

**PUBLIC BANK BERHAD**  
**(6463 - H)**  
**(Incorporated in Malaysia)**  
**INTERIM FINANCIAL STATEMENTS**  
**AUDITED BALANCE SHEETS AS AT 31 DECEMBER 2008**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b>ASSETS</b>				
Cash and short-term funds	36,597,027	35,548,788	29,564,959	32,606,147
Deposits and placements with banks and other financial institutions	1,941,445	2,683,773	3,834,326	3,069,166
Securities purchased under resale agreements	5,141,746	12,723,490	4,762,407	12,006,597
Securities held-for-trading	11,349,842	8,061,927	10,846,741	8,051,599
Securities available-for-sale	5,626,372	4,081,321	4,914,144	3,648,862
Securities held-to-maturity	8,286,719	3,872,395	9,564,579	1,688,005
Loans, advances and financing	118,386,295	99,327,993	93,174,291	89,805,707
Derivative financial assets	590,229	112,249	589,715	110,900
Other assets	1,548,674	1,812,188	2,197,184	1,309,416
Statutory deposits with Central Banks	2,636,708	2,373,927	1,998,200	2,272,000
Deferred tax assets	488,855	321,762	387,572	276,975
Investment in subsidiary companies	-	-	3,419,681	2,353,761
Investment in associated companies	127,802	46,318	101,325	28,465
Investment properties	66,012	54,390	-	-
Prepaid land lease payments	291,873	259,561	15	17
Property and equipment	1,011,489	864,809	648,322	548,090
Intangible assets	2,072,018	2,010,296	695,393	695,393
<b>TOTAL ASSETS</b>	<b>196,163,106</b>	<b>174,155,187</b>	<b>166,698,854</b>	<b>158,471,100</b>
<b>LIABILITIES</b>				
Deposits from customers	162,279,564	138,764,571	134,062,248	126,424,828
Deposits and placements of banks and other financial institutions	5,589,879	10,438,118	7,121,517	9,346,834
Obligations on securities sold under repurchase agreements	-	2,279	-	2,279
Bills and acceptances payable	3,062,374	3,452,296	3,062,374	3,452,296
Recourse obligations on loans sold to Cagamas	4,537,277	3,956,404	4,537,277	3,956,404
Derivative financial liabilities	495,146	153,186	442,654	147,084
Other liabilities	2,422,817	2,347,682	1,503,433	1,199,506
Borrowings	860,234	349,730	-	-
Subordinated notes	4,178,195	2,468,571	4,198,220	2,468,571
Hybrid capital securities	2,124,484	1,855,854	2,124,484	1,855,854
Provision for tax expense and zakat	382,454	365,871	254,818	266,829
Deferred tax liabilities	1,950	22,202	-	-
<b>TOTAL LIABILITIES</b>	<b>185,934,374</b>	<b>164,176,764</b>	<b>157,307,025</b>	<b>149,120,485</b>

*The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2007.*

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	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b>EQUITY</b>				
Share capital	3,531,926	3,527,891	3,531,926	3,527,891
Reserves	7,278,892	7,088,180	7,134,015	7,096,621
Treasury shares	<u>(1,274,112)</u>	<u>(1,273,897)</u>	<u>(1,274,112)</u>	<u>(1,273,897)</u>
<b>Equity attributable to equity holders of the Bank</b>	<b>9,536,706</b>	<b>9,342,174</b>	<b>9,391,829</b>	<b>9,350,615</b>
Minority interests	<u>692,026</u>	<u>636,249</u>	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>	<b><u>10,228,732</u></b>	<b><u>9,978,423</u></b>	<b><u>9,391,829</u></b>	<b><u>9,350,615</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>196,163,106</u></b>	<b><u>174,155,187</u></b>	<b><u>166,698,854</u></b>	<b><u>158,471,100</u></b>
<b>OFF-BALANCE SHEET EXPOSURES</b>	<b><u>52,866,868</u></b>	<b><u>40,807,470</u></b>	<b><u>47,752,572</u></b>	<b><u>36,690,143</u></b>
<b>CAPITAL ADEQUACY</b>				
<b><u>Before deducting proposed dividends</u></b>				
Core Capital Ratio	<b>8.3%</b>	9.1%	<b>10.9%</b>	11.1%
Risk-Weighted Capital Ratio	<b>13.7%</b>	13.6%	<b>13.4%</b>	13.3%
<b><u>After deducting proposed dividends</u></b>				
Core Capital Ratio	<b>7.7%</b>	7.6%	<b>10.1%</b>	9.5%
Risk-Weighted Capital Ratio	<b>13.1%</b>	12.4%	<b>12.8%</b>	11.9%
<b>Net assets per share attributable to ordinary equity holders of the Bank (RM)</b>	<b><u>2.84</u></b>	<b><u>2.79</u></b>	<b><u>2.80</u></b>	<b><u>2.79</u></b>

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**PUBLIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED INCOME STATEMENTS**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2008**

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
Operating revenue	<b>2,557,557</b>	2,573,079	<b>10,500,307</b>	9,557,599
Interest income	<b>2,117,753</b>	1,962,894	<b>8,289,708</b>	7,451,804
Interest expense	<b>(1,165,881)</b>	(1,091,493)	<b>(4,562,396)</b>	(4,208,207)
Net interest income	<b>951,872</b>	871,401	<b>3,727,312</b>	3,243,597
Net income from Islamic banking business				
Net financing income	<b>164,638</b>	120,897	<b>552,040</b>	464,986
Other Islamic banking income	<b>734</b>	6,266	<b>6,377</b>	13,238
	<b>1,117,244</b>	998,564	<b>4,285,729</b>	3,721,821
Other operating income	<b>313,240</b>	389,704	<b>1,453,527</b>	1,389,466
Net income	<b>1,430,484</b>	1,388,268	<b>5,739,256</b>	5,111,287
Other operating expenses	<b>(468,155)</b>	(458,166)	<b>(1,791,101)</b>	(1,693,708)
Operating profit	<b>962,329</b>	930,102	<b>3,948,155</b>	3,417,579
Allowance for losses on loans, advances and financing	<b>(150,199)</b>	(103,737)	<b>(548,562)</b>	(407,162)
- General allowance	<b>(38,597)</b>	(57,693)	<b>(232,101)</b>	(210,302)
- Other loan loss allowances	<b>(111,602)</b>	(46,044)	<b>(316,461)</b>	(196,860)
Impairment loss	<b>(893)</b>	(6,516)	<b>(32,862)</b>	(12,159)
	<b>811,237</b>	819,849	<b>3,366,731</b>	2,998,258
Share of profit after tax of equity accounted associated companies	<b>1,706</b>	1,352	<b>12,457</b>	5,380
Profit before tax expense and zakat	<b>812,943</b>	821,201	<b>3,379,188</b>	3,003,638
Tax expense and zakat	<b>(156,336)</b>	(213,358)	<b>(756,528)</b>	(801,852)
Profit for the period / year	<b>656,607</b>	607,843	<b>2,622,660</b>	2,201,786
Attributable to :				
Equity holders of the Bank	<b>653,975</b>	579,960	<b>2,581,237</b>	2,123,915
Minority interests	<b>2,632</b>	27,883	<b>41,423</b>	77,871
Profit for the period / year	<b>656,607</b>	607,843	<b>2,622,660</b>	2,201,786
Earnings per RM1.00 share:				
- basic (sen)	<b>19.5</b>	17.3	<b>76.9</b>	63.3
- diluted (sen)	<b>19.5</b>	17.3	<b>76.9</b>	62.9

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**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2008**

	4th Quarter Ended		Financial Year Ended	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b><u>Bank</u></b>				
Operating revenue	<b>1,969,717</b>	2,088,994	<b>8,556,614</b>	7,832,708
Interest income	<b>1,883,337</b>	1,683,564	<b>7,313,616</b>	6,409,578
Interest expense	<b>(1,079,194)</b>	(965,286)	<b>(4,185,840)</b>	(3,711,746)
Net interest income	<b>804,143</b>	718,278	<b>3,127,776</b>	2,697,832
Net income from Islamic banking business				
Net financing income	<b>52,529</b>	120,897	<b>439,931</b>	464,986
Other Islamic banking income	<b>310</b>	6,266	<b>5,953</b>	13,238
	<b>856,982</b>	845,441	<b>3,573,660</b>	3,176,056
Other operating income	<b>297,436</b>	586,312	<b>1,028,098</b>	1,253,834
Net income	<b>1,154,418</b>	1,431,753	<b>4,601,758</b>	4,429,890
Other operating expenses	<b>(323,619)</b>	(329,891)	<b>(1,308,529)</b>	(1,217,225)
Operating profit	<b>830,799</b>	1,101,862	<b>3,293,229</b>	3,212,665
Allowance for losses on loans, advances and financing	<b>(62,229)</b>	(115,038)	<b>(394,189)</b>	(354,134)
- General allowance	<b>(27,736)</b>	(69,142)	<b>(232,437)</b>	(218,687)
- Other loan loss allowances	<b>(34,493)</b>	(45,896)	<b>(161,752)</b>	(135,447)
Impairment loss	<b>(292)</b>	(2,105)	<b>(1,324)</b>	(7,748)
Profit before tax expense and zakat	<b>768,278</b>	984,719	<b>2,897,716</b>	2,850,783
Tax expense and zakat	<b>(114,310)</b>	(238,013)	<b>(624,980)</b>	(744,586)
Net profit for the period / year	<b>653,968</b>	746,706	<b>2,272,736</b>	2,106,197

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**PUBLIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2008**

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

<u>Group</u>	<u>Non-distributable</u>			<u>Distributable</u>		<u>Total</u> <u>Shareholders'</u> <u>Equity</u> <u>RM'000</u>	<u>Minority</u> <u>Interests</u> <u>RM'000</u>	<u>Total</u> <u>Equity</u> <u>RM'000</u>
	<u>Share</u> <u>Capital</u> <u>RM'000</u>	<u>Share</u> <u>Premium</u> <u>RM'000</u>	<u>Other</u> <u>Reserves</u> <u>RM'000</u>	<u>Retained</u> <u>Profits</u> <u>RM'000</u>	<u>Treasury</u> <u>Shares</u> <u>RM'000</u>			
<b>At 1 January 2008</b>	<b>3,527,891</b>	<b>2,112,204</b>	<b>3,613,724</b>	<b>1,362,252</b>	<b>(1,273,897)</b>	<b>9,342,174</b>	<b>636,249</b>	<b>9,978,423</b>
Currency translation differences in respect of foreign operations	-	-	145,173	-	-	145,173	38,810	183,983
Currency translation differences in respect of net investment hedge	-	-	(143,546)	-	-	(143,546)	-	(143,546)
Unrealised net loss on revaluation of securities available-for-sale	-	-	(440,129)	-	-	(440,129)	(3,337)	(443,466)
Unrealised net gain on cash flow hedge	-	-	13,864	-	-	13,864	-	13,864
Net (expense) / income recognised directly in equity	-	-	(424,638)	-	-	(424,638)	35,473	(389,165)
Net profit for the year	-	-	-	2,581,237	-	2,581,237	41,423	2,622,660
Total recognised (expense) / income for the year	-	-	(424,638)	2,581,237	-	2,156,599	76,896	2,233,495
Issue of shares pursuant to the exercise of share options	4,035	20,295	-	-	-	24,330	-	24,330
Buy-back of shares	-	-	-	-	(215)	(215)	-	(215)
Minority interests' subscription of shares of a subsidiary (net)	-	-	-	-	-	-	9,100	9,100
Transfer to statutory reserves	-	-	40,571	(40,571)	-	-	-	-
Transfer to regulatory reserves	-	-	14,078	(14,078)	-	-	-	-
Dividends paid	-	-	-	(1,986,182)	-	(1,986,182)	(30,219)	(2,016,401)
<b>At 31 December 2008</b>	<b>3,531,926</b>	<b>2,132,499</b>	<b>3,243,735</b>	<b>1,902,658</b>	<b>(1,274,112)</b>	<b>9,536,706</b>	<b>692,026</b>	<b>10,228,732</b>

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**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2008**

<u>Group</u>	<----- Attributable to Equity Holders of the Bank ----->								
	Non-distributable			Distributable		Treasury Shares	Total Shareholders' Equity	Minority Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained Profits	Reserves				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2007	3,462,825	1,782,081	3,308,738	1,265,156	(784,801)	9,033,999	628,310	9,662,309	
Currency translation differences in respect of foreign operations	-	-	(136,279)	-	-	(136,279)	(40,843)	(177,122)	
Currency translation differences in respect of net investment hedge	-	-	73,917	-	-	73,917	-	73,917	
Unrealised net loss on revaluation of securities available-for-sale	-	-	(65,244)	-	-	(65,244)	(2,740)	(67,984)	
Unrealised net gain on cash flow hedge	-	-	381	-	-	381	-	381	
Net expense recognised directly in equity	-	-	(127,225)	-	-	(127,225)	(43,583)	(170,808)	
Net profit for the year	-	-	-	2,123,915	-	2,123,915	77,871	2,201,786	
Total recognised (expense) / income for the period	-	-	(127,225)	2,123,915	-	1,996,690	34,288	2,030,978	
Issue of shares pursuant to the exercise of share options	65,066	330,123	-	-	-	395,189	-	395,189	
Buy-back of shares	-	-	-	-	(489,096)	(489,096)	-	(489,096)	
Acquisition of shares in a subsidiary company	-	-	-	-	-	-	10,516	10,516	
Transfer to statutory reserves	-	-	395,953	(395,953)	-	-	-	-	
Transfer to regulatory reserves	-	-	36,258	(36,258)	-	-	-	-	
Dividends paid	-	-	-	(1,594,608)	-	(1,594,608)	(36,865)	(1,631,473)	
At 31 December 2007	<u>3,527,891</u>	<u>2,112,204</u>	<u>3,613,724</u>	<u>1,362,252</u>	<u>(1,273,897)</u>	<u>9,342,174</u>	<u>636,249</u>	<u>9,978,423</u>	

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**AUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2008**

<u>Bank</u>	<----- Attributable to Equity Holders of the Bank ----->						
	Share Capital RM'000	Non-distributable Reserves		Distributable Reserves		Treasury Shares RM'000	Total RM'000
		Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	-		
<b>At 1 January 2008</b>	<b>3,527,891</b>	<b>2,112,204</b>	<b>3,504,479</b>	<b>1,479,938</b>	<b>(1,273,897)</b>	<b>9,350,615</b>	
Unrealised net loss on revaluation of securities available-for-sale	-	-	(283,319)	-	-	(283,319)	
Unrealised net gain on cash flow hedge	-	-	13,864	-	-	13,864	
Net expense recognised directly in equity	-	-	(269,455)	-	-	(269,455)	
Net profit for the year	-	-	-	2,272,736	-	2,272,736	
Total recognised (expense) / income for the year	-	-	(269,455)	2,272,736	-	2,003,281	
Issue of shares pursuant to the exercise of share options	4,035	20,295	-	-	-	24,330	
Buy-back of shares	-	-	-	-	(215)	(215)	
Transfer to statutory reserves	-	-	4,035	(4,035)	-	-	
Dividends paid	-	-	-	(1,986,182)	-	(1,986,182)	
<b>At 31 December 2008</b>	<b>3,531,926</b>	<b>2,132,499</b>	<b>3,239,059</b>	<b>1,762,457</b>	<b>(1,274,112)</b>	<b>9,391,829</b>	

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**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2008**

<u>Bank</u>	<----- Attributable to Equity Holders of the Bank ----->					
	Non-distributable			Distributable		Total
	Share Capital RM'000	<u>Reserves</u>		<u>Reserves</u>		
Share Premium RM'000		Other Reserves RM'000	Retained Profits RM'000	RM'000		
At 1 January 2007	3,462,825	1,782,081	3,183,133	1,327,089	(784,801)	8,970,327
Unrealised net loss on revaluation of securities available-for-sale	-	-	(37,775)	-	-	(37,775)
Unrealised net gain on cash flow hedge	-	-	381	-	-	381
Net expense recognised directly in equity	-	-	(37,394)	-	-	(37,394)
Net profit for the year	-	-	-	2,106,197	-	2,106,197
Total recognised (expense) / income for the year	-	-	(37,394)	2,106,197	-	2,068,803
Issue of shares pursuant to the exercise of share options	65,066	330,123	-	-	-	395,189
Buy-back of shares	-	-	-	-	(489,096)	(489,096)
Transfer to statutory reserves	-	-	358,740	(358,740)	-	-
Dividends paid	-	-	-	(1,594,608)	-	(1,594,608)
At 31 December 2007	<u>3,527,891</u>	<u>2,112,204</u>	<u>3,504,479</u>	<u>1,479,938</u>	<u>(1,273,897)</u>	<u>9,350,615</u>

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**PUBLIC BANK BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**AUDITED CONDENSED CASH FLOW STATEMENTS**  
**FOR THE 4TH QUARTER ENDED 31 DECEMBER 2008**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Profit before tax expense and zakat	3,379,188	3,003,638	2,897,716	2,850,783
Adjustments for non-cash items	<u>771,716</u>	<u>531,695</u>	<u>207,950</u>	<u>(15,868)</u>
Operating profit before changes in working capital	4,150,904	3,535,333	3,105,666	2,834,915
Changes in working capital:				
Net changes in operating assets	(14,764,042)	(15,077,604)	(12,998,541)	(14,216,390)
Net changes in operating liabilities	18,944,875	26,376,723	18,929,279	23,736,818
Tax expense and zakat paid	<u>(819,042)</u>	<u>(740,674)</u>	<u>(693,684)</u>	<u>(631,854)</u>
Net cash generated from operating activities	7,512,695	14,093,778	8,342,720	11,723,489
Net cash used in investing activities	(6,552,585)	(776,521)	(10,819,455)	(319,529)
Net cash used in financing activities	(95,093)	(2,044,475)	(564,453)	(1,688,515)
Net change in cash and cash equivalents	<u>865,017</u>	<u>11,272,782</u>	<u>(3,041,188)</u>	<u>9,715,445</u>
Cash and cash equivalents at beginning of the period	35,548,788	24,380,630	32,606,147	22,890,702
Exchange differences on translation of opening balances	<u>183,222</u>	<u>(104,624)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the year	<u><u>36,597,027</u></u>	<u><u>35,548,788</u></u>	<u><u>29,564,959</u></u>	<u><u>32,606,147</u></u>

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**Part A - Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") and Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) Issued by Bank Negara Malaysia**

**A1. Basis of Preparation**

The audited interim financial statements for the 4th quarter and financial year ended 31 December 2008 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: held-for-trading financial assets, available-for-sale financial assets, derivative financial instruments and investment properties.

