. Public Bank (Hong Kong) Limited has adopted the Basic Indicator Approach for Operational Risk and Public Finance Limited has adopted the Standardised Approach for Operational Risk. The capital adequacy ratios of these two subsidiary companies are computed in accordance with the provisions of the Banking (Amendment) Ordinance 2012 relating to Basel III capital standards and the amended Banking Capital Rules. These two subsidiaries are required to maintain a capital conservation buffer of up to 2.5% on a transitional arrangement and a CCyB of 1.875% (2017 : 1.25%) as imposed by HKMA to their private sector exposures in Hong Kong with effect from 1 January 2018.

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**A32. Capital Adequacy (continued)**

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

- <sup>5</sup> 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 and B7-00-46 (amended by NBC Prakas No. B7-04-206 dated 29 December 2004 and NBC Prakas No. B7-07-135 dated 27 August 2007) 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%.
- <sup>6</sup> 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.19/2017/TT-NHNN being amendment of and supplement to Circular No.36/2014/TT-NHNN on safety ratios, limits in operations of credit institutions 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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**A33. Operations of Islamic Banking**

a) **Statement of Financial Position As At 31 March 2018**

	Note	Group	
		31 March 2018 RM'000	31 December 2017 RM'000
<b>ASSETS</b>			
Cash and balances with banks		2,144,381	3,636,868
Financial assets at fair value through profit or loss		1,119,412	-
Financial assets held-for-trading		-	646,834
Derivative financial assets		8,378	7,468
Financial investments at fair value through other comprehensive income		5,999,447	-
Financial investments available-for-sale		-	5,825,046
Financial investments at amortised cost		3,463,143	-
Financial investments held-to-maturity		-	3,002,331
Financing and advances	A33(d)	42,747,381	41,705,965
Other assets		72,808	76,090
Statutory deposits with Bank Negara Malaysia		1,858,250	1,674,050
Deferred tax assets		5,603	4,172
Collective investments		517,080	513,071
Investment in an associated company		30,000	30,000
Property and equipment		1,059	1,016
<b>Total Assets</b>		<b>57,966,942</b>	<b>57,122,911</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	A33(e)	50,380,251	49,504,109
Deposits from banks		1,928,292	1,993,695
Bills and acceptances payable		396	365
Derivative financial liabilities		23,629	27,351
Subordinated Sukuk Murabahah		999,694	999,631
Other liabilities		343,788	367,272
Provision for zakat and taxation		51,726	43,536
<b>Total Liabilities</b>		<b>53,727,776</b>	<b>52,935,959</b>
Islamic Banking Funds		4,239,166	4,186,952
<b>Total Liabilities and Islamic Banking Funds</b>		<b>57,966,942</b>	<b>57,122,911</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>10,997,518</b>	<b>10,784,272</b>

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**A33. Operations of Islamic Banking** (continued)

**b) Statement of Profit or Loss for the 1st Quarter Ended 31 March 2018**

	1st Quarter Ended		Three Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
<b><u>Group</u></b>				
Income derived from investment of depositors' funds and others	600,857	554,556	600,857	554,556
Income derived from investment of Islamic Banking Funds	50,289	42,784	50,289	42,784
Allowance for impairment on financing and advances	(15,812)	(17,633)	(15,812)	(17,633)
(Impairment) / Writeback of impairment on other assets	(109)	47	(109)	47
<b>Total distributable income</b>	<b>635,225</b>	<b>579,754</b>	<b>635,225</b>	<b>579,754</b>
Income attributable to depositors and others	(381,275)	(346,072)	(381,275)	(346,072)
<b>Total net income</b>	<b>253,950</b>	<b>233,682</b>	<b>253,950</b>	<b>233,682</b>
Other overheads and expenditures	(107,167)	(101,108)	(107,167)	(101,108)
<b>Profit before zakat and taxation</b>	<b>146,783</b>	<b>132,574</b>	<b>146,783</b>	<b>132,574</b>
Zakat	(65)	(65)	(65)	(65)
Taxation	(34,370)	(31,118)	(34,370)	(31,118)
<b>Profit for the period</b>	<b>112,348</b>	<b>101,391</b>	<b>112,348</b>	<b>101,391</b>

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

	1st Quarter Ended		Three Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
Income derived from investment of depositors' funds and others	600,857	554,556	600,857	554,556
Income derived from investment of Islamic Banking Funds	50,289	42,784	50,289	42,784
Income attributable to depositors and others	(381,275)	(346,072)	(381,275)	(346,072)
Elimination of distribution income from collective investment	(4,124)	(3,550)	(4,124)	(3,550)
<b>Net income from Islamic banking business</b>	<b>265,747</b>	<b>247,718</b>	<b>265,747</b>	<b>247,718</b>

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**A33. Operations of Islamic Banking (continued)**

**c) Statement of Profit or Loss and Other Comprehensive Income for the 1st Quarter Ended 31 March 2018**

	1st Quarter Ended		Three Months Ended	
	31 March 2018 RM'000	31 March 2017 RM'000	31 March 2018 RM'000	31 March 2017 RM'000
<b><u>Group</u></b>				
Profit for the period	<b>112,348</b>	101,391	<b>112,348</b>	101,391
Other comprehensive (loss) / income:				
<u>Items that may be reclassified to profit or loss:</u>				
Revaluation reserves:				
- Net change in revaluation of financial investments:				
- at fair value through other comprehensive income	<b>(11,753)</b>	-	<b>(11,753)</b>	-
- available-for-sale	-	(6,212)	-	(6,212)
Hedging reserves:				
- Net change in cash flow hedges	<b>4,712</b>	(8,145)	<b>4,712</b>	(8,145)
	<b>(7,041)</b>	(14,357)	<b>(7,041)</b>	(14,357)
Income tax relating to components of other comprehensive (loss) / income:				
- Revaluation reserves	<b>2,821</b>	1,491	<b>2,821</b>	1,491
- Hedging reserves	<b>(1,131)</b>	1,955	<b>(1,131)</b>	1,955
	<b>1,690</b>	3,446	<b>1,690</b>	3,446
Other comprehensive loss for the period, net of tax	<b>(5,351)</b>	(10,911)	<b>(5,351)</b>	(10,911)
Total comprehensive income for the period	<b>106,997</b>	90,480	<b>106,997</b>	90,480

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**A33. Operations of Islamic Banking** (continued)

**d) Financing and Advances**

By type and contract

<b>31 March 2018</b>	<b>Bai' Bithaman Ajil RM'000</b>	<b>Ijarah Thumma Al-Bai' RM'000</b>	<b>Bai' Inah RM'000</b>	<b>Musharakah Mutanaqisah RM'000</b>	<b>Murabahah RM'000</b>	<b>Ujrah RM'000</b>	<b>Total Financing and Advances RM'000</b>
<b>At amortised cost</b>							
Cash line	1,440,185	-	-	-	-	-	1,440,185
Term financing							
- House financing	4,223,484	-	-	11,244,869	-	-	15,468,353
- Syndicated financing	1,392,691	-	-	-	-	-	1,392,691
- Hire purchase receivables	-	10,685,018	-	-	-	-	10,685,018
- Other term financing	3,123,506	-	1,750,010	8,761,482	-	-	13,634,998
Credit card receivables	-	-	-	-	-	14,640	14,640
Bills receivables	-	-	-	-	1,524	-	1,524
Trust receipts	-	-	-	-	5,057	-	5,057
Claims on customers under acceptance credits	-	-	-	-	144,659	-	144,659
Revolving credits	208,051	-	-	-	-	-	208,051
Staff financing	-	6,970	-	59,520	-	-	66,490
Gross financing and advances	<b>10,387,917</b>	<b>10,691,988</b>	<b>1,750,010</b>	<b>20,065,871</b>	<b>151,240</b>	<b>14,640</b>	<b>43,061,666</b>
Allowance for impairment on financing and advances:							
- collective assessment allowance							(313,466)
- individual assessment allowance							(819)
Net financing and advances							<b>42,747,381</b>

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**A33. Operations of Islamic Banking** (continued)

**d) Financing and Advances** (continued)

By type and contract (continued)

<b>31 December 2017</b>	<b>Bai' Bithaman Ajil RM'000</b>	<b>Ijarah Thumma Al-Bai' RM'000</b>	<b>Bai' Inah RM'000</b>	<b>Musharakah Mutanaqisah RM'000</b>	<b>Murabahah RM'000</b>	<b>Ujrah RM'000</b>	<b>Total Financing and Advances RM'000</b>
<b>At amortised cost</b>							
Cash line	1,380,952	-	-	-	-	-	1,380,952
Term financing							
- House financing	4,131,197	-	-	10,550,865	-	-	14,682,062
- Syndicated financing	1,306,278	-	-	-	-	-	1,306,278
- Hire purchase receivables	-	10,875,598	-	-	-	-	10,875,598
- Other term financing	3,183,612	-	1,777,632	8,379,688	-	-	13,340,932
Credit card receivables	-	-	-	-	-	14,158	14,158
Bill receivables	-	-	-	-	604	-	604
Trust receipts	-	-	-	-	5,000	-	5,000
Claims on customers under acceptance credits	-	-	-	-	135,388	-	135,388
Revolving credits	204,923	-	-	-	-	-	204,923
Staff financing	-	6,597	-	56,441	-	-	63,038
Gross financing and advances	10,206,962	10,882,195	1,777,632	18,986,994	140,992	14,158	42,008,933
Allowance for impairment on financing and advances:							
- collective assessment allowance							(302,968)
Net financing and advances							<u>41,705,965</u>

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**A33. Operations of Islamic Banking** (continued)

**d) Financing and Advances** (continued)

Movements in credit-impaired financing and advances are as follows:

	Group	
	31 March 2018 RM'000	31 December 2017 RM'000
At 1 January	244,386	225,667
Impaired during the period / year	148,385	656,378
Reclassified as non-impaired	(128,402)	(503,479)
Recoveries	(12,528)	(43,413)
Amount written off	(20,506)	(89,715)
Financing converted to foreclosed properties	(10)	(1,052)
Closing balance	<u>231,325</u>	<u>244,386</u>
Impaired financing and advances as a percentage of gross financing and advances	<u>0.54%</u>	<u>0.58%</u>

**e) Deposits from Customers**

	Group	
	31 March 2018 RM'000	31 December 2017 RM'000
<b>By type of deposit and contract</b>		
<b>At amortised cost</b>		
Savings deposit		
- Wadiah	6,354,027	6,162,278
Demand deposit		
- Wadiah	3,990,233	4,165,878
Term deposit		
- Negotiable Islamic Debt Certificate		
- Bai' Inah	-	17,473
- Commodity Murabahah	34,373,679	33,021,079
- Special term deposit account		
- Wadiah	5,662,312	6,137,401
	<u>50,380,251</u>	<u>49,504,109</u>

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**A34. Changes in Accounting Policies**

**(a) Adoption of MFRS 9 Financial Instruments (2014)**

The Group and the Bank have adopted the requirements of MFRS 9 on 1 January 2018. MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting which have resulted in the following significant changes in accounting policies. The Group and the Bank have also elected an accounting policy choice allowed under MFRS 9 to continue applying existing hedge accounting requirements in MFRS 139 on the adoption of MFRS 9.

The changes in accounting policies have been applied retrospectively from 1 January 2018. In accordance with the transition requirements, comparatives are not restated. The significant changes to accounting policies are discussed and summarised below:

**(i) Classification and measurement**

The Group and the Bank classify financial assets into three primary measurement categories: Amortised Cost, Fair Value Through Profit or Loss (“FVTPL”) and Fair Value Through Other Comprehensive Income (“FVOCI”). The basis of classification depends on the Group’s and the Bank’s business model and contractual cash flow characteristics of the financial asset.

Financial assets

Financial assets are measured at amortised cost if the assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest. Financial assets are measured at FVOCI if the assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual cash flows represent solely payments of principal and interest. All other financial assets are classified and measured at FVTPL. On initial recognition of certain equity investments that are not held for trading, the Group and the Bank have irrevocably elected to present subsequent changes in fair value in OCI. This election is made on an instrument-by-instrument basis and is irrevocable.

Financial liabilities

As MFRS 9 retains most of the MFRS 139 requirements, there is no change to the classification and measurement of the Group’s and Bank’s financial liabilities.

Impact as a result of MFRS 9 adoption

- a) Both quoted and unquoted equity instruments which are not held for trading and were previously classified as available-for-sale are now classified and measured at either FVTPL or FVOCI.
- b) Unquoted equity instruments which were previously measured at cost are now measured at fair value.
- c) Certain debt instruments which were previously classified as held-to-maturity are redesignated and now measured at FVOCI.

The financial effects arising from the adoption of MFRS 9 are presented in Note 34 (c).