The audited interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The audited interim financial statements should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 December 2007. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2007.

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

The significant accounting policies and methods of computation applied in the audited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2007. The following Financial Reporting Standards ("FRS") and IC Interpretations have been issued by the MASB but are not yet effective:

FRS 139	Financial Instruments: Recognition and Measurement
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

All the new FRS and IC Interpretations above are effective from 1 January 2010, with the exception of FRS 8, which is effective from 1 July 2009. The Group and the Bank have chosen to early adopt FRS 8 Operating Segments, as presented in note A21. Upon adoption of FRS 8, segmental information is prepared on the basis of the "management approach", which requires presentation of information on the segments on the basis of internal reports about the components of the entity which are regularly reviewed by the chief operating decision-maker in order to allocate resources to a segment and to assess its performance.

In August 2008, the MASB announced its plan to bring Malaysia to full convergence with International Financial Reporting Standards ("IFRS") by 1 January 2012. The financial impact and effects on disclosures and measurement ensuing from such convergence are currently still being assessed pending the issuance of such revised FRSs incorporating the full convergence.

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

On 20 October 2008, BNM had issued a circular setting out the limited circumstances in which banking institutions are allowed to reclassify financial instruments currently held in the securities held-for-trading portfolio into the securities available-for-sale and securities held-to-maturity portfolios. This concession is only effective for the period from 1 July 2008 to 31 December 2009. As at 31 December 2008, the Group and the Bank have not adopted this concession.

Loans, advances and financing are stated at cost less any allowance for bad and doubtful debts and financing. Allowance for bad and doubtful debts and financing are made with regard to specific risks and relate to those loans or trade receivables that have been individually reviewed and specifically identified as sub-standard, doubtful or bad.

The allowance for bad and doubtful debts and financing are computed in conformity with BNM/GP3. Consistent with previous years, the Group and the bank have adopted a more stringent classification policy on non-performing loans, whereby loans are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of default or after maturity date with a 20% specific allowance.

A general allowance based on a percentage of total outstanding loans (including accrued interest), net of specific allowance for bad and doubtful debts, is maintained by the Group and the Bank against risks which are not specifically identified.

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the opinion of management, there is no prospect of recovery.

Values assigned to collateral held for non-performing loans secured by properties is determined based on the realisable values of the properties, being the force sale value provided by independent parties/valuers, on the following basis:

- (i) Assigning only fifty percent (50%) of the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than five (5) years but less than seven (7) years; and
- (ii) No value will be assigned to the realisable value of the properties held as collateral for non-performing loans which are in arrears for more than seven (7) years.

The portion of non-performing loans where no realisable value has been assigned will be written off.

**A2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2007 was not qualified.

**A3. Comments about Seasonal or Cyclical Factors**

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 4th quarter and the financial year ended 31 December 2008.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank in the 4th quarter and financial year ended 31 December 2008.

**A5. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 4th quarter and financial year ended 31 December 2008.

**A6. Debt and Equity Securities**

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

**(a) Issuance of Shares**

During the financial year ended 31 December 2008, the issued and paid-up share capital of the Bank was increased from 3,527,891,383 ordinary shares of RM1.00 each in the Bank ("PBB Shares") to 3,531,925,834 PBB Shares by the issuance of 4,034,451 PBB Shares pursuant to the exercise of options granted under the Public Bank Berhad Employees' Share Option Scheme ("PBB ESOS") at the following option prices:

<u>Number of PBB Shares issued:</u>	<u>Option price per share:</u>
2,121	RM1.64
4,925	RM3.40
110,174	RM3.56
137,262	RM4.60
50,000	RM4.92
1,028,800	RM5.67
2,701,169	RM6.37

The PBB ESOS had expired on 25 February 2008.

**(b) Share Buy-back**

On 26 February 2008, the shareholders of the Bank renewed their approval for the Bank to buy-back its own shares. During the financial year ended 31 December 2008, the Bank bought back from the open market, 20,000 PBB Shares listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average buy-back price of RM10.70 per share. The total consideration paid for the share buy-back of PBB Shares by the Bank during the financial year ended 31 December 2008, including transaction costs, was RM214,760 and was financed by internally generated funds. The PBB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 31 December 2008, the total shares bought back, all of which are held as treasury shares, amounted to 176,296,800 PBB Shares. None of the treasury shares held were resold or cancelled during the financial year ended 31 December 2008.

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**A6. Debt and Equity Securities (continued)**

**(b) Share Buy-back** (continued)

The Board of Directors recommend a share dividend of 1 treasury share of RM1.00 each for every 35 ordinary shares of RM1.00 each, amounting to a total of approximately 95,875,115 treasury shares to be distributed. This is computed based on the issued and paid-up capital as at 31 December 2008, excluding treasury shares held by the Bank, of 3,355,629,034 ordinary shares of RM1.00 each, to be distributed to shareholders whose names appear in the Record of Depositors at the close of business on 2 March 2009.

**(c) Subordinated Notes**

On 13 March 2008, the Bank had obtained the approval of Bank Negara Malaysia for the issuance of up to RM5.0 billion of Subordinated Notes under a Subordinated Medium Term Note ("MTN") Programme, whereby approval was also obtained for these Subordinated Notes to be classified as Tier II Capital for inclusion in the computation of the risk-weighted capital adequacy ratios of the Bank and the Group. The approval of the Securities Commission for the above programme was obtained on 15 April 2008.

On 16 May 2008, the Bank issued RM1.4 billion in aggregate principal amount of Subordinated Notes ("the Notes") due in 2018 and callable with step-up in 2013 under its Subordinated MTN Programme of up to RM5.0 billion. The Notes bear interest at the rate of 4.73% per annum from (and including) 16 May 2008 to (but excluding) 16 May 2013 and thereafter, at a rate of 5.73% per annum from (and including) 16 May 2013 up to (but excluding) the date of early redemption in full of such Notes or the maturity date of the Notes (whichever is earlier). The interest is payable semi-annually in arrears on 16 May and 16 November each year commencing on 16 November 2008. The Notes were issued at par. The Notes will, subject to the prior consent of Bank Negara Malaysia, be redeemable in whole but not in part, at the option of the Bank in the event of certain changes affecting taxation in Malaysia or if there is a more than insubstantial risk that the Notes will no longer qualify as Tier 2 capital for the purposes of BNM's capital adequacy requirements or on 16 May 2013 or at any subsequent interest payment date thereafter at their principal amount plus accrued interest (if applicable). The Notes constitute unsecured liabilities of the Bank, and are subordinated in right of payment upon occurrence of any winding up proceeding to the prior payment in full of all deposit liabilities and all other liabilities, excluding all present and future unsecured and subordinated obligations of the Bank in accordance with the terms and conditions of the Notes.

**A7. Dividends Paid**

During the financial year ended 31 December 2008, the final dividend of 40%, less 26% tax and the special dividend of 10%, less 26% tax in respect of the financial year ended 31 December 2007, amounting to RM1,241,230,512 was paid on 10 March 2008.

An interim dividend of 30%, less 26% tax in respect of the financial year ended 31 December 2008, amounting to RM744,951,875 was paid on 13 August 2008.

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**A8. Securities Held-for-trading**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b>At fair value</b>				
Malaysian Government Treasury Bills	-	25,695	-	25,695
Malaysian Government Securities	<b>255,573</b>	-	<b>255,573</b>	-
Cagamas bonds	<b>4,896,761</b>	4,188,824	<b>4,514,465</b>	4,188,824
Negotiable instruments of deposit	<b>5,139,352</b>	3,702,506	<b>5,139,352</b>	3,702,506
Bank Negara Malaysia Monetary Notes	<b>890,201</b>	92,756	<b>890,201</b>	92,756
Bank Negara Malaysia Bills	<b>49,807</b>	-	-	-
	<b><u>11,231,694</u></b>	<u>8,009,781</u>	<b><u>10,799,591</u></b>	<u>8,009,781</u>
Quoted securities:				
Shares in Malaysia	<b>980</b>	1,793	<b>980</b>	1,793
Trust units outside Malaysia	-	5,198	-	-
	<b><u>980</u></b>	<u>6,991</u>	<b><u>980</u></b>	<u>1,793</u>
Unquoted securities:				
Private debt securities in Malaysia	<b>117,168</b>	45,155	<b>46,170</b>	40,025
	<b><u>117,168</u></b>	<u>45,155</u>	<b><u>46,170</u></b>	<u>40,025</u>
Total securities held-for-trading	<b><u><u>11,349,842</u></u></b>	<u><u>8,061,927</u></u>	<b><u><u>10,846,741</u></u></b>	<u><u>8,051,599</u></u>

**A9. Securities Available-for-sale**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b>At fair value</b>				
Negotiable instruments of deposit	<b>42,363</b>	-	<b>464,017</b>	-
	<b><u>42,363</u></b>	<u>-</u>	<b><u>464,017</u></b>	<u>-</u>
Quoted securities:				
Shares and convertible loan stocks				
in Malaysia	<b>44,964</b>	39,109	<b>41,954</b>	39,109
Shares outside Malaysia	<b>11,546</b>	33,653	-	-
Trust units in Malaysia				
- Public Institutional Bond Fund	<b>1,256,645</b>	1,218,730	<b>1,160,239</b>	1,116,383
- Others	<b>1,257,839</b>	100,392	<b>857,336</b>	100,303
	<b><u>2,570,994</u></b>	<u>1,391,884</u>	<b><u>2,059,529</u></b>	<u>1,255,795</u>
Unquoted securities:				
Shares in Malaysia	<b>20,853</b>	19,668	<b>20,283</b>	19,098
Shares outside Malaysia	<b>3,295</b>	3,003	<b>253</b>	119
Private debt securities in Malaysia	<b>2,988,867</b>	2,666,766	<b>2,370,062</b>	2,373,850
	<b><u>3,013,015</u></b>	<u>2,689,437</u>	<b><u>2,390,598</u></b>	<u>2,393,067</u>
Total securities available-for-sale	<b><u><u>5,626,372</u></u></b>	<u><u>4,081,321</u></u>	<b><u><u>4,914,144</u></u></b>	<u><u>3,648,862</u></u>

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**A10. Securities Held-to-maturity**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b>At amortised cost</b>				
Money market instruments:				
Malaysian Government Treasury Bills	44,557	58,554	44,557	58,554
Malaysian Government Securities	3,220,432	128,745	3,215,441	128,745
Malaysian Government Investment Certificates	378,828	231,613	378,828	231,613
Bankers' acceptances and Islamic accepted bills	21,326	500,021	-	-
Cagamas bonds	15,164	-	15,164	-
Cagamas Mudharabah bonds	-	1,371	-	1,371
Negotiable instruments of deposit	3,864,744	577,836	5,594,802	60,983
Bank Negara Malaysia Monetary Notes	100,651	1,039,568	100,651	1,039,568
Bank Negara Malaysia Bills	-	29,853	-	-
Hong Kong Government Treasury Bills	142,931	126,104	-	-
Sri Lanka Government Treasury Bills	1,554	7,993	1,554	7,993
	<u>7,790,187</u>	<u>2,701,658</u>	<u>9,350,997</u>	<u>1,528,827</u>
Quoted securities:				
Private debt securities outside Malaysia	8,938	8,472	-	-
	<u>8,938</u>	<u>8,472</u>	<u>-</u>	<u>-</u>
Unquoted securities:				
Shares in Malaysia	88,021	87,499	87,578	87,201
Private debt securities in Malaysia	150,102	86,325	140,069	86,315
Private debt securities outside Malaysia	263,536	1,006,933	-	-
	<u>501,659</u>	<u>1,180,757</u>	<u>227,647</u>	<u>173,516</u>
Accumulated impairment losses	(14,065)	(18,492)	(14,065)	(14,338)
Total securities held-to-maturity	<u>8,286,719</u>	<u>3,872,395</u>	<u>9,564,579</u>	<u>1,688,005</u>

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**A11. Loans, Advances and Financing**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Overdrafts	9,607,890	8,815,494	8,071,878	7,943,843
Term loans				
- Housing loans / financing	32,699,324	27,661,139	27,275,929	25,795,082
- Syndicated term loan / financing	2,085,055	1,323,723	1,136,904	585,536
- Hire purchase receivables	33,172,280	29,601,425	22,153,569	28,382,885
- Other term loans / financing	39,999,452	31,039,123	29,955,354	26,311,247
Credit card receivables	1,028,806	944,308	1,019,464	936,974
Bills receivables	129,934	171,365	105,869	100,048
Trust receipts	481,078	442,169	352,593	343,691
Claims on customers under acceptance credits	3,071,979	2,568,945	3,057,674	2,539,170
Lease, factored and confirming receivables	1,581	22,020	-	-
Revolving credits	3,659,977	3,537,039	3,660,214	3,542,341
*Staff loans	693,402	648,133	652,119	604,957
	<u>126,630,758</u>	<u>106,774,883</u>	<u>97,441,567</u>	<u>97,085,774</u>
Unearned interest and income	<u>(5,962,165)</u>	<u>(5,359,964)</u>	<u>(2,750,835)</u>	<u>(5,359,347)</u>
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	120,668,593	101,414,919	94,690,732	91,726,427
Islamic house financing sold to Cagamas	<u>(350,009)</u>	<u>(410,003)</u>	<u>-</u>	<u>(410,003)</u>
Gross loans, advances and financing (excluding Islamic house financing sold to Cagamas)	120,318,584	101,004,916	94,690,732	91,316,424
Allowance for bad and doubtful debts and financing:				
- general	(1,759,487)	(1,522,964)	(1,419,932)	(1,374,846)
- specific	(172,802)	(153,959)	(96,509)	(135,871)
Net loans, advances and financing	<u>118,386,295</u>	<u>99,327,993</u>	<u>93,174,291</u>	<u>89,805,707</u>

\* Included in staff loans of the Group and the Bank are loans to Directors of subsidiary companies amounting to RM1,753,341 (2007: RM2,247,572) and RM959,654 (2007 - RM1,373,922) respectively.