**(ii) Impairment**

MFRS 9 introduces expected credit losses (“ECL”) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date. The impairment requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables and certain loan commitments as well as financial guarantee contracts, which include loans, advances and financing and investment securities.

MFRS 9 does not distinguish between individual assessment and collective assessment. For loans, advances and financing, the Group and the Bank first assess individually whether objective evidence of impairment exists for loans which are individually significant. If it is determined that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed loan, a lifetime ECL will be recognised for impairment loss which has been incurred. Collectively, the individual assessment allowance and collective assessment allowance form the total allowance for impairment on loans, advances and financing.

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**A34. Changes in Accounting Policies** (continued)

**(a) Adoption of MFRS 9 Financial Instruments (2014)** (continued)

**(ii) Impairment** (continued)

Allowance for impairment will be made based on the following three-stage approach which reflects the change in credit quality of the financial instrument since initial recognition:

i) Stage 1: 12-month ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

ii) Stage 2: Lifetime ECL - non-credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but that are non-credit impaired, a lifetime ECL will be recognised.

iii) Stage 3: Lifetime ECL - credit impaired

Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, a lifetime ECL will be recognised.

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

Impact as a result of MFRS 9 adoption

The total ECL allowances computed under MFRS 9 is higher than the total allowance for impairment on loans, advances and financing under MFRS 139 as more forward looking approach is adopted as well as more financial assets (MFRS 9 includes loan commitments and financial guarantee contracts) were assessed for impairment and allowances for impairment were made for at least 12-month ECL.

The financial effects arising from the adoption of MFRS 9 are presented in Note A34(c).

**(b) BNM's Revised Policy Documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions**

On 2 February 2018, BNM issued the revised policy documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions ("BNM's revised Policy Documents") which prescribe the regulatory reserves to be maintained by banking institutions. With effect from 1 January 2018, the Bank and its domestic banking subsidiary companies must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures. The Bank and its domestic banking subsidiary companies had previously maintained, in aggregate, collective impairment provisions and regulatory reserves of no less than 1.2% of total outstanding loans/financing, net of individual impairment provisions.

The financial effects of the adoption of the revised policy documents are presented in Note A34(c).



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**A34. Changes in Accounting Policies** (continued)

**(c) Financial Effects Due to the Changes in Accounting Policies**

The following table analyses the impact, net of tax, of transition to MFRS 9 on the statements of financial position of the Group and of the Bank:

	<b>Impact of adopting MFRS 9 as at 1 January 2018</b>	
	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>Cash and Balances with Banks</b>		
Closing balance under MFRS 139 at 31 December 2017	14,006,541	6,387,571
- Recognition of expected credit losses under MFRS 9	(322)	-
Opening balance under MFRS 9 at 1 January 2018	<u>14,006,219</u>	<u>6,387,571</u>
<b>Financial Assets at FVTPL</b>		
Closing balance under MFRS 139 at 31 December 2017	-	-
- Redesignation from Financial Assets Held-for-trading	1,376,541	699,796
- Redesignation from Financial Investments Available-for-sale	3,495	3,295
- Unrealised gain on unquoted equity instruments	412,405	388,807
Opening balance under MFRS 9 at 1 January 2018	<u>1,792,441</u>	<u>1,091,898</u>
<b>Financial Assets Held-for-trading</b>		
Closing balance under MFRS 139 at 31 December 2017	1,376,541	699,796
- Redesignation to Financial Assets at FVTPL	(1,376,541)	(699,796)
Opening balance under MFRS 9 at 1 January 2018	<u>-</u>	<u>-</u>
<b>Financial Investments at FVOCI</b>		
Closing balance under MFRS 139 at 31 December 2017	-	-
- Redesignation from Financial Investments Available-for-sale	30,321,552	20,207,448
- Redesignation from Financial Investment Held-to-maturity	6,381,628	6,381,628
- Unrealised gain on financial investments	223,371	219,408
- Recognition of expected credit losses under MFRS 9	(6,436)	(4,470)
Opening balance under MFRS 9 at 1 January 2018	<u>36,920,115</u>	<u>26,804,014</u>
<b>Financial Investments Available-for-sale</b>		
Closing balance under MFRS 139 at 31 December 2017	30,325,057	20,210,743
- Redesignation to Financial Investments at FVOCI	(30,321,552)	(20,207,448)
- Redesignation to Financial Assets at FVTPL	(3,495)	(3,295)
- Redesignation to Financial Investments at Amortised Cost	(10)	-
Opening balance under MFRS 9 at 1 January 2018	<u>-</u>	<u>-</u>
<b>Financial Investments at Amortised Cost</b>		
Closing balance under MFRS 139 at 31 December 2017	-	-
- Redesignation from Financial Investments Held-to-maturity	22,196,708	16,949,865
- Redesignation from Financial Investments Available-for-sale	10	-
- Recognition of expected credit losses under MFRS 9	(3,704)	(2,869)
Opening balance under MFRS 9 at 1 January 2018	<u>22,193,014</u>	<u>16,946,996</u>
<b>Financial Investments Held-to-maturity</b>		
Closing balance under MFRS 139 at 31 December 2017	28,578,336	23,331,493
- Redesignation to Financial Investments at Amortised Cost	(22,196,708)	(16,949,865)
- Redesignation to Financial Investments at FVOCI	(6,381,628)	(6,381,628)
Opening balance under MFRS 9 at 1 January 2018	<u>-</u>	<u>-</u>

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**A34. Changes in Accounting Policies** (continued)

**(c) Financial Effects Due to the Changes in Accounting Policies** (continued)

The following table analyses the impact, net of tax, of transition to MFRS 9 on the statements of financial position of the Group and of the Bank (continued):

	<b>Impact of adopting MFRS 9 as at 1 January 2018</b>	
	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>Loans, Advances and Financing</b>		
Closing balance under MFRS 139 at 31 December 2017	303,044,127	240,576,248
- Recognition of expected credit losses under MFRS 9	(451,392)	(368,351)
Opening balance under MFRS 9 at 1 January 2018	<u>302,592,735</u>	<u>240,207,897</u>
<b>Deferred Tax Assets</b>		
Closing balance under MFRS 139 at 31 December 2017	70,984	-
- In respect of unrealised gain on FVOCI	(264)	-
- In respect of recognition of expected credit losses under MFRS 9	12,272	-
Opening balance under MFRS 9 at 1 January 2018	<u>82,992</u>	<u>-</u>
<b>Provision for Tax Expense and Zakat</b>		
Closing balance under MFRS 139 at 31 December 2017	702,063	500,330
- In respect of recognition of expected credit losses under MFRS 9	(93,405)	(90,165)
Opening balance under MFRS 9 at 1 January 2018	<u>608,658</u>	<u>410,165</u>
<b>Deferred Tax Liabilities</b>		
Closing balance under MFRS 139 at 31 December 2017	164,655	128,997
- In respect of unrealised gain on FVOCI	14,646	14,646
Opening balance under MFRS 9 at 1 January 2018	<u>179,301</u>	<u>143,643</u>
<b>Regulatory Reserves</b>		
Closing balance under MFRS 139 at 31 December 2017	2,376,498	2,034,359
- Transfer to Retained Profits	(441,324)	(393,840)
- Non-controlling Interests' share of regulatory reserves in respect of foreign operations	17,643	-
Opening balance under MFRS 9 at 1 January 2018	<u>1,952,817</u>	<u>1,640,519</u>
<b>Other Reserves</b>		
Closing balance under MFRS 139 at 31 December 2017	996,833	577,902
- Transfer from Retained Profits	90,614	-
- Unrealised gain on financial investments at FVOCI	223,371	219,408
- Deferred tax in respect of unrealised gain on FVOCI	(14,910)	(14,646)
Opening balance under MFRS 9 at 1 January 2018	<u>1,295,908</u>	<u>782,664</u>
<b>Retained Profits</b>		
Closing balance under MFRS 139 at 31 December 2017	24,723,059	20,760,603
- Transfer from Regulatory Reserves	441,324	393,840
- Transfer to Other Reserves	(90,614)	-
- Unrealised gain on Financial Assets at FVTPL	412,405	388,807
- Non-controlling Interests' share of impact arising from remeasurement under MFRS 9 in respect of foreign operations	(4,384)	-
- Recognition of expected credit losses under MFRS 9	(461,854)	(375,690)
- Tax effect arising from the recognition of expected credit losses under MFRS 9	105,677	90,165
Opening balance under MFRS 9 at 1 January 2018	<u>25,125,613</u>	<u>21,257,725</u>

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**A34. Changes in Accounting Policies** (continued)

**(c) Financial Effects Due to the Changes in Accounting Policies** (continued)

The following table analyses the impact, net of tax, of transition to MFRS 9 on the statements of financial position of the Group and of the Bank (continued):

	<b>Impact of adopting MFRS 9 as at 1 January 2018</b>	
	<b>Group RM'000</b>	<b>Bank RM'000</b>
<b>Non-controlling Interests</b>		
Closing balance under MFRS 139 at 31 December 2017	1,080,954	-
- Non-controlling Interests' share of impact arising from remeasurement under MFRS 9 in respect of foreign operations	4,384	-
- Non-controlling Interests' share of regulatory reserves in respect of foreign operations	(17,643)	-
Opening balance under MFRS 9 at 1 January 2018	1,067,695	-

The following table is a reconciliation of the impairment allowance from the closing balance as at 31 December 2017 in accordance with MFRS 139 to the opening balance as at 1 January 2018 in accordance with MFRS 9:

	<b>31 December 2017 (MFRS 139) RM'000</b>	<b>Remeasurement RM'000</b>	<b>1 January 2018 (MFRS 9) RM'000</b>
<b>Group</b>			
Cash and balances with banks	-	322	322
Financial investments at fair value through other comprehensive income	-	6,436	6,436
Financial investments at amortised cost	35	3,704	3,739
Loans, advances and financing			
- Collective assessment allowance	1,317,960	459,942	1,777,902
- Individual assessment allowance	91,190	(8,550)	82,640
	1,409,185	461,854	1,871,039
<b>Bank</b>			
Financial investments at fair value through other comprehensive income	-	4,470	4,470
Financial investments at amortised cost	35	2,869	2,904
Loans, advances and financing			
- Collective assessment allowance	862,911	368,351	1,231,262
- Individual assessment allowance	31,793	-	31,793
	894,739	375,690	1,270,429

The financial effects due to the changes in accounting policies have been adjusted to the statements of financial position and capital adequacy ratios of the Group and of the Bank as at 1 January 2018. There are no changes to the comparatives in the statements of profit or loss and statements of cash flows of the Group and of the Bank. A reconciliation of these changes is summarised in the following tables.

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**A34. Changes in Accounting Policies** (continued)

**(c) Financial Effects Due to the Changes in Accounting Policies** (continued)

<b>Group Statement of Financial Position</b>	<b>31 December 2017 RM'000</b>	<b>Reclassification and Remeasurement RM'000</b>	<b>Impairment RM'000</b>	<b>1 January 2018 RM'000</b>
<b>ASSETS</b>				
Cash and balances with banks	14,006,541		(322)	14,006,219
Reverse repurchase agreements	651,065			651,065
Financial assets at fair value through profit or loss	-	1,792,441		1,792,441
Financial assets held-for-trading	1,376,541	(1,376,541)		-
Derivative financial assets	226,319			226,319
Financial investments at fair value through other comprehensive income	-	36,926,551	(6,436)	36,920,115
Financial investments available-for-sale	30,325,057	(30,325,057)		-
Financial investments at amortised cost	-	22,196,718	(3,704)	22,193,014
Financial investments held-to-maturity	28,578,336	(28,578,336)		-
Loans, advances and financing	303,044,127		(451,392)	302,592,735
Other assets	2,751,745			2,751,745
Statutory deposits with Central Banks	9,525,927			9,525,927
Deferred tax assets	70,984	(264)	12,272	82,992
Investment in associated companies	35,068			35,068
Investment properties	688,052			688,052
Property and equipment	1,564,427			1,564,427
Intangible assets	2,432,058			2,432,058
<b>TOTAL ASSETS</b>	<b>395,276,247</b>	<b>635,512</b>	<b>(449,582)</b>	<b>395,462,177</b>
<b>LIABILITIES</b>				
Deposits from customers	319,259,426			319,259,426
Deposits from banks	11,446,057			11,446,057
Obligations on securities sold under repurchase agreements	1,237,528			1,237,528
Bills and acceptances payable	286,949			286,949
Recourse obligations on loans and financing sold to Cagamas	5,922,006			5,922,006
Derivative financial liabilities	568,129			568,129
Debt securities issued and other borrowed funds	12,328,073			12,328,073
Other liabilities	4,915,701			4,915,701
Provision for tax expense and zakat	702,063		(93,405)	608,658
Deferred tax liabilities	164,655	14,646		179,301
<b>TOTAL LIABILITIES</b>	<b>356,830,587</b>	<b>14,646</b>	<b>(93,405)</b>	<b>356,751,828</b>
<b>EQUITY</b>				
Share capital	9,417,653			9,417,653
Regulatory reserves	2,376,498	(423,681)		1,952,817
Other reserves	996,833	299,075		1,295,908
Retained profits	24,723,059	758,731	(356,177)	25,125,613
Treasury shares	(149,337)			(149,337)
<b>Equity attributable to equity holders of the Bank</b>	<b>37,364,706</b>	<b>634,125</b>	<b>(356,177)</b>	<b>37,642,654</b>
Non-controlling interests	1,080,954	(13,259)		1,067,695
<b>TOTAL EQUITY</b>	<b>38,445,660</b>	<b>620,866</b>	<b>(356,177)</b>	<b>38,710,349</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>395,276,247</b>	<b>635,512</b>	<b>(449,582)</b>	<b>395,462,177</b>
<b>Net assets per share attributable to ordinary equity holders of the Bank (RM)</b>	<b>9.68</b>			<b>9.75</b>