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**A11. Loans, Advances and Financing** (continued)

**A11a. By type of customer**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Domestic non-bank financial institutions				
- Stock-broking companies	2,053	2,010	2,053	2,010
- Others	3,162,348	2,196,329	3,156,663	2,181,319
Domestic business enterprises				
- Small and medium enterprises	20,664,386	19,270,067	19,657,035	19,161,679
- Others	13,292,658	9,192,084	12,972,116	9,184,871
Government and statutory bodies	774	703	687	703
Individuals	68,150,416	59,614,801	56,944,505	59,579,440
Other domestic entities	25,636	50,616	24,223	50,616
Foreign entities	15,370,322	11,088,309	1,933,450	1,565,789
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	120,668,593	101,414,919	94,690,732	91,726,427
Less: Islamic house financing sold to Cagamas	(350,009)	(410,003)	-	(410,003)
	<b>120,318,584</b>	<b>101,004,916</b>	<b>94,690,732</b>	<b>91,316,424</b>

**A11b. By interest / profit rate sensitivity**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Fixed rate				
- Housing loans / financing	3,909,425	4,160,813	2,579,080	4,146,421
- Hire purchase receivables	27,920,958	25,117,733	19,479,396	24,852,968
- Other fixed rate loans / financing	12,869,448	12,598,679	6,431,674	9,865,834
Variable rate				
- Base lending rate plus	57,224,661	48,175,532	56,544,122	48,154,822
- Cost plus	9,199,229	3,551,075	8,696,698	3,565,312
- Other variable rates	9,544,872	7,811,087	959,762	1,141,070
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	120,668,593	101,414,919	94,690,732	91,726,427
Less: Islamic house financing sold to Cagamas	(350,009)	(410,003)	-	(410,003)
	<b>120,318,584</b>	<b>101,004,916</b>	<b>94,690,732</b>	<b>91,316,424</b>

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**A11c. Gross loans, advances and financing by economic purpose**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Purchase of securities	1,811,257	518,412	1,794,046	503,696
Purchase of transport vehicles	29,268,666	26,128,719	19,572,613	24,916,702
Purchase of landed properties	56,032,168	45,165,708	47,971,151	41,725,519
(of which: - residential	32,223,660	26,654,819	27,680,839	24,748,931
- non-residential)	23,808,508	18,510,889	20,290,312	16,976,588
Purchase of fixed assets (excluding landed properties)	272,420	232,203	265,548	231,981
Personal use	7,264,917	6,327,245	3,570,301	4,780,760
Credit card	1,028,806	944,308	1,019,464	936,974
Purchase of consumer durables	59,064	30,529	41,853	30,529
Construction	1,399,355	720,719	780,484	195,874
Mergers & Acquisitions	10,204	10,979	10,204	10,979
Working capital	18,820,617	17,174,645	15,107,077	14,233,933
Other purpose	4,701,119	4,161,452	4,557,991	4,159,480
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	120,668,593	101,414,919	94,690,732	91,726,427
Less: Islamic house financing sold to Cagamas	(350,009)	(410,003)	-	(410,003)
	120,318,584	101,004,916	94,690,732	91,316,424

**A11c. Gross loans, advances and financing by sectors**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Agriculture, hunting, forestry and fishing	1,706,516	1,136,294	1,462,438	1,081,634
Mining and quarrying	93,749	98,160	84,729	80,913
Manufacturing	5,739,672	5,085,443	5,331,885	4,962,254
Electricity, gas and water	47,600	64,883	34,157	36,008
Construction	4,973,467	4,441,394	4,213,719	3,984,639
Wholesale & retail trade and restaurants & hotels	11,599,187	9,659,509	10,550,164	9,245,876
Transport, storage and communication	1,353,015	1,490,088	1,300,761	1,473,806
Finance, insurance and business services	6,785,617	5,023,632	6,155,949	4,509,446
Real estate	7,461,501	5,408,706	7,080,740	5,232,575
Community, social and personal services	897,690	815,434	837,748	815,434
Households	77,695,951	66,247,380	57,359,675	60,011,333
(of which: - purchase of residential properties	31,578,669	26,195,108	27,062,600	24,289,220
- purchase of transport vehicles	24,345,338	21,770,900	15,220,212	20,558,679
- others)	21,771,944	18,281,372	15,076,863	15,163,434
Others	2,314,628	1,943,996	278,767	292,509
Gross loans, advances and financing (including Islamic house financing sold to Cagamas)	120,668,593	101,414,919	94,690,732	91,726,427
Less: Islamic house financing sold to Cagamas	(350,009)	(410,003)	-	(410,003)
	120,318,584	101,004,916	94,690,732	91,316,424

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**A11. Loans, Advances and Financing** (continued)

**A11d. Non-performing loans by economic purpose**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Purchase of securities	4,084	7,265	4,084	7,265
Purchase of transport vehicles	187,630	230,398	118,786	227,287
Purchase of landed properties	622,538	771,764	558,438	761,765
(of which: - residential	523,429	647,805	470,132	645,403
- non-residential)	99,109	123,959	88,306	116,362
Purchase of fixed assets (excluding landed properties)	535	1,938	405	1,914
Personal use	111,530	116,345	57,280	86,480
Credit card	15,943	15,253	15,943	15,253
Purchase of consumer durables	1,757	888	1,582	888
Working capital	251,964	232,489	185,935	213,098
Other purpose	14,118	27,420	13,876	27,420
	1,210,099	1,403,760	956,329	1,341,370

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<u>Non-performing loans by sectors</u>				
Agriculture, hunting, forestry and fishing	3,086	3,283	3,033	3,283
Mining and quarrying	162	127	162	127
Manufacturing	83,890	96,291	82,340	96,272
Electricity, gas and water	264	92	264	92
Construction	43,705	53,997	42,439	53,997
Wholesale & retail trade and restaurants & hotels	81,805	117,030	78,447	117,030
Transport, storage and communication	5,901	8,189	5,667	8,184
Finance, insurance and business services	19,302	14,234	18,964	14,234
Real estate	20,147	22,355	19,352	22,355
Community, social and personal services	4,337	7,625	3,681	7,625
Households	880,247	1,060,219	700,497	1,017,244
(of which: - purchase of residential properties	517,762	643,271	464,644	640,869
- purchase of transport vehicles	163,315	196,900	98,429	193,789
- others)	199,170	220,048	137,424	182,586
Others	67,253	20,318	1,483	927
	1,210,099	1,403,760	956,329	1,341,370

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**A11. Loans, Advances and Financing** (continued)

**A11e.** Movements in non-performing loans, advances and financing ("NPL") are as follows:

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
At 1 January	1,403,760	1,577,831	1,341,370	1,435,315
Non-performing during the year	2,314,078	2,583,593	2,023,579	2,468,728
Reclassified as performing	(1,906,369)	(2,176,984)	(1,839,860)	(2,176,804)
Recoveries	(94,853)	(91,631)	(90,270)	(83,491)
Amount written off	(460,099)	(453,719)	(272,082)	(275,697)
Loans converted to foreclosed properties / securities	(50,006)	(26,487)	(50,006)	(26,487)
Amount vested over to Public Islamic Bank Berhad	-	-	(156,585)	-
Exchange differences	3,588	(8,843)	183	(194)
Closing balance	<u>1,210,099</u>	<u>1,403,760</u>	<u>956,329</u>	<u>1,341,370</u>
Specific allowance	<u>(172,802)</u>	<u>(153,959)</u>	<u>(96,509)</u>	<u>(135,871)</u>
Net non-performing loans, advances and financing	<u><u>1,037,297</u></u>	<u><u>1,249,801</u></u>	<u><u>859,820</u></u>	<u><u>1,205,499</u></u>
Net NPL as % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>0.86%</u></u>	<u><u>1.23%</u></u>	<u><u>0.91%</u></u>	<u><u>1.32%</u></u>

**A11f.** Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows:

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<u>General Allowance</u>				
At 1 January	1,522,964	1,318,546	1,374,846	1,156,721
Allowance made during the year	232,101	210,302	232,437	218,687
Amount vested over to Public Islamic Bank Berhad	-	-	(187,085)	-
Exchange differences	4,422	(5,884)	(266)	(562)
Closing balance	<u>1,759,487</u>	<u>1,522,964</u>	<u>1,419,932</u>	<u>1,374,846</u>
As % of gross loans, advances and financing (including Islamic house financing sold to Cagamas) less specific allowance	<u><u>1.46%</u></u>	<u><u>1.50%</u></u>	<u><u>1.50%</u></u>	<u><u>1.50%</u></u>

The general allowance of the Group for the current financial year is below 1.50% due to the local regulatory requirements and applicable accounting standards of the Group's overseas subsidiaries in their respective jurisdictions. In addition to general allowance, the Group also maintains regulatory reserves in equity as an additional credit risk absorbent in accordance with the local regulatory requirement of certain overseas subsidiary companies.

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**A11. Loans, Advances and Financing** (continued)

**A11f.** Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows: (continued)

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<u>Specific Allowance</u>				
At 1 January	153,959	258,320	135,871	170,564
Allowance made during the year	542,651	467,020	330,367	346,326
Amount written back in respect of recoveries	(74,660)	(107,563)	(70,419)	(104,974)
Amount written off	(460,099)	(453,719)	(272,082)	(275,697)
Reinstatement of amount written off previously due to restructuring / rescheduling, now being classified as performing loan	721	-	670	-
Amount transferred to accumulated impairment losses in value of foreclosed properties / securities	(295)	(237)	(295)	(237)
Amount vested over to Public Islamic Bank Berhad	-	-	(28,263)	-
Exchange differences	10,525	(9,862)	660	(111)
Closing balance	<u>172,802</u>	<u>153,959</u>	<u>96,509</u>	<u>135,871</u>

**A12. Other Assets**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Deferred handling fees	166,293	151,847	114,548	151,847
Interest / Income receivable	70,803	105,569	51,803	81,442
Other receivables, deposits and prepayments	984,417	862,764	845,488	557,435
Manager's stocks	25,696	76,255	-	-
Amount due from trust funds	96,108	208,031	-	-
Foreclosed properties	129,713	105,880	129,604	105,766
Taxi licenses	9,748	10,724	-	-
Outstanding contracts on clients' accounts	65,896	291,118	-	-
Amount due from subsidiary companies	-	-	824,476	281,330
Dividend receivable from subsidiary companies	-	-	231,265	131,596
	<u>1,548,674</u>	<u>1,812,188</u>	<u>2,197,184</u>	<u>1,309,416</u>

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**A13. Deposits from Customers**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<u>By type of customer</u>				
Federal and state governments	1,264,639	1,869,627	952,163	1,869,627
Local government and statutory authorities	2,198,860	1,744,602	1,658,448	1,744,602
Business enterprises	36,613,403	33,022,180	34,495,900	32,748,956
Individuals	69,735,065	59,706,057	66,117,793	59,694,196
Foreign customers	13,939,357	12,889,139	1,997,651	2,319,849
Others	38,528,240	29,532,966	28,840,293	28,047,598
	<u>162,279,564</u>	<u>138,764,571</u>	<u>134,062,248</u>	<u>126,424,828</u>

**A14. Deposits and Placements of Banks and Other Financial Institutions**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Licensed banks	1,846,423	4,207,883	265,209	3,544,042
Licensed Islamic banks	-	8,138	-	8,138
Licensed investment banks	200,000	285,000	-	85,833
Bank Negara Malaysia	866,125	2,380,680	866,125	2,380,680
Other financial institutions	2,677,331	3,556,417	5,990,183	3,328,141
	<u>5,589,879</u>	<u>10,438,118</u>	<u>7,121,517</u>	<u>9,346,834</u>

**A15. Other Liabilities**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Interest / income payable	878,147	794,437	776,927	739,717
Other payables and accruals	1,365,328	1,130,519	708,733	462,058
Amount due to trust funds	37,625	70,616	-	-
Unprocessed sales and / or redemptions	22,873	86,023	-	-
Employee benefits	(76,901)	(34,956)	(74,024)	(34,274)
Profit Equalisation Reserves	34,784	12,725	-	12,725
Finance lease liabilities	70,133	-	70,133	-
Outstanding contracts on clients' accounts	63,115	284,459	-	-
Dividend payable to shareholders	27,713	3,859	4,063	3,859
Amount due to subsidiary companies	-	-	17,601	15,421
	<u>2,422,817</u>	<u>2,347,682</u>	<u>1,503,433</u>	<u>1,199,506</u>

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**A16. Interest Income**

	4th Quarter Ended		Financial Year Ended	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b>Group</b>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,566,360	1,378,769	6,012,156	5,247,765
- Recoveries from NPLs	20,310	26,377	82,389	96,244
Money at call and deposit placements with financial institutions	329,779	415,392	1,552,005	1,549,546
Securities held-for-trading	62,721	66,695	296,899	345,153
Securities available-for-sale	41,917	40,795	144,185	158,341
Securities held-to-maturity	116,211	58,247	268,460	165,282
Others	16,222	11,555	57,911	40,125
	<u>2,153,520</u>	<u>1,997,830</u>	<u>8,414,005</u>	<u>7,602,456</u>
Amortisation of premium less accretion of discount	(5,020)	(2,329)	(6,777)	(14,807)
Net interest / income suspended	<u>(30,747)</u>	<u>(32,607)</u>	<u>(117,520)</u>	<u>(135,845)</u>
	<u><u>2,117,753</u></u>	<u><u>1,962,894</u></u>	<u><u>8,289,708</u></u>	<u><u>7,451,804</u></u>

	4th Quarter Ended		Financial Year Ended	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b>Bank</b>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	1,389,435	1,201,746	5,312,156	4,524,461
- Recoveries from NPLs	20,310	26,380	82,389	95,762
Money at call and deposit placements with financial institutions	286,906	373,711	1,398,635	1,387,015
Securities held-for-trading	56,680	52,280	266,999	322,054
Securities available-for-sale	34,218	36,274	118,868	140,153
Securities held-to-maturity	116,749	18,801	206,878	58,298
Others	16,222	11,550	57,896	40,100
	<u>1,920,520</u>	<u>1,720,742</u>	<u>7,443,821</u>	<u>6,567,843</u>
Amortisation of premium less accretion of discount	(6,436)	(4,576)	(12,685)	(22,425)
Net interest / income suspended	<u>(30,747)</u>	<u>(32,602)</u>	<u>(117,520)</u>	<u>(135,840)</u>
	<u><u>1,883,337</u></u>	<u><u>1,683,564</u></u>	<u><u>7,313,616</u></u>	<u><u>6,409,578</u></u>

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**A17. Interest Expense**

	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Deposits and placements of banks and other financial institutions	51,485	67,914	232,420	386,686
Deposits from customers	1,001,824	924,192	3,932,019	3,408,930
Loans sold to Cagamas	43,157	35,400	144,646	102,672
Subordinated notes	42,731	39,136	152,319	162,777
Hybrid Capital Securities	21,760	24,937	86,193	100,515
Borrowings	3,540	(809)	11,337	23,747
Others	1,384	723	3,462	22,880
	<b>1,165,881</b>	<b>1,091,493</b>	<b>4,562,396</b>	<b>4,208,207</b>

	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
Deposits and placements of banks and other financial institutions	43,279	59,340	186,551	346,564
Deposits from customers	926,625	805,716	3,612,358	2,984,509
Loans sold to Cagamas	43,157	35,400	144,646	102,672
Subordinated notes	43,050	39,136	152,915	162,777
Hybrid Capital Securities	21,760	24,937	86,193	100,515
Others	1,323	757	3,177	14,709
	<b>1,079,194</b>	<b>965,286</b>	<b>4,185,840</b>	<b>3,711,746</b>



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**A18. Other Operating Income**