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**A34. Changes in Accounting Policies** (continued)

**(c) Financial Effects Due to the Changes in Accounting Policies** (continued)

<b>Bank Statement of Financial Position</b>	<b>31 December 2017 RM'000</b>	<b>Reclassification and Remeasurement RM'000</b>	<b>Impairment RM'000</b>	<b>1 January 2018 RM'000</b>
<b>ASSETS</b>				
Cash and balances with banks	6,387,571			6,387,571
Financial assets at fair value through profit or loss	-	1,091,898		1,091,898
Financial assets held-for-trading	699,796	(699,796)		-
Derivative financial assets	240,215			240,215
Financial investments at fair value through other comprehensive income	-	26,808,484	(4,470)	26,804,014
Financial investments available-for-sale	20,210,743	(20,210,743)		-
Financial investments at amortised cost	-	16,949,865	(2,869)	16,946,996
Financial investments held-to-maturity	23,331,493	(23,331,493)		-
Loans and advances	240,576,248		(368,351)	240,207,897
Other assets	2,536,423			2,536,423
Statutory deposits with Central Banks	6,940,438			6,940,438
Collective investments	5,319,009			5,319,009
Investment in subsidiary companies	5,955,494			5,955,494
Investment in an associated company	30,000			30,000
Property and equipment	741,942			741,942
Intangible assets	695,393			695,393
<b>TOTAL ASSETS</b>	<b>313,664,765</b>	<b>608,215</b>	<b>(375,690)</b>	<b>313,897,290</b>
<b>LIABILITIES</b>				
Deposits from customers	245,331,728			245,331,728
Deposits from banks	12,966,893			12,966,893
Obligations on securities sold under repurchase agreements	1,237,528			1,237,528
Bills and acceptances payable	286,584			286,584
Recourse obligations on loans sold to Cagamas	5,922,006			5,922,006
Derivative financial liabilities	569,439			569,439
Debt securities issued and other borrowed funds	10,759,998			10,759,998
Other liabilities	3,320,082			3,320,082
Provision for tax expense	500,330		(90,165)	410,165
Deferred tax liabilities	128,997	14,646		143,643
<b>TOTAL LIABILITIES</b>	<b>281,023,585</b>	<b>14,646</b>	<b>(90,165)</b>	<b>280,948,066</b>
<b>EQUITY</b>				
Share capital	9,417,653			9,417,653
Regulatory reserves	2,034,359	(393,840)		1,640,519
Other reserves	577,902	204,762		782,664
Retained profits	20,760,603	782,647	(285,525)	21,257,725
Treasury shares	(149,337)			(149,337)
<b>TOTAL EQUITY</b>	<b>32,641,180</b>	<b>593,569</b>	<b>(285,525)</b>	<b>32,949,224</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>313,664,765</b>	<b>608,215</b>	<b>(375,690)</b>	<b>313,897,290</b>
<b>Net assets per share attributable to ordinary equity holders of the Bank (RM)</b>	<b>8.45</b>			<b>8.53</b>

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**A34. Changes in Accounting Policies** (continued)

**(c) Financial Effects Due to the Changes in Accounting Policies** (continued)

<b>Capital adequacy</b>	<b>31 December 2017 RM'000</b>	<b>Impact of Adopting MFRS 9 RM'000</b>	<b>1 January 2018 RM'000</b>
<b>Group</b>			
CET I capital	32,834,013	574,967	33,408,980
Tier I capital	34,841,363	574,967	35,416,330
Total capital	42,446,740	577,849	43,024,589
Risk-weighted assets	257,351,779	287,002	257,638,781
<u>Before deducting interim dividends *</u>			
CET I capital ratio (%)	12.758%	0.209%	12.967%
Tier I capital ratio (%)	13.538%	0.209%	13.747%
Total capital ratio (%)	16.494%	0.206%	16.700%
<u>After deducting interim dividends *</u>			
CET I capital ratio (%)	12.248%	0.210%	12.458%
Tier I capital ratio (%)	13.028%	0.209%	13.237%
Total capital ratio (%)	15.984%	0.206%	16.190%
<b>Bank</b>			
CET I capital	25,277,617	589,168	25,866,785
Tier I capital	27,227,417	589,168	27,816,585
Total capital	32,444,901	593,508	33,038,409
Risk-weighted assets	208,287,909	347,176	208,635,085
<u>Before deducting interim dividends *</u>			
CET I capital ratio (%)	12.136%	0.262%	12.398%
Tier I capital ratio (%)	13.072%	0.261%	13.333%
Total capital ratio (%)	15.577%	0.259%	15.836%
<u>After deducting interim dividends *</u>			
CET I capital ratio (%)	11.506%	0.263%	11.769%
Tier I capital ratio (%)	12.442%	0.261%	12.703%
Total capital ratio (%)	14.947%	0.259%	15.206%

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

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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**

<b>Key Profit or Loss Items:</b>	<b>Group</b>			
	<b>Three Months Ended</b>			
	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Profit before tax expense and zakat	<b>1,793,959</b>	1,631,472	162,487	10.0
Net profit attributable to equity holders of the Bank	<b>1,405,380</b>	1,247,981	157,399	12.6
Other comprehensive loss (net)	<b>(167,422)</b>	(44,059)	(123,363)	(280.0)