	4th Quarter Ended		Financial Year Ended	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b>Group</b>				
(a) Fee income:				
Commissions	39,714	38,441	157,612	143,302
Service charges and fees	51,207	45,011	200,692	184,920
Guarantee fees	6,054	5,140	29,153	20,628
Processing fees	3,614	6,586	22,032	16,983
Commitment fees	12,493	10,956	47,561	39,880
Unit trust management fees	69,795	89,218	331,588	285,360
Fee on sale of trust units	5,925	67,858	64,899	200,455
Net brokerage and commissions from stockbroking activities	13,132	27,084	69,526	102,811
Other fee income	13,136	14,634	51,783	34,083
	<u>215,070</u>	<u>304,928</u>	<u>974,846</u>	<u>1,028,422</u>
(b) Net gain arising from sale of securities:				
- held-for-trading	6,782	1,448	10,919	7,239
- available-for-sale	23	32,652	13,514	93,305
	<u>6,805</u>	<u>34,100</u>	<u>24,433</u>	<u>100,544</u>
(c) Gross dividend income from:				
Securities held-for-trading	20	45	89	239
Securities available-for-sale	16,793	121	47,345	46,604
Securities held-to-maturity	433	2,126	6,657	8,112
	<u>17,246</u>	<u>2,292</u>	<u>54,091</u>	<u>54,955</u>
(d) Unrealised (loss) / gain on revaluation of:				
- securities held-for-trading	(2,608)	2,648	1,700	2,951
- trading derivatives	9,263	(6,091)	(3,815)	-
	<u>6,655</u>	<u>(3,443)</u>	<u>(2,115)</u>	<u>2,951</u>
(e) Unrealised gain / (loss) on hedging derivatives	<u>3,368</u>	<u>(1,798)</u>	<u>(44)</u>	<u>(291)</u>
(f) Other income:				
Foreign exchange profit	51,555	46,198	174,300	176,868
Rental income from:				
- investment properties	1,436	1,903	5,201	4,947
- other properties	2,115	1,527	7,434	6,861
Net (loss) / gain on disposal of property and equipment	(272)	1,574	(1,773)	6,040
Net loss on disposal of foreclosed properties	(1,305)	(1,987)	(8,652)	(3,648)
Gain on revaluation of investment properties	75	2,928	7,956	3,475
Lease income and factoring charges	-	347	44	1,364
Gain on disposal of prepaid land lease payments	-	-	-	1,580
Goodwill income	-	-	200,000	-
Others	10,492	1,135	17,806	5,398
	<u>64,096</u>	<u>53,625</u>	<u>402,316</u>	<u>202,885</u>
Total other operating income	<u>313,240</u>	<u>389,704</u>	<u>1,453,527</u>	<u>1,389,466</u>

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**A18. Other Operating Income** (continued)

	4th Quarter Ended		Financial Year Ended	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b><u>Bank</u></b>				
(a) Fee income:				
Commissions	38,262	49,348	166,245	180,330
Service charges and fees	37,102	32,096	139,445	128,580
Guarantee fees	4,327	4,405	23,316	18,321
Processing fees	198	494	1,046	1,977
Commitment fees	11,484	10,233	43,995	37,710
Other fee income	8,360	12,130	40,600	24,537
	<u>99,733</u>	<u>108,706</u>	<u>414,647</u>	<u>391,455</u>
(b) Net gain arising from sale of securities:				
- held-for-trading	6,581	1,411	11,344	6,950
- available-for-sale	-	10,323	13,491	45,515
	<u>6,581</u>	<u>11,734</u>	<u>24,835</u>	<u>52,465</u>
(c) Gross dividend income from:				
Securities held-for-trading	20	41	89	235
Securities available-for-sale	15,866	174	43,215	36,836
Securities held-to-maturity	387	2,107	6,461	6,610
Associated companies	-	3,692	5,130	3,692
Subsidiary companies				
- quoted outside Malaysia	64,698	85,656	81,468	103,411
- unquoted in Malaysia	106,344	295,320	272,558	400,721
	<u>187,315</u>	<u>386,990</u>	<u>408,921</u>	<u>551,505</u>
(d) Unrealised (loss) / gain on revaluation of:				
- securities held-for-trading	(2,893)	(1,385)	1,417	(1,106)
- trading derivatives	(25,893)	(9,337)	(37,036)	(10,926)
	<u>(28,786)</u>	<u>(10,722)</u>	<u>(35,619)</u>	<u>(12,032)</u>
(e) Unrealised gain / (loss) on hedging derivatives	2,812	(1,280)	190	(276)
(f) Other income:				
Foreign exchange profit	24,965	88,447	25,120	258,744
Rental income from other properties	1,251	1,260	4,123	3,218
Net (loss) / gain on disposal of property and equipment	(274)	(62)	(1,748)	1,155
Net loss on disposal of foreclosed properties	(1,465)	(1,987)	(8,812)	(3,648)
Goodwill income	-	-	180,000	-
Others	5,304	3,226	16,441	11,248
	<u>29,781</u>	<u>90,884</u>	<u>215,124</u>	<u>270,717</u>
Total other operating income	<u>297,436</u>	<u>586,312</u>	<u>1,028,098</u>	<u>1,253,834</u>

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**A19. Other Operating Expenses**

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2008</b>	<b>31 December 2007</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel costs				
- Salaries, allowances and bonuses	<b>259,801</b>	220,669	<b>913,011</b>	814,885
- Pension costs	<b>15,448</b>	13,465	<b>62,475</b>	74,423
- Others	<b>25,563</b>	23,982	<b>86,185</b>	71,281
	<b>300,812</b>	258,116	<b>1,061,671</b>	960,589
Establishment costs				
- Depreciation and amortisation	<b>33,039</b>	24,212	<b>118,859</b>	103,121
- Rental	<b>17,253</b>	14,969	<b>62,666</b>	56,014
- Insurance	<b>3,077</b>	2,761	<b>14,985</b>	15,528
- Water and electricity	<b>9,418</b>	7,102	<b>32,492</b>	27,095
- General repairs and maintenance	<b>6,836</b>	11,126	<b>57,141</b>	54,689
- Information technology expenses	<b>5,213</b>	3,869	<b>22,136</b>	17,711
- Others	<b>7,067</b>	7,761	<b>30,126</b>	32,228
	<b>81,903</b>	71,800	<b>338,405</b>	306,386
Marketing expenses				
- Sales commission	<b>8,876</b>	39,171	<b>82,041</b>	126,364
- Advertisement and publicity	<b>15,407</b>	19,928	<b>71,747</b>	70,855
- Others	<b>14,670</b>	25,275	<b>70,110</b>	81,576
	<b>38,953</b>	84,374	<b>223,898</b>	278,795
Administration and general expenses				
- Communication expenses	<b>18,437</b>	15,086	<b>62,551</b>	54,004
- Legal and professional fees	<b>11,943</b>	11,054	<b>48,304</b>	40,628
- Others	<b>16,107</b>	17,736	<b>56,272</b>	53,306
	<b>46,487</b>	43,876	<b>167,127</b>	147,938
Total other operating expenses	<b>468,155</b>	458,166	<b>1,791,101</b>	1,693,708

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**A19. Other Operating Expenses (continued)**

<b><u>Bank</u></b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
Personnel costs				
- Salaries, allowances and bonuses	<b>193,840</b>	181,252	<b>721,562</b>	645,381
- Pension costs	<b>12,379</b>	16,607	<b>49,451</b>	65,892
- Others	<b>22,456</b>	16,441	<b>75,888</b>	64,196
	<b>228,675</b>	214,300	<b>846,901</b>	775,469
Establishment costs				
- Depreciation and amortisation	<b>26,028</b>	20,446	<b>92,520</b>	80,875
- Rental	<b>17,560</b>	16,981	<b>67,502</b>	65,637
- Insurance	<b>2,238</b>	2,260	<b>12,181</b>	13,382
- Water and electricity	<b>7,014</b>	5,211	<b>24,115</b>	20,479
- General repairs and maintenance	<b>5,633</b>	11,011	<b>51,817</b>	50,880
- Information technology expenses	<b>2,595</b>	1,386	<b>13,080</b>	9,108
- Others	<b>4,465</b>	4,607	<b>19,807</b>	19,718
	<b>65,533</b>	61,902	<b>281,022</b>	260,079
Marketing expenses				
- Advertisement and publicity	<b>4,204</b>	8,312	<b>29,524</b>	25,653
- Others	<b>13,588</b>	11,551	<b>48,769</b>	38,611
	<b>17,792</b>	19,863	<b>78,293</b>	64,264
Administration and general expenses				
- Communication expenses	<b>16,779</b>	11,226	<b>51,401</b>	42,597
- Legal and professional fees	<b>8,894</b>	9,067	<b>40,065</b>	35,041
- Others	<b>7,046</b>	13,533	<b>31,947</b>	39,775
	<b>32,719</b>	33,826	<b>123,413</b>	117,413
Shared service cost charged to Public Islamic Bank Berhad	<b>(21,100)</b>	-	<b>(21,100)</b>	-
<b>Total other operating expenses</b>	<b>323,619</b>	329,891	<b>1,308,529</b>	1,217,225

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**A20. Allowance for Losses on Loans, Advances and Financing**

	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
<b><u>Group</u></b>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	38,597	57,693	232,101	210,302
- specific allowance	160,977	128,506	542,651	467,020
- specific allowance written back	(16,220)	(30,335)	(74,660)	(107,563)
Bad debts recovered from stock broking activities	-	(26,293)	(9)	(26,278)
Bad debts and financing written off	270	286	539	1,064
Bad debts and financing recovered	(33,425)	(26,120)	(152,060)	(137,383)
	<b>150,199</b>	<b>103,737</b>	<b>548,562</b>	<b>407,162</b>

	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
<b><u>Bank</u></b>				
Allowance for bad and doubtful debts and financing:				
- general allowance (net)	27,736	69,142	232,437	218,687
- specific allowance	66,217	97,292	330,367	346,326
- specific allowance written back	(11,998)	(30,318)	(70,419)	(104,974)
Bad debts and financing written off	116	267	385	1,045
Bad debts and financing recovered	(19,842)	(21,345)	(98,581)	(106,950)
	<b>62,229</b>	<b>115,038</b>	<b>394,189</b>	<b>354,134</b>

A21. Segment Information

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i) **By Business Segments**

4th Quarter Ended 31 December 2008	Operating Segments								Inter- segment Elimination RM'000	Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000	Head Office RM'000		
External revenue	404,505	1,342,848	192,222	420,738	50,681	75,797	3,906	66,860	-	2,557,557
Revenue from other segments	-	239,931	-	187,558	-	-	493	209,397	(637,379)	-
	<b>404,505</b>	<b>1,582,779</b>	<b>192,222</b>	<b>608,296</b>	<b>50,681</b>	<b>75,797</b>	<b>4,399</b>	<b>276,257</b>	<b>(637,379)</b>	<b>2,557,557</b>
Net interest income and Islamic banking income	120,739	865,653	43,315	51,945	2,802	(583)	(1,413)	34,786	-	1,117,244
Other operating income	2,902	152,635	9,953	76,164	16,732	73,459	10,506	(14,098)	(15,013)	313,240
Net income	123,641	1,018,288	53,268	128,109	19,534	72,876	9,093	20,688	(15,013)	1,430,484
Other operating expenses	(36,026)	(327,803)	(15,264)	(12,156)	(9,955)	(27,043)	(7,370)	(47,551)	15,013	(468,155)
Allowance for losses on loans, advances and financing excluding general allowance	(20,293)	(70,860)	(20,449)	-	-	-	-	-	-	(111,602)
Impairment loss	-	(292)	-	(601)	-	-	-	-	-	(893)
Profit by segments	<b>67,322</b>	<b>619,333</b>	<b>17,555</b>	<b>115,352</b>	<b>9,579</b>	<b>45,833</b>	<b>1,723</b>	<b>(26,863)</b>	-	<b>849,834</b>
Reconciliation of segment profits to consolidated profits:										
General allowance										(38,597)
Share of profit after tax of equity accounted associate companies										1,706
Profit before tax expense and zakat										<b>812,943</b>

A21. Segment Information (continued)PUBLIC BANK BERHAD  
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i) **By Business Segments** (continued)

4th Quarter Ended 31 December 2007	----- Operating Segments -----							Head Office RM'000	Inter- segment Elimination RM'000	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	365,683	1,219,488	132,700	606,116	78,050	143,923	6,031	21,088	-	2,573,079
Revenue from other segments	-	252,653	-	43,989	-	-	1,251	314,147	(612,040)	-
	<u>365,683</u>	<u>1,472,141</u>	<u>132,700</u>	<u>650,105</u>	<u>78,050</u>	<u>143,923</u>	<u>7,282</u>	<u>335,235</u>	<u>(612,040)</u>	<u>2,573,079</u>
Net interest income and Islamic banking income	116,428	783,762	25,121	54,074	2,853	883	(1,199)	16,642	-	998,564
Other operating income	(560)	132,752	16,596	57,446	49,379	141,211	22,071	(8,755)	(20,436)	389,704
Net income	<u>115,868</u>	<u>916,514</u>	<u>41,717</u>	<u>111,520</u>	<u>52,232</u>	<u>142,094</u>	<u>20,872</u>	<u>7,887</u>	<u>(20,436)</u>	<u>1,388,268</u>
Other operating expenses	(32,270)	(292,638)	(8,055)	(14,785)	(4,992)	(74,283)	(3,534)	(48,045)	20,436	(458,166)
Allowance for losses on loans, advances and financing excluding general allowance	(26,416)	(59,819)	13,902	-	26,289	-	-	-	-	(46,044)
Impairment loss	-	(3,353)	-	(4,315)	-	-	1,152	-	-	(6,516)
Profit by segments	<u>57,182</u>	<u>560,704</u>	<u>47,564</u>	<u>92,420</u>	<u>73,529</u>	<u>67,811</u>	<u>18,490</u>	<u>(40,158)</u>	<u>-</u>	<u>877,542</u>
Reconciliation of segment profits to consolidated profits:										
General allowance										(57,693)
Share of profit after tax of equity accounted associate companies										<u>1,352</u>
Profit before tax expense and zakat										<u><u>821,201</u></u>

A21. Segment Information (continued)PUBLIC BANK BERHAD  
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i) **By Business Segments** (continued)

Financial Year Ended	----- Operating Segments -----									Total
	Hire Purchase	Retail Operations	Corporate Lending	Treasury and Capital Market Operations	Investment Banking	Fund Management	Others	Head Office	Inter-segment Elimination	
31 December 2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,546,484	5,122,271	707,819	2,284,481	229,783	396,949	15,277	197,243	-	10,500,307
Revenue from other segments	-	976,255	-	280,288	-	-	267	1,095,208	(2,352,018)	-
	<u>1,546,484</u>	<u>6,098,526</u>	<u>707,819</u>	<u>2,564,769</u>	<u>229,783</u>	<u>396,949</u>	<u>15,544</u>	<u>1,292,451</u>	<u>(2,352,018)</u>	<u>10,500,307</u>
Net interest income and Islamic banking income	438,961	3,323,272	149,318	189,876	11,088	(1,386)	(4,552)	179,152	-	4,285,729
Other operating income	6,219	762,295	44,841	177,527	105,565	369,925	48,144	6,762	(67,751)	1,453,527
Net income	445,180	4,085,567	194,159	367,403	116,653	368,539	43,592	185,914	(67,751)	5,739,256
Other operating expenses	(128,679)	(1,168,974)	(54,417)	(47,088)	(42,157)	(185,214)	(28,179)	(204,144)	67,751	(1,791,101)
Allowance for losses on loans, advances and financing excluding general allowance	(92,056)	(181,775)	(43,076)	-	446	-	-	-	-	(316,461)
Impairment loss	-	(3,665)	-	(29,197)	-	-	-	-	-	(32,862)
Profit by segments	<u>224,445</u>	<u>2,731,153</u>	<u>96,666</u>	<u>291,118</u>	<u>74,942</u>	<u>183,325</u>	<u>15,413</u>	<u>(18,230)</u>	<u>-</u>	<u>3,598,832</u>
Reconciliation of segment profits to consolidated profits:										
General allowance										(232,101)
Share of profit after tax of equity accounted associate companies										12,457
Profit before tax expense and zakat										<u>3,379,188</u>
Cost income ratio	28.9%	28.6%	28.0%	12.8%	36.1%	50.3%	64.6%	109.8%		31.2%
Gross loans	29,276,274	74,125,543	16,653,994	-	237,747	23,049	1,977	-		120,318,584
Net non-performing loans	128,734	866,627	41,936	-	-	-	-	-		1,037,297
Deposits from customers	-	108,322,907	-	50,628,523	3,328,134	-	-	-		162,279,564
Segment assets	<u>28,943,932</u>	<u>110,227,560</u>	<u>16,439,772</u>	<u>64,876,026</u>	<u>5,005,130</u>	<u>260,965</u>	<u>269,310</u>	<u>790,652</u>	<u>(33,487,265)</u>	<u>193,326,082</u>
Reconciliation of segment assets to consolidated assets:										
Investment in associated companies										127,802
Unallocated assets										637,204
Intangible assets										2,072,018
Total assets										<u>196,163,106</u>



A21. Segment Information (continued)

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i) **By Business Segments** (continued)