<b>Key Balance Sheet Items:</b>	<b>Group</b>			
	<b>As At</b>			
	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Gross loans, advances and financing	<b>306,772,500</b>	296,584,699	10,187,801	3.4
Gross impaired loan and financing (%)	<b>0.48%</b>	0.49%	n/a	(0.01)
Deposits from customers	<b>325,891,195</b>	316,241,872	9,649,323	3.1

The Group's pre-tax profit for the 1st quarter ended 31 March 2018 of RM1,794.0 million was RM162.5 million or 10.0% higher than the previous year corresponding quarter of RM1,631.5 million. Net profit attributable to equity holders improved by RM157.4 million or 12.6% to RM1,405.4 million. The higher earnings was mainly due to higher net interest income of RM73.2 million (4.0%), higher net fee and commission income of RM49.1 million (12.1%), higher income from Islamic banking business of RM18.0 million (7.3%) and higher investment income and other operating income of RM15.9 million and RM15.3 million respectively. These were partially offset by higher operating overheads of RM12.4 million (1.4%) which is in line with higher business volume.

The Group's other comprehensive loss (net) of RM167.4 million was RM123.4 million higher as compared to the previous year corresponding quarter of RM44.1 million, which is mainly due to higher foreign currency translation loss in respect of foreign operations as a result of the strengthening of Ringgit Malaysia.

Other than the increase in fee based revenue and the positive impact of the recent Overnight Policy Rate hike, the Group's profit continued to be supported by loans and customer deposits growth coupled with stable asset quality. Gross loans grew by RM10.2 billion or 3.4% to RM306.8 billion as at 31 March 2018 as compared to RM296.6 billion as at 31 March 2017, mainly driven by growth in property financing, lending to small and medium enterprises ("SMEs") and corporate lending. Total deposits from customers increased by 3.1% or RM9.6 billion to RM325.9 billion as at 31 March 2018 which partly contributed to the higher net interest income for the current quarter. The Group's gross impaired loan ratio continued to remain stable at 0.5% as at 31 March 2018. This was attributed to the Group's consistent adoption of stringent credit underwriting and proactive recovery processes.

The Group's Common Equity Tier I capital ratio, Tier I capital ratio and total capital ratio stood at a healthy level of 12.2%, 12.8% and 15.8% respectively. The Group's liquidity position also remained stable and healthy with gross loans to fund and equity ratio improved to 79.9% as at 31 March 2018 as compared to 80.7% as at 31 December 2017.

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**B1. Performance Review (continued)**

**Current Year-to date vs. Previous Year-to-date (continued)**

The performance of the respective operating segments for the financial period ended 31 March 2018 as compared to the previous year corresponding period is analysed as follows:-

	<b>Group</b>		<b>Variance</b>	
	<b>Three Months Ended</b>			
<b>Profit Before Tax by Segments:</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>RM'000</b>	<b>%</b>
Retail operations	<b>900,230</b>	859,614	40,616	4.7
Hire purchase	<b>88,657</b>	90,376	(1,719)	(1.9)
Corporate lending	<b>137,357</b>	129,850	7,507	5.8
Treasury and capital market operations	<b>190,552</b>	172,877	17,675	10.2
Investment banking	<b>12,508</b>	10,972	1,536	14.0
Fund management	<b>176,137</b>	151,078	25,059	16.6
Head office and others	<b>142,989</b>	54,905	88,084	160.4
Total domestic operations	<b>1,648,430</b>	1,469,672	178,758	12.2
Overseas operations	<b>145,529</b>	161,800	(16,271)	(10.1)
	<b>1,793,959</b>	1,631,472	162,487	10.0

- 1) Retail Operations – Pre-tax profit increased by RM40.6 million (4.7%) to RM900.2 million mainly due to higher net interest income on higher average loan and deposit balances and higher fee and other operating income, partially offset by higher other operating expenses and higher loan impairment allowance.
- 2) Hire purchase – Pre-tax profit decreased marginally by RM1.7 million (-1.9%) to RM88.7 million mainly due to lower net interest income on lower average loan balances, partially offset by lower loan impairment allowance.
- 3) Corporate lending – Pre-tax profit increased by RM7.5 million (5.8%) to RM137.4 million mainly due to higher net interest income on higher average loan balances.
- 4) Treasury and capital market operations – Pre-tax profit increased by RM17.7 million (10.2%) to RM190.6 million mainly due to higher net interest income on treasury gapping, funding and liquidity management activities and higher investment income.
- 5) Investment banking – The increase in pre-tax profit of RM1.5 million (14.0%) to RM12.5 million was mainly due to higher brokerage income from stock-broking activities, partially offset by higher other operating expenses.
- 6) Fund management – Pre-tax profit increased by RM25.1 million (16.6%) to RM176.1 million mainly due to higher management fee earned on higher average net asset value of funds under management and higher fee income from sale of trust units, partially offset by higher other operating expenses which was in tandem with higher sales volume.
- 7) Other operating segments – Pre-tax profit increased by RM88.1 million (>100.0%) to RM143.0 million mainly due to higher net interest income and higher investment income.
- 8) Overseas operations – Pre-tax profit decreased by RM16.3 million (-10.1%) to RM145.5 million mainly due to overall unfavourable foreign exchange movements.



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**B1. Performance Review (continued)**

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

Key Profit or Loss Items:	Group Quarter Ended		Variance	
	31 March 2018	31 December 2017		
	RM'000	RM'000		
Profit before tax expense and zakat	1,793,959	1,957,237	(163,278)	(8.3)
Net profit attributable to equity holders of the Bank	1,405,380	1,485,468	(80,088)	(5.4)
Other comprehensive loss (net)	(167,422)	(75,614)	(91,808)	(121.4)

For the 1st quarter ended 31 March 2018, the Group registered a pre-tax profit of RM1,794.0 million, a decrease of RM163.3 million or 8.3% as compared to the pre-tax profit of RM1,957.2 million for the preceding quarter ended 31 December 2017. Net profit attributable to equity holders decreased by RM80.1 million or 5.4% to RM1,405.4 million over the same period. The decrease in pre-tax profit was mainly due to higher other operating expenses, higher loan impairment allowance and lower other operating income partially offset by higher net fee and commission income and higher income from Islamic banking business.