<----- Operating Segments ----->

Financial Year Ended 31 December 2007	Operating Segments									Total RM'000
	Hire Purchase RM'000	Retail Operations RM'000	Corporate Lending RM'000	Treasury and Capital Market Operations RM'000	Investment Banking RM'000	Fund Management RM'000	Others RM'000	Head Office RM'000	Inter-segment Elimination RM'000	
External revenue	1,415,814	4,522,712	483,086	2,305,247	281,161	429,782	14,519	105,278	-	9,557,599
Revenue from other segments	-	923,633	-	124,065	-	-	904	1,227,711	(2,276,313)	-
	<u>1,415,814</u>	<u>5,446,345</u>	<u>483,086</u>	<u>2,429,312</u>	<u>281,161</u>	<u>429,782</u>	<u>15,423</u>	<u>1,332,989</u>	<u>(2,276,313)</u>	<u>9,557,599</u>
Net interest income and Islamic banking income	460,652	2,911,637	97,957	140,017	11,539	2,780	(5,411)	102,650	-	3,721,821
Other operating income	4,417	553,382	42,455	209,885	163,627	431,920	27,901	31,962	(76,083)	1,389,466
Net income	465,069	3,465,019	140,412	349,902	175,166	434,700	22,490	134,612	(76,083)	5,111,287
Other operating expenses	(99,452)	(1,079,335)	(38,210)	(54,907)	(35,438)	(251,820)	(17,910)	(192,719)	76,083	(1,693,708)
Allowance for losses on loans, advances and financing excluding general allowance	(98,073)	(175,233)	49,681	-	26,765	-	-	-	-	(196,860)
Impairment loss	-	(8,996)	-	(4,315)	-	-	1,152	-	-	(12,159)
Profit by segments	<u>267,544</u>	<u>2,201,455</u>	<u>151,883</u>	<u>290,680</u>	<u>166,493</u>	<u>182,880</u>	<u>5,732</u>	<u>(58,107)</u>	<u>-</u>	<u>3,208,560</u>
Reconciliation of segment profits to consolidated profits:										
General allowance										(210,302)
Share of profit after tax of equity accounted associate companies										5,380
Profit before tax expense and zakat										<u>3,003,638</u>
Cost income ratio	21.4%	31.1%	27.2%	15.7%	20.2%	57.9%	79.6%	143.2%		33.1%
Gross loans	26,053,044	63,265,298	11,539,275	-	127,948	17,346	2,005	-		101,004,916
Net non-performing loans	163,600	1,046,003	40,198	-	-	-	-	-		1,249,801
Deposits from customers	-	93,365,627	-	43,498,981	1,899,963	-	-	-		138,764,571
Segment assets	<u>25,783,057</u>	<u>95,260,889</u>	<u>11,388,416</u>	<u>64,788,213</u>	<u>5,031,507</u>	<u>409,872</u>	<u>261,371</u>	<u>130,872</u>	<u>(31,420,271)</u>	<u>171,633,926</u>
Reconciliation of segment assets to consolidated assets:										
Investment in associated companies										46,318
Unallocated assets										464,647
Intangible assets										2,010,296
Total assets										<u>174,155,187</u>

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**A21. Segment Information on Operating Revenue, Profit Before Tax Expense and Assets (continued)**

**(ii) By Geographical Locations**

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>		
	<b>Operating Revenue RM'000</b>	<b>Profit Before Tax Expense RM'000</b>	<b>Operating Revenue RM'000</b>	<b>Profit Before Tax Expense RM'000</b>	<b>Total Assets RM'000</b>
<b><u>31 December 2008</u></b>					
Malaysia	2,292,194	783,359	9,437,992	3,058,161	176,114,753
Overseas	265,363	29,584	1,062,315	321,027	20,048,353
	<b>2,557,557</b>	<b>812,943</b>	<b>10,500,307</b>	<b>3,379,188</b>	<b>196,163,106</b>
<b><u>31 December 2007</u></b>					
Malaysia	2,247,363	662,257	8,412,152	2,552,170	157,697,613
Overseas	325,716	158,944	1,145,447	451,468	16,457,574
	<b>2,573,079</b>	<b>821,201</b>	<b>9,557,599</b>	<b>3,003,638</b>	<b>174,155,187</b>

The Group has operations in Hong Kong SAR, the People's Republic of China, Sri Lanka, the Socialist Republic of Vietnam, Cambodia and the People's Democratic Republic of Laos.

Certain comparative figures have been reclassified to conform with current year's presentation.

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**A22. Subsequent Events**

The were no material events subsequent to the balance sheet date that require disclosure or adjustments to the audited interim financial statements.

**A23. Changes in the Composition of the Group**

**Transfer of Islamic banking business of Public Bank Berhad ("PBB") to Public Islamic Bank Berhad ("PIBB")**

On 1 November 2008, the Islamic banking business carried out by PBB on a "window" basis pursuant to Section 124 of the Banking and Financial Institutions Act, 1989, was transferred to PIBB, a wholly-owned subsidiary of PBB, in accordance with the terms and conditions of the business transfer agreement dated 30 May 2008 entered into between PBB and PIBB and the Vesting Orders obtained from the High Court of Malaya and the High Court of Sabah and Sarawak on 15 July 2008 and 26 June 2008 respectively.

The consideration for PIBB's acquisition of PBB's Islamic banking business of RM1,904,940,325 is based on the net book value of PBB's Islamic banking business as at the date of completion of the acquisition on 1 November 2008.

Pursuant to Section 3(4) of the Islamic Banking Act, 1983, the Minister of Finance had granted an Islamic banking licence to PIBB, for PIBB to transact Islamic banking business in Malaysia with effect from 1 November 2008.

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**A24. Off-Balance Sheet Exposures**

Off -balance sheet exposures of the Group and the Bank consist of the the various commitments made and contingent liabilities incurred in the normal course of business with legal recourse to its customers. No material losses are anticipated as a result of these transactions. These off-balance sheet exposures are not secured against the Group's and the Bank's assets.

The risk-weighted exposures of the Group and the Bank as at the following dates are as follows:

	As at 31 December 2008			As at 31 December 2007		
	Notional Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Notional Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
<b><u>Group</u></b>						
<u>Credit-related Exposures</u>						
Direct credit substitutes	1,707,324	1,707,324	967,059	1,362,071	1,362,071	787,538
Transaction-related contingent items	597,837	298,918	179,717	520,122	260,061	165,025
Short-term self-liquidating trade-related contingencies	662,108	132,422	82,666	675,466	135,093	110,918
Assets sold with recourse	341,988	341,988	163,770	967,643	967,643	212,814
Obligations under an on-going underwriting agreement	75,000	37,500	37,500	201,648	159,148	159,148
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- exceeding one year	9,939,339	4,969,670	3,959,368	4,873,728	2,436,864	2,166,834
- not exceeding one year	17,418,621	3,483,724	2,864,928	13,825,529	-	-
Unutilised credit card lines	2,909,982	581,996	436,497	2,638,103	-	-
	<u>33,652,199</u>	<u>11,553,542</u>	<u>8,691,505</u>	<u>25,064,310</u>	<u>5,320,880</u>	<u>3,602,277</u>
<u>Derivative Financial Contracts</u>						
Foreign exchange related contracts:						
- less than one year	9,115,195	184,974	78,183	8,614,768	128,072	28,975
- one year to less than five years	37,532	2,468	1,234	-	-	-
Interest rate related contracts:						
- less than one year	2,177,466	37,557	7,533	318,357	468	94
- one year to less than five years	4,040,636	342,340	68,572	3,804,644	93,826	18,765
- five years and above	3,555,860	458,159	95,165	2,968,978	220,325	44,065
Equity related contracts:						
- one year to less than five years	272,106	37,018	18,509	-	-	-
	<u>19,198,795</u>	<u>1,062,516</u>	<u>269,196</u>	<u>15,706,747</u>	<u>442,691</u>	<u>91,899</u>
<u>Other Treasury-related Exposures</u>						
Forward asset purchases	15,874	15,874	3,175	36,413	36,413	7,283
	<u>52,866,868</u>	<u>12,631,932</u>	<u>8,963,876</u>	<u>40,807,470</u>	<u>5,799,984</u>	<u>3,701,459</u>

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**A24. Off-Balance Sheet Exposures** (continued)

<u>Bank</u>	As at 31 December 2008			As at 31 December 2007		
	Notional Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000	Notional Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
<u>Credit-related Exposures</u>						
Direct credit substitutes	1,564,420	1,564,420	997,053	1,240,028	1,240,028	752,948
Transaction-related contingent items	549,206	274,603	162,481	467,985	233,993	159,569
Short-term self-liquidating trade-related contingencies	498,861	99,773	63,237	479,284	95,857	90,645
Assets sold with recourse	-	-	-	967,643	967,643	212,814
Obligations under an on-going underwriting agreement	75,000	37,500	37,500	75,000	37,500	37,500
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:						
- exceeding one year	9,224,333	4,612,166	3,666,939	4,562,584	2,281,292	2,011,262
- not exceeding one year	15,380,577	3,076,116	2,473,726	11,978,248	-	-
Unutilised credit card lines	2,740,982	548,196	411,147	2,519,144	-	-
	<u>30,033,379</u>	<u>10,212,774</u>	<u>7,812,083</u>	<u>22,289,916</u>	<u>4,856,313</u>	<u>3,264,738</u>
<u>Derivative Financial Contracts</u>						
Foreign exchange related contracts:						
- less than one year	8,254,482	174,241	76,038	7,757,992	120,020	27,307
- one year to less than five years	37,532	2,468	1,234	-	-	-
Interest rate related contracts:						
- less than one year	1,990,047	37,214	7,443	148,793	298	60
- one year to less than five years	3,971,345	340,955	68,191	3,557,529	90,033	18,007
- five years and above	3,192,087	437,545	91,042	2,935,913	218,010	43,602
Equity related contracts:						
- one year to less than five years	272,106	37,018	18,509	-	-	-
	<u>17,717,599</u>	<u>1,029,441</u>	<u>262,457</u>	<u>14,400,227</u>	<u>428,361</u>	<u>88,976</u>
<u>Other Treasury-related Exposures</u>						
Forward asset purchases	1,594	1,594	319	-	-	-
	<u>47,752,572</u>	<u>11,243,809</u>	<u>8,074,859</u>	<u>36,690,143</u>	<u>5,284,674</u>	<u>3,353,714</u>

\* With effect from 1 January 2008, the credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors as defined in Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach (Basel II).

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**A25. Derivative Financial Instruments**

Details of derivative financial instruments outstanding as at 31 December 2008 are as follows:  
Value of contracts classified by remaining period to maturity / next repricing date (whichever is earlier).

**Group**

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
<b>Foreign exchange related contracts</b>							
- forwards	1,468,420	903,641	287,777	242,040	34,962	-	-
- swaps	7,646,775	3,768,749	2,403,110	1,474,916	-	-	-
- options	37,532	-	-	-	-	37,532	-
<b>Sub total</b>	<b>9,152,727</b>	<b>4,672,390</b>	<b>2,690,887</b>	<b>1,716,956</b>	<b>34,962</b>	<b>37,532</b>	<b>-</b>
<b>Interest rate related contracts</b>							
- swaps	9,773,962	1,347,700	6,936,526	1,489,736	-	-	-
<b>Equity related contracts</b>							
- options	272,106	-	-	-	-	272,106	-
<b>Total</b>	<b>19,198,795</b>	<b>6,020,090</b>	<b>9,627,413</b>	<b>3,206,692</b>	<b>34,962</b>	<b>309,638</b>	<b>-</b>

**Bank**

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
<b>Foreign exchange related contracts</b>							
- forwards	1,286,047	724,140	287,777	239,168	34,962	-	-
- swaps	6,968,435	3,762,521	1,971,793	1,234,121	-	-	-
- options	37,532	-	-	-	-	37,532	-
<b>Sub total</b>	<b>8,292,014</b>	<b>4,486,661</b>	<b>2,259,570</b>	<b>1,473,289</b>	<b>34,962</b>	<b>37,532</b>	<b>-</b>
<b>Interest rate related contracts</b>							
- swaps	9,153,479	1,122,507	6,645,172	1,385,800	-	-	-
<b>Equity related contracts</b>							
- options	272,106	-	-	-	-	272,106	-
<b>Total</b>	<b>17,717,599</b>	<b>5,609,168</b>	<b>8,904,742</b>	<b>2,859,089</b>	<b>34,962</b>	<b>309,638</b>	<b>-</b>

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**A25. Derivative Financial Instruments (continued)**

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

**Market Risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2008, the amount of contracts which were not hedged in the Group and the Bank and, hence, exposed to market risk was RM1,060,000 (31 December 2007 : RM907,520,000).

**Credit Risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 December 2008, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM590,191,000 (31 December 2007 : RM48,792,000) and RM589,676,000 (31 December 2007 : RM47,693,000) 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.

**Related Accounting Policies**

Financial derivatives are recognised at fair value upon inception in the balance sheet, and are subsequently remeasured at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including the discounted cash flows method and option pricing models. Financial derivatives are classified as assets when their fair values are positive and as liabilities when their fair values are negative.

The Group enters into derivative transactions for trading and for hedging purposes. For derivatives held-for-trading, fair value changes are recognised in the income statement. For derivative transactions that meet the specific criteria for hedge accounting, the Group applies either fair value, cash flow or net investment hedge accounting.

At the time a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the nature of the risk to be hedged, the risk management objective and strategy for undertaking the hedge and the method used to assess hedge effectiveness. Hedges are expected to be highly effective and are assessed on an ongoing basis to ensure that they remain highly effective throughout the hedge period. For actual effectiveness to be achieved, the changes in fair value or cash flows of the hedging instrument and the hedged item must offset each other in the range of 80% to 125%.

The Group discontinues hedge accounting if the hedging instrument expires, is sold, terminated or exercised or if the hedge no longer meets the criteria for hedge accounting or is revoked.

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**A25. Derivative Financial Instruments (continued)**

Fair value hedge

Fair value hedges are hedges against exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit or loss. For qualifying fair value hedges, the changes in fair value of the hedging instrument and the hedged item relating to the hedged risk are recognised in the income statement. In the event the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the income statement over the expected life of the hedged item.

Cash flow hedge

Cash flow hedges are hedges of the exposure to variability in future cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. For qualifying cash flow hedges, the effective portion of the change in fair value of the derivative is taken to a separate component in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statements. Amounts accumulated in equity are released to the income statement in the periods when the hedged forecast transactions affect the income statement.

Net investment hedge

The Group also applies net investment hedge accounting, which are for hedges against the exposure to exchange rate fluctuations on the net assets of its foreign operations. The hedge is accounted for similarly to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are taken directly to the foreign currency translation reserve while those relating to the ineffective portion of the hedge are recognised in the income statement. On disposal of the foreign operation, the cumulative gains or losses recognised in equity will be transferred to the income statement.