The Group's other comprehensive loss (net) increased by RM91.8 million to RM167.4 million for the 1st quarter ended 31 March 2018 as compared to the immediate preceding quarter. This was mainly due to higher foreign currency translation loss in respect of foreign operations and higher net revaluation loss on financial investments at fair value through other comprehensive income, partially offset by higher net gain on cash flow hedges.

**B3. Prospects for 2018**

The global economic momentum remained strong in the first quarter of 2018 as the broad-based cyclical upswing continues, buoyed by investment and trade, favourable financial conditions and a supportive policy mix. Sustained momentum in the near term is consistent with improved economic sentiment across most emerging markets and advanced economies. Therefore, growth will remain supported by continued expansion in both advanced and emerging market economies. Downside risks to growth, could come from rising trade protectionism and regulatory policy shifts in the advanced economies.

For the Malaysian economy, growth prospects will be sustained by positive global growth outlook and spillovers from the external sector to the domestic economy. With domestic demand as key driver, GDP is projected to remain on a steady growth path and growth is expected to be between 5.5% and 6.0% in 2018, following an expansion of 5.9% in 2017. Favourable income and labour market conditions amid better consumer sentiments, as well as ongoing Government measures are expected to provide support to private consumption. Growth in investment activities will continue to be driven by new and ongoing infrastructure projects and sustained capital investment in the manufacturing and services sectors.

Headline inflation is expected to moderate to between 2.0% and 3.0% in 2018, compared to 3.7% in 2017, on expectations of a smaller effect from global cost factors. Although global energy and commodity prices are expected to trend higher in 2018, a stronger ringgit will mitigate import costs.

The domestic banking system remains resilient and well capitalised, with ample funding and liquidity to support financing needs of businesses and households. Also, the degree of monetary accommodativeness is consistent with the policy stance to ensure that the domestic economy continues on a steady growth path amid lower inflation.

Amidst an increasingly competitive banking landscape, the Public Bank Group will ride on its strength, including its strong performance culture and disciplined execution of business strategy, to further develop its business and sustain its market position. The Group is highly focused on operational excellence. The Group remains prudent and responsible in its lending practices, as it upholds strong governance and compliance culture and sound risk management practices.

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**B3. Prospects for 2018 (continued)**

The Group will continue to leverage on its strong internal strength as well as capitalise on its efficient customer service and service delivery to maintain its leading market share in the domestic retail segment, sustained by ongoing demand in home mortgages, vehicle financing and lending to the small and medium enterprises (“SMEs”).

The Group remains focused in the mass market segment and home mortgages for owner occupation, while maintaining prudent credit underwriting standards. Also, the Group will continue to grow its hire purchase business with enhanced asset quality.

In support of SME financing, the Public Bank Group will continue to expand its portfolio by seizing opportunities in this segment. While the SME segment continues to benefit from expansionary domestic measures, the Group remains committed to provide financing to the SMEs and deliver products and services to meet the needs of businesses.

The Public Bank Group will continue to expand its corporate lending business by leveraging on its existing clients with good track record as well as acquire targeted new corporate clients in growth and resilient sectors.

The Group’s treasury operations will continue to remain vigilant of market conditions while managing its investment portfolios prudently. The Group will also strengthen its customer service delivery by leveraging on its vast branch network, overseas operations and business partners. For a competitive edge amid stiff competition, the Group seeks to widen its product offerings and client solutions via the development of new hedging and investment products.

Sustained economic growth is expected to be supportive of the local private retail unit trust industry. The Public Bank Group will continue to intensify efforts to maintain its strong branding and leading market position in Malaysia, which will be supported by launching of new funds and enhanced services to cater to the diverse needs of investors.

The Group will proactively collaborate with AIA Bhd in developing more comprehensive bancassurance product offerings to further improve its product penetration while meeting the investment and protection needs of customers. The Group will also continue to leverage on its wide distribution network by working closely with AIA to improve customer satisfaction and provide relevant product solutions.

The Public Bank Group will continue to expand its overseas operations organically and strengthen its regional presence, while leveraging on its strong PB brand and prudent management practices to drive business growth within the region.

**B4. Profit Forecast or Profit Guarantee**

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

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**B5. Tax Expense and Zakat**

The analysis of the tax expense for the 1st quarter ended 31 March 2018 are as follows:

<b><u>Group</u></b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
Malaysian income tax	<b>406,000</b>	339,889	<b>406,000</b>	339,889
Overseas income tax	<b>26,187</b>	29,297	<b>26,187</b>	29,297
	<b>432,187</b>	369,186	<b>432,187</b>	369,186
(Over) / Under provision in prior years				
- Malaysian income tax	<b>(19,920)</b>	6	<b>(19,920)</b>	6
- Overseas income tax	<b>196</b>	80	<b>196</b>	80
	<b>412,463</b>	369,272	<b>412,463</b>	369,272
Deferred tax income				
- Relating to origination and reversal of temporary differences	<b>(41,348)</b>	(3,208)	<b>(41,348)</b>	(3,208)
Tax expense	<b>371,115</b>	366,064	<b>371,115</b>	366,064
Zakat	<b>65</b>	65	<b>65</b>	65
	<b>371,180</b>	366,129	<b>371,180</b>	366,129

The Group's effective tax rate for the 1st quarter ended 31 March 2018 and 31 March 2017 were lower than the statutory tax rate mainly due to the effects of lower tax rates in other tax jurisdictions and certain income not subject to tax.

<b><u>Bank</u></b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2018 RM'000</b>	<b>31 March 2017 RM'000</b>
Malaysian income tax	<b>385,465</b>	287,207	<b>385,465</b>	287,207
Overseas income tax	<b>2,016</b>	2,127	<b>2,016</b>	2,127
	<b>387,481</b>	289,334	<b>387,481</b>	289,334
(Over) / Under provision in prior years				
- Malaysian income tax	<b>(20,000)</b>	1	<b>(20,000)</b>	1
- Overseas income tax	<b>361</b>	80	<b>361</b>	80
	<b>367,842</b>	289,415	<b>367,842</b>	289,415
Deferred tax income				
- Relating to origination and reversal of temporary differences	<b>(43,547)</b>	(4,406)	<b>(43,547)</b>	(4,406)
	<b>324,295</b>	285,009	<b>324,295</b>	285,009

The Bank's effective tax rate for the 1st quarter ended 31 March 2018 and 31 March 2017 were lower than the statutory tax rate mainly due to certain income not subject to tax.

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

There were no corporate proposals announced but not completed as at 31 March 2018.