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**A26. Interest / Profit Rate Risk**

Non trading book

Group As at 31 December 2008	<----->									Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000					
<b>ASSETS</b>													
Cash and short-term funds	33,979,116	-	-	-	-	-	-	-	-	2,617,911	-	36,597,027	3.24
Deposits and placements with banks and other financial institutions	4,496	1,581,038	179,393	-	-	-	-	-	-	176,518	-	1,941,445	3.74
Securities purchased under resale agreements	3,962,485	799,922	-	-	-	-	-	-	-	-	379,339	5,141,746	2.96
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	11,349,842	11,349,842	3.39
Securities available-for-sale	87,591	-	553,321	161,004	411,816	332,671	-	1,494,450	2,585,519	-	-	5,626,372	3.71
Securities held-to-maturity	2,722,137	2,422,240	1,057,146	984,232	308,723	312,084	127,921	263,451	88,785	-	-	8,286,719	3.76
Loans, advances and financing													
- performing	74,633,947	6,187,337	9,973,247	7,192,884	6,048,162	4,628,514	3,655,891	7,138,512	-	-	-	119,458,494	6.05
- non-performing *	-	-	-	-	-	-	-	-	(722,190)	-	-	(722,190)	-
- Islamic house financing sold to Cagamas	(200,008)	(150,001)	-	-	-	-	-	-	-	-	-	(350,009)	3.74
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-	8,730,572	103,088	8,833,660	-
<b>TOTAL ASSETS</b>	<b>115,189,764</b>	<b>10,840,536</b>	<b>11,763,107</b>	<b>8,338,120</b>	<b>6,768,701</b>	<b>5,273,269</b>	<b>3,783,812</b>	<b>8,896,413</b>	<b>13,477,115</b>	<b>11,832,269</b>	<b>196,163,106</b>		

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**A26. Interest / Profit Rate Risk (continued)**

Group As at 31 December 2008	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
<b>LIABILITIES AND EQUITY</b>												
Deposits from customers	93,704,176	25,428,376	25,467,966	345,119	334,486	179,881	257,695	12,560	16,549,305	-	162,279,564	3.02
Deposits and placements of banks and other financial institutions	4,303,365	239,870	108,088	-	-	-	-	-	938,556	-	5,589,879	2.36
Bills and acceptances payable	848,427	1,392,527	309,942	-	-	-	-	-	511,478	-	3,062,374	3.59
Recourse obligations on loans sold to Cagamas	1,206,190	3,309,160	18,090	3,379	458	-	-	-	-	-	4,537,277	3.63
Borrowings	860,234	-	-	-	-	-	-	-	-	-	860,234	1.11
Subordinated notes	-	-	1,233,361	-	-	1,494,279	1,450,555	-	-	-	4,178,195	3.65
Hybrid capital securities	-	-	-	-	-	-	-	2,124,484	-	-	2,124,484	4.33
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	3,073,076	229,291	3,302,367	-
<b>Total Liabilities</b>	<b>100,922,392</b>	<b>30,369,933</b>	<b>27,137,447</b>	<b>348,498</b>	<b>334,944</b>	<b>1,674,160</b>	<b>1,708,250</b>	<b>2,137,044</b>	<b>21,072,415</b>	<b>229,291</b>	<b>185,934,374</b>	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,536,706	-	9,536,706	-
Minority interests	-	-	-	-	-	-	-	-	692,026	-	692,026	-
<b>Total Liabilities and Equity</b>	<b>100,922,392</b>	<b>30,369,933</b>	<b>27,137,447</b>	<b>348,498</b>	<b>334,944</b>	<b>1,674,160</b>	<b>1,708,250</b>	<b>2,137,044</b>	<b>31,301,147</b>	<b>229,291</b>	<b>196,163,106</b>	
On-balance sheet interest sensitivity gap	14,267,372	(19,529,397)	(15,374,340)	7,989,622	6,433,757	3,599,109	2,075,562	6,759,369	(17,824,032)	11,602,978	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	391,480	(2,810,423)	(257,962)	(67,793)	(55,773)	1,070,531	1,500,000	229,940	-	-	-	
<b>Total interest sensitivity gap</b>	<b>14,658,852</b>	<b>(22,339,820)</b>	<b>(15,632,302)</b>	<b>7,921,829</b>	<b>6,377,984</b>	<b>4,669,640</b>	<b>3,575,562</b>	<b>6,989,309</b>	<b>(17,824,032)</b>	<b>11,602,978</b>	<b>-</b>	

\* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

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**A26. Interest / Profit Rate Risk (continued)**

Group As at 31 December 2007	Non trading book								Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000				
<b>ASSETS</b>												
Cash and short-term funds	34,357,299	-	-	-	-	-	-	-	1,191,489	-	35,548,788	3.80
Deposits and placements with banks and other financial institutions	5,821	1,911,878	513,990	-	-	-	-	-	252,084	-	2,683,773	5.05
Securities purchased under resale agreements	5,328,081	7,395,409	-	-	-	-	-	-	-	-	12,723,490	3.52
Securities held-for-trading	-	-	-	-	-	-	-	-	-	8,061,927	8,061,927	3.66
Securities available-for-sale	51,074	-	100,269	621,358	117,921	380,835	291,669	1,103,640	1,340,210	74,345	4,081,321	5.57
Securities held-to-maturity	882,173	1,327,708	1,167,428	261,789	-	14,862	69,850	60,506	88,079	-	3,872,395	3.77
Loans, advances and financing												
- performing	58,850,731	5,038,905	9,873,179	7,062,926	5,159,824	4,233,608	3,005,290	6,786,696	-	-	100,011,159	6.45
- non-performing *	-	-	-	-	-	-	-	-	(273,163)	-	(273,163)	-
- Islamic house financing sold to Cagamas	-	-	(410,003)	-	-	-	-	-	-	-	(410,003)	3.73
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,789,644	65,856	7,855,500	-
<b>TOTAL ASSETS</b>	<b>99,475,179</b>	<b>15,673,900</b>	<b>11,244,863</b>	<b>7,946,073</b>	<b>5,277,745</b>	<b>4,629,305</b>	<b>3,366,809</b>	<b>7,950,842</b>	<b>10,388,343</b>	<b>8,202,128</b>	<b>174,155,187</b>	

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**A26. Interest / Profit Rate Risk (continued)**

Group As at 31 December 2007	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
<b>LIABILITIES AND EQUITY</b>												
Deposits from customers	78,561,261	23,844,494	21,332,733	187,445	31,247	74,509	190,048	22,874	14,519,960	-	138,764,571	3.25
Deposits and placements of banks and other financial institutions	8,193,015	2,003,199	68,467	-	-	-	-	-	173,437	-	10,438,118	4.47
Obligations on securities sold under repurchase agreements	2,279	-	-	-	-	-	-	-	-	-	2,279	14.31
Bills and acceptances payable	805,940	1,177,689	416,712	-	-	-	-	-	1,051,955	-	3,452,296	3.62
Recourse obligations on loans sold to Cagamas	9,804	3,585,374	345,508	14,271	1,447	-	-	-	-	-	3,956,404	3.73
Borrowings	349,730	-	-	-	-	-	-	-	-	-	349,730	3.78
Subordinated notes	-	-	-	1,164,266	-	-	1,304,305	-	-	-	2,468,571	5.79
Hybrid capital securities	-	-	-	-	-	-	-	1,855,854	-	-	1,855,854	5.26
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	2,826,008	62,933	2,888,941	-
<b>Total Liabilities</b>	<b>87,922,029</b>	<b>30,610,756</b>	<b>22,163,420</b>	<b>1,365,982</b>	<b>32,694</b>	<b>74,509</b>	<b>1,494,353</b>	<b>1,878,728</b>	<b>18,571,360</b>	<b>62,933</b>	<b>164,176,764</b>	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,342,174	-	9,342,174	-
Minority interests	-	-	-	-	-	-	-	-	636,249	-	636,249	-
<b>Total Liabilities and Equity</b>	<b>87,922,029</b>	<b>30,610,756</b>	<b>22,163,420</b>	<b>1,365,982</b>	<b>32,694</b>	<b>74,509</b>	<b>1,494,353</b>	<b>1,878,728</b>	<b>28,549,783</b>	<b>62,933</b>	<b>174,155,187</b>	
On-balance sheet interest sensitivity gap	11,553,150	(14,936,856)	(10,918,557)	6,580,091	5,245,051	4,554,796	1,872,456	6,072,114	(18,161,440)	8,139,195	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	800,173	(1,605,464)	(1,103,438)	559,936	(112,421)	(347,183)	1,054,774	753,623	-	-	-	-
<b>Total interest sensitivity gap</b>	<b>12,353,323</b>	<b>(16,542,320)</b>	<b>(12,021,995)</b>	<b>7,140,027</b>	<b>5,132,630</b>	<b>4,207,613</b>	<b>2,927,230</b>	<b>6,825,737</b>	<b>(18,161,440)</b>	<b>8,139,195</b>	<b>-</b>	<b>-</b>

\* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

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**A26. Interest / Profit Rate Risk (continued)**

<b>Bank</b>	Non trading book									Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000					
<b>As at 31 December 2008</b>													
<b>ASSETS</b>													
Cash and short-term funds	27,458,539	-	-	-	-	-	-	-	-	2,106,420	-	29,564,959	3.22
Deposits and placements with banks and other financial institutions	-	2,605,145	1,052,664	-	-	-	-	-	-	176,517	-	3,834,326	3.99
Securities purchased under resale agreements	3,962,485	799,922	-	-	-	-	-	-	-	-	-	4,762,407	2.91
Securities held-for-trading	-	-	-	-	-	-	-	-	-	-	10,846,741	10,846,741	3.38
Securities available-for-sale	77,968	-	528,153	161,004	557,770	332,671	-	1,176,513	2,080,065	-	-	4,914,144	3.46
Securities held-to-maturity	2,578,577	1,919,408	1,291,322	2,589,255	399,220	312,084	122,930	263,451	88,332	-	-	9,564,579	3.73
Loans, advances and financing													
- performing	65,590,132	3,929,734	6,592,174	4,639,410	3,978,219	3,012,085	2,430,455	3,562,194	-	-	-	93,734,403	5.98
- non-performing *	-	-	-	-	-	-	-	-	(560,112)	-	-	(560,112)	-
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	-	9,934,833	102,574	10,037,407	-
<b>TOTAL ASSETS</b>	<b>99,667,701</b>	<b>9,254,209</b>	<b>9,464,313</b>	<b>7,389,669</b>	<b>4,935,209</b>	<b>3,656,840</b>	<b>2,553,385</b>	<b>5,002,158</b>	<b>13,826,055</b>	<b>10,949,315</b>	<b>166,698,854</b>		

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**A26. Interest / Profit Rate Risk (continued)**

Bank	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
<b>As at 31 December 2008</b>												
<b>LIABILITIES AND EQUITY</b>												
Deposits from customers	73,779,904	20,477,072	24,348,083	208,907	457,340	179,289	256,930	12,560	14,342,163	-	134,062,248	3.12
Deposits and placements of banks and other financial institutions	6,582,878	196,254	118,131	-	-	-	-	-	224,254	-	7,121,517	2.03
Bills and acceptances payable	848,427	1,392,527	309,942	-	-	-	-	-	511,478	-	3,062,374	3.59
Recourse obligations on loans sold to Cagamas	1,206,190	3,309,160	18,090	3,379	458	-	-	-	-	-	4,537,277	3.63
Subordinated notes	-	-	1,233,361	-	-	1,494,279	1,470,580	-	-	-	4,198,220	3.65
Hybrid capital securities	-	-	-	-	-	-	-	2,124,484	-	-	2,124,484	4.33
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,973,469	227,436	2,200,905	-
<b>Total Liabilities</b>	<b>82,417,399</b>	<b>25,375,013</b>	<b>26,027,607</b>	<b>212,286</b>	<b>457,798</b>	<b>1,673,568</b>	<b>1,727,510</b>	<b>2,137,044</b>	<b>17,051,364</b>	<b>227,436</b>	<b>157,307,025</b>	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,391,829	-	9,391,829	-
<b>Total Liabilities and Equity</b>	<b>82,417,399</b>	<b>25,375,013</b>	<b>26,027,607</b>	<b>212,286</b>	<b>457,798</b>	<b>1,673,568</b>	<b>1,727,510</b>	<b>2,137,044</b>	<b>26,443,193</b>	<b>227,436</b>	<b>166,698,854</b>	
On-balance sheet interest sensitivity gap	17,250,302	(16,120,804)	(16,563,294)	7,177,383	4,477,411	1,983,272	825,875	2,865,114	(12,617,138)	10,721,879	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	166,288	(3,101,777)	(174,478)	(67,793)	13,517	1,070,531	1,500,000	593,712	-	-	-	
<b>Total interest sensitivity gap</b>	<b>17,416,590</b>	<b>(19,222,581)</b>	<b>(16,737,772)</b>	<b>7,109,590</b>	<b>4,490,928</b>	<b>3,053,803</b>	<b>2,325,875</b>	<b>3,458,826</b>	<b>(12,617,138)</b>	<b>10,721,879</b>	<b>-</b>	

\* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

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**A26. Interest / Profit Rate Risk (continued)**

<b>Bank</b>	Non trading book									Trading book	Total	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
<b>As at 31 December 2007</b>												
<b>ASSETS</b>												
Cash and short-term funds	31,607,242	-	-	-	-	-	-	-	998,905	-	32,606,147	3.73
Deposits and placements with banks and other financial institutions	-	2,362,592	454,488	-	-	-	-	-	252,086	-	3,069,166	4.99
Securities purchased under resale agreements	4,945,822	7,060,775	-	-	-	-	-	-	-	-	12,006,597	3.52
Securities held-for-trading	-	-	-	-	-	-	-	-	-	8,051,599	8,051,599	3.66
Securities available-for-sale	51,074	-	100,269	432,911	117,921	308,320	291,669	1,071,686	1,237,774	37,238	3,648,862	5.53
Securities held-to-maturity	33,183	603,102	565,396	253,334	-	14,862	69,850	60,506	87,772	-	1,688,005	3.82
Loans, advances and financing												
- performing	52,681,532	3,649,924	8,960,732	6,534,579	4,830,546	4,076,060	2,939,072	6,712,612	-	-	90,385,057	6.25
- non-performing *	-	-	-	-	-	-	-	-	(169,347)	-	(169,347)	-
- Islamic house financing sold to Cagamas	-	-	(410,003)	-	-	-	-	-	-	-	(410,003)	3.73
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	7,530,282	64,735	7,595,017	-
<b>TOTAL ASSETS</b>	<b>89,318,853</b>	<b>13,676,393</b>	<b>9,670,882</b>	<b>7,220,824</b>	<b>4,948,467</b>	<b>4,399,242</b>	<b>3,300,591</b>	<b>7,844,804</b>	<b>9,937,472</b>	<b>8,153,572</b>	<b>158,471,100</b>	

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**A26. Interest / Profit Rate Risk (continued)**

Bank As at 31 December 2007	Non trading book									Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1 - 3 months RM'000	> 3 - 12 months RM'000	> 1 - 2 years RM'000	> 2 - 3 years RM'000	> 3 - 4 years RM'000	> 4 - 5 years RM'000	over 5 years RM'000	Non- interest sensitive RM'000			
<b>LIABILITIES AND EQUITY</b>												
Deposits from customers	69,891,101	20,804,250	20,951,058	459,532	30,999	74,509	190,048	22,874	14,000,457	-	126,424,828	3.16
Deposits and placements of banks and other financial institutions	7,083,223	2,052,848	52,612	-	-	-	-	-	158,151	-	9,346,834	4.70
Obligations on securities sold under repurchase agreements	2,279	-	-	-	-	-	-	-	-	-	2,279	14.31
Bills and acceptances payable	805,940	1,177,689	416,712	-	-	-	-	-	1,051,955	-	3,452,296	3.62
Recourse obligations on loans sold to Cagamas	9,804	3,585,374	345,508	14,271	1,447	-	-	-	-	-	3,956,404	3.73
Subordinated notes	-	-	-	1,164,266	-	-	1,304,305	-	-	-	2,468,571	5.79
Hybrid capital securities	-	-	-	-	-	-	-	1,855,854	-	-	1,855,854	5.26
Other non-interest sensitive balances	-	-	-	-	-	-	-	-	1,551,496	61,923	1,613,419	-
<b>Total Liabilities</b>	<b>77,792,347</b>	<b>27,620,161</b>	<b>21,765,890</b>	<b>1,638,069</b>	<b>32,446</b>	<b>74,509</b>	<b>1,494,353</b>	<b>1,878,728</b>	<b>16,762,059</b>	<b>61,923</b>	<b>149,120,485</b>	
Equity attributable to equity holders of the Bank	-	-	-	-	-	-	-	-	9,350,615	-	9,350,615	-
<b>Total Liabilities and Equity</b>	<b>77,792,347</b>	<b>27,620,161</b>	<b>21,765,890</b>	<b>1,638,069</b>	<b>32,446</b>	<b>74,509</b>	<b>1,494,353</b>	<b>1,878,728</b>	<b>26,112,674</b>	<b>61,923</b>	<b>158,471,100</b>	
On-balance sheet interest sensitivity gap	11,526,506	(13,943,768)	(12,095,008)	5,582,755	4,916,021	4,324,733	1,806,238	5,966,076	(16,175,202)	8,091,649	-	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	700,978	(1,517,690)	(1,372,197)	740,921	(112,421)	(281,053)	1,054,774	786,688	-	-	-	-
<b>Total interest sensitivity gap</b>	<b>12,227,484</b>	<b>(15,461,458)</b>	<b>(13,467,205)</b>	<b>6,323,676</b>	<b>4,803,600</b>	<b>4,043,680</b>	<b>2,861,012</b>	<b>6,752,764</b>	<b>(16,175,202)</b>	<b>8,091,649</b>	<b>-</b>	<b>-</b>

\* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.



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**A27. Capital Adequacy**

a) The capital adequacy ratios of the Group and the Bank as at the following dates:

	Group		Bank	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
<u>Before deducting proposed dividends:</u>				
Core capital ratio	<b>8.3%</b>	9.1%	<b>10.9%</b>	11.1%
Risk-weighted capital ratio	<b>13.7%</b>	13.6%	<b>13.4%</b>	13.3%
<u>After deducting proposed dividends:</u>				
Core capital ratio	<b>7.7%</b>	7.6%	<b>10.1%</b>	9.5%
Risk-weighted capital ratio	<b>13.1%</b>	12.4%	<b>12.8%</b>	11.9%

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	<b>3,531,926</b>	3,527,891	<b>3,531,926</b>	3,527,891
Share premium	<b>2,132,499</b>	2,112,204	<b>2,132,499</b>	2,112,204
Other reserves	<b>3,604,386</b>	3,562,188	<b>3,552,599</b>	3,538,858
Retained profits	<b>1,902,658</b>	1,362,252	<b>1,772,724</b>	1,491,238
Hybrid capital securities	<b>1,439,510</b>	1,345,882	<b>1,541,477</b>	1,487,546
Treasury shares	<b>(1,274,112)</b>	(1,273,897)	<b>(1,274,112)</b>	(1,273,897)
Minority interests	<b>692,026</b>	636,249	-	-
Less: Intangible assets	<b>(2,045,669)</b>	(1,983,956)	<b>(695,393)</b>	(695,393)
Less: Deferred tax assets, net	<b>(386,484)</b>	(316,265)	<b>(285,201)</b>	(271,478)
Total Tier I capital	<b>9,596,740</b>	8,972,548	<b>10,276,519</b>	9,916,969
<u>Tier II capital</u>				
General allowance for bad and doubtful debts	<b>1,759,487</b>	1,522,964	<b>1,433,444</b>	1,381,714
Subordinated notes	<b>3,968,793</b>	2,469,830	<b>3,988,818</b>	2,469,830
Hybrid capital securities	<b>450,609</b>	512,348	<b>348,642</b>	370,684
Total Tier II capital	<b>6,178,889</b>	4,505,142	<b>5,770,904</b>	4,222,228
Total capital	<b>15,775,629</b>	13,477,690	<b>16,047,423</b>	14,139,197
Less: Investment in subsidiary companies and associate companies	<b>(960)</b>	-	<b>(3,318,384)</b>	(2,270,069)
Capital base	<b>15,774,669</b>	13,477,690	<b>12,729,039</b>	11,869,128

With effect from 1 January 2008, the capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II). The components of the capital base and risk-weighted assets of the Bank include the balances of the Bank's wholly-owned offshore banking subsidiary, Public Bank (L) Ltd. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

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**A27. Capital Adequacy (continued)**

a) The capital adequacy ratios of the banking subsidiary companies of the Group 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>2008</b>						
<u>Before deducting proposed dividends:</u>						
Core capital ratio	<b>9.1%</b>	<b>20.6%</b>	<b>8.3%</b>	<b>15.4%</b>	<b>20.6%</b>	<b>N/A</b>
Risk-weighted capital ratio	<b>11.0%</b>	<b>20.9%</b>	<b>8.8%</b>	<b>15.4%</b>	<b>21.8%</b>	<b>19.0%</b>
<u>After deducting proposed dividends:</u>						
Core capital ratio	<b>9.1%</b>	<b>19.7%</b>	<b>8.3%</b>	<b>15.4%</b>	<b>20.6%</b>	<b>N/A</b>
Risk-weighted capital ratio	<b>11.0%</b>	<b>20.0%</b>	<b>8.8%</b>	<b>15.4%</b>	<b>21.8%</b>	<b>19.0%</b>
<b>2007</b>						
<u>Before deducting proposed dividends:</u>						
Core capital ratio	N/A	24.7%	10.1%	11.8%	28.1%	N/A
Risk-weighted capital ratio	N/A	24.9%	10.7%	13.2%	29.2%	19.9%
<u>After deducting proposed dividends:</u>						
Core capital ratio	N/A	24.7%	10.1%	11.8%	28.1%	N/A
Risk-weighted capital ratio	N/A	24.9%	10.7%	13.2%	29.2%	19.9%

<sup>1</sup> The capital adequacy ratios of Public Islamic Bank Berhad is computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which are based on the Basel II capital accord. Public Islamic Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

<sup>2</sup> The capital adequacy ratios of Public Investment Bank Berhad is computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework, which are based on the Basel II capital accord. Public Investment Bank Berhad has adopted the Standardised Approach for Credit and Market Risk and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

<sup>3</sup> The capital adequacy ratios of Public Bank (L) Ltd. for capital compliance on a standalone basis is computed in accordance with the Guidelines on Risk-weighted Capital Adequacy issued by the Labuan Offshore Financial Services Authority (LOFSA), which is based on the Basel I capital accord. The minimum regulatory capital adequacy requirements are 4.0% and 8.0% for the core capital ratio and risk-weighted capital ratio respectively.

<sup>4</sup> The capital adequacy ratios of these two subsidiary companies, which are located in Hong Kong SAR, are computed in accordance with the Banking (Capital) Rules under section 98A of the Banking Ordinance issued by the Hong Kong Monetary Authority, which is based on the Basel II capital accord. 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 minimum regulatory capital adequacy requirement is 8.0% for the risk-weighted capital ratio.

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**A27. Capital Adequacy (continued)**

<sup>5</sup> The amount presented here is the Solvency Ratio of Cambodian Public Bank Plc, which is the nearest equivalent regulatory compliance ratio. This ratio is computed in accordance with Prakas B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as Cambodian Public Bank Limited's net worth divided by its risk weighted assets and off balance sheet items. The minimum regulatory solvency ratio requirement is 15.0%.

**A28. Credit Exposures Arising From Credit Transactions With Connected Parties**

	<b>Group</b>	<b>Bank</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2008</b>	<b>2008</b>
Outstanding credit exposures with connected parties (RM'000)	1,336,334	1,319,862
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	1.11%	1.23%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.10%	0.10%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

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**A29. Operations of Islamic Banking**

**A29a. Balance Sheets as at 31 December 2008**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b>ASSETS</b>				
Cash and short-term funds	3,323,580	2,007,898	-	2,007,898
Securities held-for-trading	382,296	391,299	-	391,299
Securities available-for-sale	400,454	-	-	-
Securities held-to-maturity	-	1,371	-	1,371
Financing, advances and other loans	12,023,665	10,401,229	-	10,401,229
Other assets	65,039	521,709	-	521,709
Statutory deposits with Bank				
Negara Malaysia	341,600	387,000	-	387,000
Deferred tax assets	72,304	32,798	-	32,798
Property and equipment	359	256	-	256
<b>Total Assets</b>	<b>16,609,297</b>	<b>13,743,560</b>	<b>-</b>	<b>13,743,560</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>				
Deposits from customers	13,786,574	10,149,037	-	10,149,037
Deposits and placements of banks and other financial institutions	700,576	1,599,539	-	1,599,539
Bills and acceptances payable	-	46,942	-	46,942
Other liabilities	974,266	34,026	-	34,026
Provision for tax expense and zakat	44,013	101,160	-	101,160
<b>Total Liabilities</b>	<b>15,505,429</b>	<b>11,930,704</b>	<b>-</b>	<b>11,930,704</b>
Islamic Banking Funds	1,103,868	1,812,856	-	1,812,856
<b>Total Liabilities and Islamic Banking Funds</b>	<b>16,609,297</b>	<b>13,743,560</b>	<b>-</b>	<b>13,743,560</b>
<b>OFF-BALANCE SHEET EXPOSURES</b>	<b>1,050,966</b>	<b>1,273,244</b>	<b>-</b>	<b>1,273,244</b>

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**A29b. Income Statements for the 4th Quarter and Financial Year Ended 31 December 2008**

	4th Quarter Ended		Financial Year Ended	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b>Group</b>				
Income derived from investment of depositors' funds and financial institutions	197,289	173,503	751,646	641,260
Allowance for losses on financing, advances and other loans	(14,376)	(21,095)	(64,372)	(75,149)
- General allowance	(5,361)	(7,700)	(25,651)	(27,600)
- Other loan loss allowances	(9,015)	(13,395)	(38,721)	(47,549)
Transfer to profit equalisation reserve	(1,899)	(6,747)	(22,059)	(7,929)
<b>Total attributable income</b>	<b>181,014</b>	<b>145,661</b>	<b>665,215</b>	<b>558,182</b>
Income attributable to the depositors and financial institutions	(52,518)	(66,559)	(276,778)	(250,936)
<b>Income attributable to the reporting institutions</b>	<b>128,496</b>	<b>79,102</b>	<b>388,437</b>	<b>307,246</b>
Income derived from investment of Islamic Banking Funds	22,500	26,966	105,608	95,829
<b>Total net income</b>	<b>150,996</b>	<b>106,068</b>	<b>494,045</b>	<b>403,075</b>
Other operating expenses	(52,439)	(18,879)	(152,631)	(73,091)
<b>Profit before zakat and tax expense</b>	<b>98,557</b>	<b>87,189</b>	<b>341,414</b>	<b>329,984</b>
Zakat	(45)	(41)	(179)	(166)
Tax expense	(25,959)	(23,882)	(90,316)	(90,658)
<b>Profit after zakat and tax expense</b>	<b>72,553</b>	<b>63,266</b>	<b>250,919</b>	<b>239,160</b>

	4th Quarter Ended		Financial Year Ended	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<b>Bank</b>				
Income derived from investment of depositors' funds and financial institutions	62,824	173,503	617,181	641,260
Allowance for losses on financing, advances and other loans	(6,536)	(21,095)	(56,532)	(75,149)
- General allowance	(3,954)	(7,700)	(24,244)	(27,600)
- Other loan loss allowances	(2,582)	(13,395)	(32,288)	(47,549)
Transfer to profit equalisation reserve	2,077	(6,747)	(18,083)	(7,929)
<b>Total attributable income</b>	<b>58,365</b>	<b>145,661</b>	<b>542,566</b>	<b>558,182</b>
Income attributable to the depositors and financial institutions	(24,294)	(66,559)	(248,554)	(250,936)
<b>Income attributable to the reporting institutions</b>	<b>34,071</b>	<b>79,102</b>	<b>294,012</b>	<b>307,246</b>
Income derived from investment of Islamic Banking Funds	12,232	26,966	95,340	95,829
<b>Total net income</b>	<b>46,303</b>	<b>106,068</b>	<b>389,352</b>	<b>403,075</b>
Other operating expenses	(12,181)	(18,879)	(112,373)	(73,091)
<b>Profit before zakat and tax expense</b>	<b>34,122</b>	<b>87,189</b>	<b>276,979</b>	<b>329,984</b>
Zakat	(15)	(41)	(149)	(166)
Tax expense	(9,192)	(23,882)	(73,549)	(90,658)
<b>Profit after zakat and tax expense</b>	<b>24,915</b>	<b>63,266</b>	<b>203,281</b>	<b>239,160</b>

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**A29c. Financing, Advances and Other Loans**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Bai Bithaman Ajil-i (deferred payment sale)	4,169,347	4,164,346	-	4,164,346
Ijarah Thamma Al-Bai'-i (leasing)	9,345,331	8,326,371	-	8,326,371
Bai-Al-Einah-i	2,357,827	1,470,499	-	1,470,499
	<u>15,872,505</u>	<u>13,961,216</u>	<u>-</u>	<u>13,961,216</u>
Unearned income	(3,284,067)	(2,957,006)	-	(2,957,006)
Gross financing, advances and other loans (including Islamic house financing sold to Cagamas)	12,588,438	11,004,210	-	11,004,210
Less: Islamic house financing sold to Cagamas	(350,009)	(410,003)	-	(410,003)
Gross financing, advances and other loans (excluding Islamic house financing sold to Cagamas)	12,238,429	10,594,207	-	10,594,207
Allowance for bad and doubtful debts and financing:				
- general	(190,746)	(165,095)	-	(165,095)
- specific	(24,018)	(27,883)	-	(27,883)
Net financing, advances and other loans	<u>12,023,665</u>	<u>10,401,229</u>	<u>-</u>	<u>10,401,229</u>

i) Movements in non-performing financing, advances and other loans ("NPL") are as follows:

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
At 1 January	169,490	176,357	169,490	176,357
Non-performing during the year	350,014	412,190	291,538	412,190
Reclassified as performing	(295,926)	(330,764)	(237,556)	(330,764)
Recoveries	(27,151)	(34,791)	(22,586)	(34,791)
Amount written off	(52,068)	(53,502)	(39,781)	(53,502)
Amount retained by the Bank	-	-	(4,520)	-
Amount vested over to Public Islamic Bank Berhad	-	-	(156,585)	-
Closing balance	144,359	169,490	-	169,490
Specific allowance	(24,018)	(27,883)	-	(27,883)
Net non-performing financing, advances and other loans	<u>120,341</u>	<u>141,607</u>	<u>-</u>	<u>141,607</u>
Net NPL as % of gross financing, advances and other loans (including Islamic house financing sold to Cagamas) less specific allowance	<u>0.96%</u>	<u>1.29%</u>	<u>-</u>	<u>1.29%</u>

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**A29c. Financing, Advances and Other Loans** (continued)

ii) Movements in the allowance for bad and doubtful debts and financing accounts are as follows:

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<u>General allowance</u>				
At 1 January	165,095	137,495	165,095	137,495
Allowance made during the year	25,651	27,600	24,244	27,600
Amount retained by the Bank	-	-	(2,254)	-
Amount vested over to Public Islamic Bank Berhad	-	-	(187,085)	-
Closing balance	<u>190,746</u>	<u>165,095</u>	<u>-</u>	<u>165,095</u>
As % of gross financing, advances and other loans (including Islamic house financing sold to Cagamas) less specific allowance	<u>1.52%</u>	<u>1.50%</u>	<u>-</u>	<u>1.50%</u>

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
<u>Specific allowance</u>				
At 1 January	27,883	26,014	27,883	26,014
Allowance made during the year	66,766	83,246	55,374	83,246
Amount written back	(18,589)	(27,872)	(15,151)	(27,872)
Amount written off	(52,068)	(53,502)	(39,781)	(53,502)
Reinstatement of amount written off previously due to restructuring / rescheduling, now being classified as performing loan	51	-	-	-
Amount transferred to accumulated impairment losses in value of foreclosed properties	(25)	(3)	(25)	(3)
Amount retained by the Bank	-	-	(37)	-
Amount vested over to Public Islamic Bank Berhad	-	-	(28,263)	-
Closing balance	<u>24,018</u>	<u>27,883</u>	<u>-</u>	<u>27,883</u>

**A29d. Other Assets**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Deferred handling fees	51,745	46,622	-	46,622
Income receivable	388	2,509	-	2,509
Other receivables, deposits and prepayments	12,906	472,578	-	472,578
	<u>65,039</u>	<u>521,709</u>	<u>-</u>	<u>521,709</u>

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**A29e. Deposits from Customers**

**i) By type of deposit**

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
<u>Non-Mudharabah Fund</u>				
Wadiah current deposits-i	<b>1,828,887</b>	1,769,188	-	1,769,188
Wadiah savings deposits-i	<b>3,232,045</b>	2,922,341	-	2,922,341
Negotiable debt certificate-i	<b>4,487,970</b>	3,351,212	-	3,351,212
Others	<b>2,836</b>	2,410	-	2,410
	<b>9,551,738</b>	8,045,151	-	8,045,151
<u>Mudharabah Fund</u>				
Mudharabah savings deposits-i	<b>74,033</b>	66,894	-	66,894
Mudharabah general investment deposits-i	<b>3,493,453</b>	2,036,992	-	2,036,992
Mudharabah special investment deposits-i	<b>667,350</b>	-	-	-
	<b>4,234,836</b>	2,103,886	-	2,103,886
Deposits from customers	<b>13,786,574</b>	10,149,037	-	10,149,037

**A29f. Other liabilities**

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
Income payable	<b>16,126</b>	20,222	-	20,222
Other payables and accruals	<b>924,871</b>	1,079	-	1,079
Employee benefits	<b>(1,515)</b>	-	-	-
Profit equalisation reserves	<b>34,784</b>	12,725	-	12,725
	<b>974,266</b>	34,026	-	34,026



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

**B1. Performance Review**

The Group's pre-tax profit for the financial year ended 31 December 2008 of RM3,379.2 million was RM375.6 million or 12.5% higher than the previous year of RM3,003.6 million. Net profit attributable to equity holders improved by 21.5% to RM2,581.2 million. The improvement in earnings was primarily due to higher net interest and financing income by RM570.8 million or 15.4% and higher other operating income by 4.6% or RM64.1 million. These were partially offset by higher other operating expenses by 5.8% or RM97.4 million and higher loan loss allowances and impairment losses by RM162.1 million.