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

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

**B8. Financial Risk Management**

There have been no significant changes since the end of the previous financial year in respect of the following:

- i) risk management policies in place for mitigating and controlling the risks associated with foreign exchange, interest/profit rate, liquidity and funding.
- ii) the hedging policies in respect of foreign exchange and interest/profit rate exposures.

The above information are discussed in the Financial Risk Management section of the audited annual financial statements for the financial year ended 31 December 2017 and Pillar 3 Disclosures section of the 2017 Annual Report.

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**B9. Debt Securities Issued and Other Borrowed Funds**

Group	More Than 1 Year		Less Than 1 Year		Sub-total		Total RM'000
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	
<b>Unsecured</b>							
<b>As At 31 March 2018</b>							
Hong Kong Dollar ("HKD") term loan	535,204	-	-	-	535,204	-	535,204
United States Dollar ("USD") term loan	771,940	-	-	-	771,940	-	771,940
USD syndicated term loan	1,415,850	-	-	-	1,415,850	-	1,415,850
RM Senior Medium Term notes	-	2,001,613	-	399,984	-	2,401,597	2,401,597
RM Subordinated notes / sukuk murabahah	-	2,999,669	-	1,949,910	-	4,949,579	4,949,579
RM Non-innovative Tier I stapled securities	-	2,106,729	-	-	-	2,106,729	2,106,729
	<b>2,722,994</b>	<b>7,108,011</b>	<b>-</b>	<b>2,349,894</b>	<b>2,722,994</b>	<b>9,457,905</b>	<b>12,180,899</b>
<b>As At 31 December 2017</b>							
HKD term loan	-	-	568,444	-	568,444	-	568,444
USD term loan	809,496	-	-	-	809,496	-	809,496
USD syndicated term loan	1,484,742	-	-	-	1,484,742	-	1,484,742
RM Senior Medium Term notes	-	2,003,072	-	399,927	-	2,402,999	2,402,999
RM Subordinated notes / sukuk murabahah	-	2,999,605	-	1,949,863	-	4,949,468	4,949,468
RM Non-innovative Tier I stapled securities	-	2,112,924	-	-	-	2,112,924	2,112,924
	<b>2,294,238</b>	<b>7,115,601</b>	<b>568,444</b>	<b>2,349,790</b>	<b>2,862,682</b>	<b>9,465,391</b>	<b>12,328,073</b>
<b>As At 31 March 2017</b>							
HKD term loan	622,600	-	-	-	622,600	-	622,600
USD term loan	883,757	-	-	-	883,757	-	883,757
USD syndicated term loan	1,620,330	-	-	-	1,620,330	-	1,620,330
RM Senior Medium Term notes	-	2,404,487	-	-	-	2,404,487	2,404,487
RM Subordinated notes / sukuk murabahah	-	2,449,160	-	3,003,468	-	5,452,628	5,452,628
RM Non-innovative Tier I stapled securities	-	2,122,998	-	-	-	2,122,998	2,122,998
	<b>3,126,687</b>	<b>6,976,645</b>	<b>-</b>	<b>3,003,468</b>	<b>3,126,687</b>	<b>9,980,113</b>	<b>13,106,800</b>

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**B9. Debt Securities Issued and Other Borrowed Funds (continued)**

Bank	More Than 1 Year		Less Than 1 Year		Sub-total		Total RM'000
	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	Foreign Currency RM'000	Local Currency RM'000	
<b>Unsecured</b>							
<b>As At 31 March 2018</b>							
USD term loan	771,940	-	-	-	771,940	-	771,940
USD syndicated term loan	1,415,850	-	-	-	1,415,850	-	1,415,850
RM Senior Medium Term notes	-	2,001,613	-	399,984	-	2,401,597	2,401,597
RM Subordinated notes	-	1,999,975	-	1,949,910	-	3,949,885	3,949,885
RM Non-innovative Tier I stapled securities	-	2,106,729	-	-	-	2,106,729	2,106,729
	<b>2,187,790</b>	<b>6,108,317</b>	<b>-</b>	<b>2,349,894</b>	<b>2,187,790</b>	<b>8,458,211</b>	<b>10,646,001</b>
<b>As At 31 December 2017</b>							
USD term loan	809,496	-	-	-	809,496	-	809,496
USD syndicated term loan	1,484,742	-	-	-	1,484,742	-	1,484,742
RM Senior Medium Term notes	-	2,003,072	-	399,927	-	2,402,999	2,402,999
RM Subordinated notes	-	1,999,974	-	1,949,863	-	3,949,837	3,949,837
RM Non-innovative Tier I stapled securities	-	2,112,924	-	-	-	2,112,924	2,112,924
	<b>2,294,238</b>	<b>6,115,970</b>	<b>-</b>	<b>2,349,790</b>	<b>2,294,238</b>	<b>8,465,760</b>	<b>10,759,998</b>
<b>As At 31 March 2017</b>							
USD term loan	883,757	-	-	-	883,757	-	883,757
USD syndicated term loan	1,620,330	-	-	-	1,620,330	-	1,620,330
RM Senior Medium Term notes	-	2,404,487	-	-	-	2,404,487	2,404,487
RM Subordinated notes	-	1,949,723	-	3,003,468	-	4,953,191	4,953,191
RM Non-innovative Tier I stapled securities	-	2,122,998	-	-	-	2,122,998	2,122,998
	<b>2,504,087</b>	<b>6,477,208</b>	<b>-</b>	<b>3,003,468</b>	<b>2,504,087</b>	<b>9,480,676</b>	<b>11,984,763</b>
Exchange rates used:	HKD	USD					
As at 31 March 2018	0.49230	3.86400					
As at 31 December 2017	0.51835	4.05250					
As at 31 March 2017	0.56965	4.42600					

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**B10. Changes in Material Litigation**

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

**B11. Dividends**

No dividend has been proposed for the 1st quarter ended 31 March 2018.

**B12. Earnings Per Share**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net profit attributable to equity holders (RM'000)	<b><u>1,405,380</u></b>	<u>1,247,981</u>	<b><u>1,405,380</u></b>	<u>1,247,981</u>
Weighted average number of PBB Shares ('000)	<b><u>3,861,494</u></b>	<u>3,861,494</u>	<b><u>3,861,494</u></b>	<u>3,861,494</u>
Basic earnings per share (sen)	<b><u>36.4</u></b>	<u>32.3</u>	<b><u>36.4</u></b>	<u>32.3</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.