The increase in other operating income was mainly due to a goodwill payment of RM200 million received from ING in respect of a regional strategic alliance on bancassurance distribution, higher management fee income from the fund management business and higher retail banking fee income, partially offset by lower fee income on sale of trust units, lower stock brokerage income and lower gain on sale of securities. The higher loan loss allowances during the current year was partly due to an increase in allowances for impaired loans of the Group's subsidiary companies in Hong Kong as well as higher general allowances resulting from higher loan growth achieved during the year.

The growth in the Group's net interest and financing income was driven by strong loans and deposits growth coupled with further improvement in asset quality. Gross loans before deducting Islamic house financing sold to Cagamas has grown by 19.0% to RM120.7 billion as at 31 December 2008 as compared to RM101.4 billion as at 31 December 2007 mainly arising from financing of small- and medium-sized enterprises ("SMEs"), residential mortgages and financing of passenger vehicles. Total deposits from customers had also grown by 16.9% or RM23.5 billion as compared to 31 December 2007 which partly contributed to the higher net interest income for the current financial year. Despite the high loan growth, the Group's asset quality continued to improve with its gross non-performing loan ("NPL") balance decreasing by RM193.7 million or 13.8% to RM1.21 billion as at 31 December 2008 as compared to RM1.40 billion as at 31 December 2007 and the Group's net NPL ratio further improved to 0.9% from 1.2% a year ago.

The Group's domestic commercial bank, Public Bank, recorded a pre-tax profit of RM2,897.7 million for the financial year ended 31 December 2008 and was marginally higher than the pre-tax profit of RM2,850.8 million achieved in the previous year. The marginal increase in profit was mainly due to the decrease in dividends from subsidiary and associated companies by RM148.7 million as well as the exclusion of 2 months' profit of RM64.4 million of its Islamic banking business which was vested over to its wholly-owned subsidiary, Public Islamic Bank Berhad on 1 November 2008. Should the full year results of the Islamic banking business be included, the Bank's profit excluding dividends from subsidiary and associated companies would have shown an increase of 11.1% from the previous year.

Pre-tax profit contribution from the Group's overseas operations decreased by RM130.4 million or 28.9% from the previous year to RM321.0 million, mainly due to higher loan loss allowance and impairment loss of the Group's subsidiary companies in Hong Kong as well as the inclusion of certain non-recurring income recognised in the previous year in respect of certain major corporate loan recoveries, gain on sale of securities and revaluation gain on investment properties.

For the 4th quarter ended 31 December 2008, the Group registered a pre-tax profit of RM812.9 million, a decrease of RM8.3 million or 1.0% as compared to the previous corresponding quarter. This was due to an increase in loan loss allowances made coupled with lower other operating income mainly due to a reduction in unit trusts fund management business and stockbroking activities. However, this was partially offset by an increase of RM124.2 million or 12.5% in net interest and financing income. Despite the marginal decrease in pre-tax profits, net earnings attributable to equity holders grew by RM74.0 million or 12.8% due to a lower effective tax rate in the current year.

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

The Group's pre-tax profit of RM812.9 million for the 4th quarter ended 31 December 2008 shows a growth of RM8.9 million or 1.1% as compared to the pre-tax profit of RM804.0 million for the preceding quarter ended 30 September 2008. Net profit attributable to equity holders increased by RM37.6 million or 6.1% over the same period. The increase was mainly due to increase in net interest income and Islamic financing income by 1.6% or RM17.5 million, higher other operating income by 16.3% or RM44.0 million, partially offset by higher loan loss allowances by RM43.3 million and higher other operating expenses by RM7.6 million.

**B3. Prospects for 2009**

Despite the slowing economy, the banking industry in Malaysia is expected to grow positively and remain resilient due to its strong capitalisation, healthy asset quality and improved risk management practices. Amidst excess liquidity, the entry of new Islamic banks and the liberal operating environment for incumbent foreign-controlled banks, the banking industry will remain competitive, particularly in the retail sector, and the pressure on net interest margins will remain. Banks are expected to introduce innovative and competitive products and services at a faster pace, pursue competitive pricing strategies and strengthen their customer relationship management and delivery standards to gain market share. The banking industry's loan growth is expected to moderate as households and businesses turn more cautious. Factors that will continue to support loan growth include low financing costs, promotion of BNM funds to support SMEs and the Government's fiscal stimulus to boost economic activity.

The Public Bank Group will continue to focus on its core business of home mortgages, passenger vehicle hire purchase financing and SME loans, whilst sourcing its funds from retail and wholesale deposits, foreign currency deposits and structured deposit products. The Group will continue to grow its Islamic banking business through its wholly-owned subsidiary company, Public Islamic Bank Berhad, by expanding Islamic retail financing and Islamic wealth management products. To expand its business, the Public Bank Group will continue to tap on its extensive branch network, wide array of innovative products and packages, multiple delivery channels, strong corporate image and the PB brand, strong sales and marketing force and superior delivery standards.

The Public Bank Group will continue to accelerate growth in its overseas operations, particularly in Hong Kong and the People's Republic of China, and Cambodia by focusing on financing, lending to SMEs and on the deposit-taking business. The Group's initiatives to promote the PB brand abroad will continue. In its pursuit of business expansion, the Public Bank Group will continue to remain prudent, uphold strong corporate governance and implement sound risk management policies. As a responsible corporate citizen, the Public Bank Group will continue to implement its Corporate Social Responsibility programmes. Despite the current challenging operating environment, the Public Bank Group is expected to continue to record satisfactory performance in 2009.

**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 4th quarter and financial year ended 31 December 2008 are as follows:

<b>Group</b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
Malaysian income tax	<b>199,600</b>	180,630	<b>798,283</b>	703,961
Overseas income tax	<b>11,943</b>	18,306	<b>63,153</b>	64,254
	<b>211,543</b>	198,936	<b>861,436</b>	768,215
(Over) / under provision in prior years				
- Malaysian income tax	<b>(2,675)</b>	805	<b>(26,532)</b>	324
- Overseas income tax	<b>(708)</b>	3,141	<b>1,589</b>	3,141
	<b>208,160</b>	202,882	<b>836,493</b>	771,680
Deferred tax expense				
- Relating to origination and reversal of temporary differences	<b>(51,869)</b>	9,016	<b>(80,144)</b>	17,419
- Relating to changes in tax rate	<b>-</b>	1,419	<b>-</b>	12,587
Tax expense	<b>156,291</b>	213,317	<b>756,349</b>	801,686
Zakat	<b>45</b>	41	<b>179</b>	166
	<b>156,336</b>	213,358	<b>756,528</b>	801,852

The Group's effective tax rate for the 4th quarter and financial year ended 31 December 2008 were lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions.

Excluding the effect of the additional deferred tax expense resulting from the change in Malaysian corporate tax rate, the Group's effective tax rates for the 4th quarter and financial year ended 31 December 2007 were lower than the statutory tax rate due to the effects of lower tax rates in other tax jurisdictions.

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**B5. Tax Expense and Zakat (Contd.)**

<b><u>Bank</u></b>	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>	<b>31 December 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
Malaysian income tax	134,221	236,930	679,512	744,824
Overseas income tax	2,127	213	2,777	1,085
	<u>136,348</u>	237,143	<u>682,289</u>	745,909
Under provision in prior years				
- Overseas income tax	-	-	2,519	-
	<u>136,348</u>	237,143	<u>684,808</u>	745,909
Deferred tax expense				
- Relating to origination and reversal of temporary differences	(22,053)	230	(59,977)	(12,349)
- Relating to changes in tax rate	-	599	-	10,860
Tax expense	<u>114,295</u>	237,972	<u>624,831</u>	744,420
Zakat	15	41	149	166
	<u>114,310</u>	238,013	<u>624,980</u>	744,586

The Bank's effective tax rates for the 4th quarter and financial year ended 31 December 2008 were lower than the statutory tax rate due to certain income not subject to tax.

Excluding the effect of the additional deferred tax expense resulting from the change in Malaysian corporate tax rate, the Bank's effective tax rate for the 4th quarter and financial year ended 31 December 2007 were lower than the statutory tax rate due to certain income not subject to tax.

**B6. Sale of Unquoted Investments and Properties**

There were no sales of unquoted investments and properties for the 4th quarter and financial year ended 31 December 2008 other than in the ordinary course of business.

**B7. Quoted Securities**

Financial institutions are exempted from the disclosure requirements relating to quoted securities.

**B8. Status of Corporate Proposals Announced but Not Completed**

There were no corporate proposals announced but not completed as at 31 December 2008.

**B9. Status of Utilisation of Proceeds Raised from Corporate Proposals**

The proceeds raised from the issuance of Subordinated Notes in the current financial year have been used for working capital, general banking and other corporate purposes, as intended.

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

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**B10. Deposits and Placements of Customers and Financial Institutions and Debt Securities**

	Group		Bank	
	31 December 2008 RM'000	31 December 2007 RM'000	31 December 2008 RM'000	31 December 2007 RM'000
Deposits from customers				
- Fixed deposits				
One year or less	77,293,631	64,366,971	61,263,312	54,196,872
More than one year	270,706	140,930	243,585	127,768
- Negotiable instruments of deposits				
One year or less	14,778,850	17,484,002	12,273,069	17,511,526
More than one year	350,788	606,497	350,788	267,577
- Money market deposits				
One year or less	33,504,902	24,454,491	31,250,905	24,524,797
- Savings deposits	19,036,598	16,937,439	14,083,581	15,602,146
- Demand deposits	15,775,587	14,021,578	13,333,758	13,442,332
- Others	1,268,502	752,663	1,263,250	751,810
	<u>162,279,564</u>	<u>138,764,571</u>	<u>134,062,248</u>	<u>126,424,828</u>
Deposits and placements of banks and other financial institutions				
- One year or less	<u>5,589,879</u>	<u>10,438,118</u>	<u>7,121,517</u>	<u>9,346,834</u>
Borrowings denominated in HKD (unsecured) Term loan				
- One year or less	860,234	-	-	-
- More than one year	-	349,730	-	-
	<u>860,234</u>	<u>349,730</u>	<u>-</u>	<u>-</u>
Subordinated notes denominated in USD (unsecured)				
- More than one year	2,727,640	2,468,571	2,727,640	2,468,571
Subordinated notes denominated in RM (unsecured)				
- More than one year	1,450,555	-	1,470,580	-
	<u>4,178,195</u>	<u>2,468,571</u>	<u>4,198,220</u>	<u>2,468,571</u>
Hybrid capital securities denominated in USD (unsecured)				
- More than one year	847,644	695,624	847,644	695,624
Hybrid capital securities denominated in RM (unsecured)				
- More than one year	1,276,840	1,160,230	1,276,840	1,160,230
	<u>2,124,484</u>	<u>1,855,854</u>	<u>2,124,484</u>	<u>1,855,854</u>

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**B11. Derivative Financial Instruments**

The value of derivative financial instruments classified by remaining period to maturity / next repricing date (whichever is earlier) as at the latest practicable date, 15 January 2009, is as follows :

**Group**

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
<b>Foreign exchange related contracts</b>							
- forwards	1,406,617	888,914	280,018	223,739	13,946	-	-
- swaps	8,164,011	3,707,869	3,227,699	1,228,443	-	-	-
- options	37,220	-	-	-	-	37,220	-
<b>Sub total</b>	<b>9,607,848</b>	<b>4,596,783</b>	<b>3,507,717</b>	<b>1,452,182</b>	<b>13,946</b>	<b>37,220</b>	<b>-</b>
<b>Interest rate related contracts</b>							
- swaps	9,997,244	621,565	7,901,729	1,473,950	-	-	-
<b>Equity related contracts</b>							
- options	270,862	-	-	-	-	270,862	-
<b>Precious metal contracts</b>							
- forwards	429	429	-	-	-	-	-
<b>Total</b>	<b>19,876,383</b>	<b>5,218,777</b>	<b>11,409,446</b>	<b>2,926,132</b>	<b>13,946</b>	<b>308,082</b>	<b>-</b>

**Bank**

Items	Principal Amount RM'000	1 month or less RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	1 - 5 years RM'000	>5 years RM'000
<b>Foreign exchange related contracts</b>							
- forwards	1,189,407	673,604	280,018	221,839	13,946	-	-
- swaps	7,436,511	3,671,984	2,804,055	960,472	-	-	-
- options	37,220	-	-	-	-	37,220	-
<b>Sub total</b>	<b>8,663,138</b>	<b>4,345,588</b>	<b>3,084,073</b>	<b>1,182,311</b>	<b>13,946</b>	<b>37,220</b>	<b>-</b>
<b>Interest rate related contracts</b>							
- swaps	9,356,730	513,715	7,405,015	1,438,000	-	-	-
<b>Equity related contracts</b>							
- options	270,862	-	-	-	-	270,862	-
<b>Precious metal contracts</b>							
- forwards	429	429	-	-	-	-	-
<b>Total</b>	<b>18,291,159</b>	<b>4,859,732</b>	<b>10,489,088</b>	<b>2,620,311</b>	<b>13,946</b>	<b>308,082</b>	<b>-</b>

Foreign exchange and interest rate related contracts are subject to market and credit risk.

**B12. Changes in Material Litigation**

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

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**B13. Proposed Dividends**

- (a) (i) The Directors recommend the following dividends in respect of the financial year ended 31 December 2008:
- A final cash dividend of 25% less 25% tax, amounting to RM629,180,444, based on the outstanding issued and paid-up capital excluding treasury shares as at 31 December 2008; and
  - A distribution of share dividend on the basis of one (1) Public Bank Berhad ("PBB") treasury share listed and quoted as "Local" on the Main Board of Bursa Malaysia Securities Berhad for every thirty-five (35) ordinary shares of RM1.00 each held in PBB, fractions of treasury shares to be disregarded.
- (ii) Amount per share : Cash dividend of 25 sen less 25% tax and share dividend of one (1) treasury share for every thirty-five (35) shares held;
- (iii) Payment and distribution date : 11 March 2009;
- (iv) In respect of deposited securities, entitlement to the proposed dividends will be determined on the basis of the Record of Depositors as at the close of business on 2 March 2009.
- (b) Total dividend for the current financial year 2008:
- Interim cash dividend of 30 sen, less 26% tax, paid on 13 August 2008.
  - Proposed final cash dividend of 25 sen less 25% tax.
  - Proposed share dividend of one (1) share for every thirty-five (35) shares held.
- (c) Total dividend for the previous financial year 2007:
- Interim dividend of 25 sen less 27% tax.
  - Final dividend of 40 sen less 26% tax.
  - Special dividend of 10 sen less 26% tax.

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**B14. Earnings Per Share (EPS)**

**Basic**

The calculation of the basic earnings per share is based on the net profit attributable to the equity holders of the Bank divided by the weighted average number of ordinary shares of RM1.00 each in issue during the year excluding the weighted average treasury shares held by the Bank.

	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2008</b>	<b>31 December 2007</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Net profit attributable to equity holders of the Bank (RM'000)	<u>653,975</u>	<u>579,960</u>	<u>2,581,237</u>	<u>2,123,915</u>
Weighted average number of PBB Shares ('000)	<u>3,355,629</u>	<u>3,347,268</u>	<u>3,355,128</u>	<u>3,352,879</u>
Basic earnings per share (sen)	<u>19.5</u>	<u>17.3</u>	<u>76.9</u>	<u>63.3</u>

**Diluted**

The calculation of the diluted earnings per share is based on the net profit attributable to the equity holders of the Bank divided by the adjusted weighted average number of PBB Shares of RM1.00 each in issue and issuable under the exercise of share options granted under the Public Bank Berhad Employees' Share Option Scheme during the year.

	<b>4th Quarter Ended</b>		<b>Financial Year Ended</b>	
	<b>31 December 2008</b>	<b>31 December 2007</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Weighted average number of PBB Shares ('000)	<u>3,355,629</u>	<u>3,347,268</u>	<u>3,355,128</u>	<u>3,352,879</u>
Effects of share options ('000)	<u>-</u>	<u>6,251</u>	<u>508</u>	<u>23,360</u>
Adjusted weighted average number of PBB shares in issue or issuable ('000)	<u>3,355,629</u>	<u>3,353,519</u>	<u>3,355,636</u>	<u>3,376,239</u>
Diluted earnings per share (sen)	<u>19.5</u>	<u>17.3</u>	<u>76.9</u>	<u>62.9</u>